

COGNIZANT TECHNOLOGY SOLUTIONS CORP

Form PRE 14A

April 10, 2018

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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 Under Rule 14a-12

Cognizant Technology Solutions Corporation

(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.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 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:
- 5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- 1) Amount previously paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
 - 4) Date Filed:
-

Table of Contents

2018
Proxy Statement
& Notice of Annual Meeting

Table of Contents

NOTICE OF 2018 ANNUAL MEETING

01 PROXY STATEMENT SUMMARY

10 CORPORATE GOVERNANCE

10 Proposal 1 – Election of Directors*

14 Board Composition

16 Board Leadership Structure

17 Board Role in Risk Oversight

18 Committees of the Board

19 Director Attendance

20 Director Compensation

23 Other Board and Corporate Governance Information

24 STOCK OWNERSHIP

24 Common Stock and Total Stock-Based Holdings Table

25 Section 16(a) Beneficial Ownership Reporting Compliance

26 COMPENSATION

26 Proposal 2 – Advisory Vote on Executive Compensation (Say-on-Pay)*

27 Compensation Discussion and Analysis

Overview of Executive Compensation Program

27

Role of Stockholder Say-on-Pay

28

Votes

28

The Compensation-Setting Process

29

Direct Compensation of Named

34

Executive Officers

36

Other Elements of Compensation

Compensation Committee

37 Executive Compensation Tables and Pay Ratio

42 Potential Payments Upon Termination or Change in Control

44 AUDIT MATTERS

44 Proposal 3 – Ratification of Appointment of Independent Registered Public Accounting Firm

45 Audit Committee Report

46 Independent Registered Public Accounting Firm Fees and Other Matters

47 ADDITIONAL PROPOSALS

47 Company Proposals

47 Proposal 4 – Approval of Amendment and Restatement of 2004 Employee Stock Purchase Plan*

Proposals 5(a), (b) and (c) – Approval of Three Separate Proposals to Eliminate the Supermajority Voting Requirements in the Company’s Certificate of Incorporation*

56 Stockholder Proposals

56 Proposal 6 – Stockholder Proposal Regarding Stockholder Action by Written Consent*

58 Proposal 7 – Stockholder Proposal to Lower the Ownership Threshold for Stockholders to Call a Special Meeting*

60 Stockholder Proposals and Nominees for the 2019 Annual Meeting

61 ADDITIONAL INFORMATION

61 Proxy Statement and Proxy Solicitation

62 Annual Meeting Q&A

65 Cognizant’s Annual Report on Form 10-K

65 Non-GAAP Financial Measures and Forward-Looking Statements

68 APPENDIX A – Cognizant Technology Solutions Corporation 2004 Employee Stock Purchase Plan

74 HELPFUL RESOURCES

Edgar Filing: COGNIZANT TECHNOLOGY SOLUTIONS CORP - Form PRE 14A

*To be voted on at the meeting

Cognizant Technology Solutions Corporation

Table of Contents

To Our Stockholders:

We cordially invite you to attend our 2018 Annual Meeting of Stockholders, which will be held at the Teaneck Marriott at Glenpointe, 100 Frank W. Burr Blvd., Teaneck, New Jersey 07666, on Tuesday, June 5, 2018, at 8:30 a.m. Eastern Time.

The digital marketplace is evolving quickly, with both exponential technical progress and an ever increasing rate of change. This context underscores why it is so important for Cognizant to have a diverse, fully engaged, and forward-looking board whose members bring deep knowledge of the many disciplines that are central to the company's long-term growth. We have made a point of significantly refreshing our board, adding five independent directors over the last three years. These individuals are providing expertise in key enabling digital technologies, healthcare, corporate governance, and other areas.

Our newest director, Joseph M. Velli, joined the board last December. Mr. Velli served previously as Senior Executive Vice President and a member of the Senior Policy Committee of The Bank of New York (now BNY Mellon). His significant experience in creating, building and leading large-scale, technology and software platform businesses in the financial services industry is highly relevant to the company's continuing expansion of digital services and solutions for banking and other clients.

We extend our deep gratitude to Robert E. Weissman, who retired from the board last December after 16 years of service to the company, its employees and stockholders. Instrumental in Cognizant's formation, Mr. Weissman not only made our board stronger, he also helped to lead the company at every stage of its evolution through its current position of market leadership.

Cognizant operates with a commitment to align pay with performance to motivate and reward achievement of sustained strong financial and operational results. To that end, Cognizant's executive officer total direct compensation packages, which consist of base salary, an annual cash incentive, and stock-based awards, reflect our strategic plan to drive higher levels of profitability while maintaining continued revenue growth. Accordingly, in 2017 the Compensation Committee shifted the weighting of non-GAAP EPS¹ as a performance measure to 50% for performance stock unit awards, with revenue accounting for the other 50%. (In 2016 the weighting was 25% non-GAAP EPS/75% revenue.)

Cognizant seeks to be a responsible and engaged corporate citizen, including in the communities in which it operates. We believe that the digital marketplace should create opportunities for all. Recognizing how often technological progress leaves some people behind, Cognizant has long believed that it has an obligation to enable a broader range of people to have the science, technology, engineering, and math (STEM) education and skills they need to thrive in today's digital era. To augment its global STEM education efforts, which go back more than a decade, in February 2018 the company announced its intent to form Cognizant U.S. Foundation. This 501(c)(3) non-profit organization, to be established with an initial grant of \$100 million, will support STEM and digital education and skills training for U.S. workers and students. This initiative is but one example of the company's resolve to perform with purpose.

We encourage you to read the enclosed Notice of 2018 Annual Meeting and Proxy Statement, which include instructions on how to vote your shares by proxy and/or attend the meeting and vote in person.

We thank you for your continued support.

Sincerely,

John E. Klein
*Chairman of the
Board of Directors*

Francisco D'Souza
Chief Executive Officer

¹ See "Non-GAAP Financial Measures and Forward-Looking Statements" on page 65 of the Proxy Statement.
2018 Proxy Statement

Table of Contents

To Our Stockholders:

You are invited to attend the 2018 Annual Meeting of Stockholders (the "Annual Meeting") of Cognizant Technology Solutions Corporation ("Cognizant" or the "Company"). This notice includes important information about the meeting.

Agenda

Elect Zein Abdalla, Betsy S. Akins, Maureen Breakiron-Evans, Jonathan Chadwick, John M. Dineen, Francisco D'Souza, John N. Fox, Jr., John E. Klein, Leo S. Mackay, Jr., Michael Patsalos-Fox and Joseph M. Velli as Directors to serve until the 2019 Annual Meeting of Stockholders.

The Board recommends a vote **FOR** each Director nominee.

[See page 10.](#)

The Board recommends a vote **FOR** this proposal.

[See page 26.](#)

The Board recommends a vote **FOR** this proposal.

Approve, on an advisory (non-binding) basis, the compensation of the Company's named executive officers.

[See page 44.](#)

The Board recommends a vote **FOR** this proposal.

Ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the year ending December 31, 2018.

[See page 47.](#)

The Board recommends a vote **FOR** each of these proposals.

Approve an amendment and restatement of the Company's 2004 Employee Stock Purchase Plan. Approve three separate proposals to eliminate the supermajority voting requirements in the Company's Certificate of Incorporation with respect to:

- (a) Amending the Company's By-laws;
- (b) Removing directors; and
- (c) Amending certain provisions of the Company's Certificate of Incorporation.

[See page 52.](#)

The Board recommends a vote **AGAINST** this proposal.

Consider a stockholder proposal requesting that the Board of Directors take the steps necessary to permit stockholder action by written consent (if properly presented).

[See page 56.](#)

The Board recommends a vote **AGAINST** this proposal.

Consider a stockholder proposal requesting that the Board of Directors take the steps necessary to lower the ownership threshold for stockholders to call a special meeting (if properly presented). Stockholders also will transact such other business as may properly come before the Annual Meeting.

[See page 58.](#)

Logistics

Date: Tuesday, June 5, 2018
Time: 8:30 a.m. Eastern Time
Teaneck Marriott at Glenpointe
100 Frank W. Burr Blvd.
Teaneck, New Jersey 07666

Place:

How To Vote

Your vote is very important. You may vote using any one of the following methods:

Use the Internet

Vote over the Internet at www.proxyvote.com.

Call Toll-Free

Vote by telephone by calling
800-690-6903.

Edgar Filing: COGNIZANT TECHNOLOGY SOLUTIONS CORP - Form PRE 14A

Mail Your Proxy Card

Vote by signing, dating and returning the proxy card.

In Person

Follow the advance registration instructions under "Who can attend the Annual Meeting" on page 63.

Q&A

Who can vote at the Annual Meeting?

Stockholders as of our record date, April 9, 2018.

How many shares are entitled to vote?

[] shares of common stock.

May I change my vote? Yes, by delivering a new proxy with a later date, revoking your proxy, or voting in person at the Annual Meeting.

How many votes do I get? One vote on each proposal for each share you held as of April 9, 2018.

Where can I find more information?

See "Additional Information" on page 61.

Our Proxy Statement and 2017 Annual Report are available at www.proxyvote.com.

By Order of the Board of Directors,

Matthew W. Friedrich

Secretary
Teaneck, New Jersey
April [], 2018

Cognizant Technology Solutions Corporation

Table of Contents

This summary highlights certain information in this proxy statement. Please read the entire proxy statement carefully before voting. We intend to make this proxy statement available to our stockholders on or about April [__], 2018.

CORPORATE GOVERNANCE

Proposal 1

Election of Directors

Elect the 11 Director nominees named below to serve as Directors until the 2019 Annual Meeting.

Our nominees are experienced professionals who have the right mix of skills, qualifications and business acumen to lead the Company.

The Board recommends a vote **FOR** each Director nominee named below.

[See page 10 for further information](#)

Director Nominees

Name and Primary Occupation	Director Since	Other Public Company Boards	Committee Membership
Zein Abdalla Former President of PepsiCo	2015	The TJX Companies	CCFPC
Betsy S. Atkins CEO and Founder of Baja Corp.	2017	HD Supply Holdings Schneider Electric SL Green Realty	AC GC
Maureen Breakiron-Evans Former CFO of Towers Perrin	2009	Ally Financial Cubic Corporation	AC CCFPC
Jonathan Chadwick Former CFO and COO of VMware	2016	F5 Networks ServiceNow	CCFPCGC
John M. Dineen Former President and CEO of GE Healthcare	2017	Merrimack Pharmaceuticals	AC CC
Francisco D'Souza CEO of Cognizant	2007	General Electric	AC CCFPCGC
John N. Fox, Jr. Former Vice Chairman of Deloitte & Touche and Global Director, Strategic Clients of Deloitte Consulting	2007	VASCO Data Security International	AC CCFPC
John E. Klein Chairman of Cognizant and President and CEO of Polarex	1998		FPC
Leo S. Mackay, Jr. SVP, Internal Audit, Ethics and Sustainability of Lockheed Martin Corporation	2012		CCFPCGC
Michael Patsalos-Fox Former CEO of Stroz Friedberg and Former Chairman, the Americas and Senior Partner of McKinsey & Company	2012		AC GC
Joseph M. Velli Former Senior EVP of The Bank of New York	2017	Computershare Paychex	CCFPCGC

AC	Audit Committee	FPC	Financial Policy Committee	Committee Chair
CC	Compensation Committee	GC	Governance Committee AC Financial Expert	Committee Member

Table of Contents

Proxy Statement Summary

Board Snapshot

Director Nominee Experience

Leadership **11 (100%)** Global Business Experience **11 (100%)** Tech/Consulting Services **4 (36%)**
 Technology **10 (91%)** Financial **11 (100%)** Operational **10 (91%)**

Cognizant Policy: Create an experienced Board with expertise in areas relevant to the Company.

Strong Director Engagement

Average Director nominee attendance at 2017 meetings

Board **100%**

Audit Committee **98%**

Compensation Committee **100%**

Financial Policy Committee **100%**

Governance Committee **100%**

Director Nominee Tenure

0-2 Years

3-5 Years

6-10 Years

>10 Years

Board Refreshment

Cognizant Policy: Director nominees must be committed to regularly attend and participate in meetings of the Board and its committees.

Cognizant Policy: Have a balanced mix of both deep Company and industry knowledge and fresh perspective.

Cognizant Policy: Annually review each director's continuation on the Board and seek out new director candidates as needed to ensure that the backgrounds, qualifications and diversity of the Directors as a group provide a significant breadth of experience, knowledge and abilities.

Corporate Governance Highlights

Strategy and Risk

Board actively reviews the development and execution of Company strategy, financial risks and risks related to security, including with respect to data / cyber security, and executive leadership development and succession planning, including an emergency succession plan for the CEO

Audit Committee oversees overall risk management framework and processes, risks related to accounting and internal controls and various enterprise risks, including supporting the full Board with respect to security risks

Compensation Committee oversees risks related to compensation policies and practices

Financial Policy Committee oversees risks related to operating margins and the execution of the Company's margin improvement plan, capital structure and allocation

Governance Committee oversees risks related to the Board governance structure and processes and supports the full Board with respect to executive leadership development and succession planning, including an emergency succession plan for the CEO

Stockholder Rights and Engagement

Annual director elections / no classified board

Proxy access

Stockholders right to call special meeting

Annual vote to ratify selection of independent registered public accounting firm

No poison pill

Board of Directors

Majority of independent directors (10 of 11)

Separate Chairman and CEO positions since 2003

Majority voting in director elections

Directors limited to service on no more than 4 other public company boards (2 in the case of a public company CEO)

Annual review of skills, expertise and characteristics of individual Board members as part of overall analysis of Board composition

A director who experiences a material change in job responsibilities (other than retirement) is required to offer to resign

Regular executive sessions of independent directors

Annual Board and committee self-assessments

Consideration of Board diversity in director selection

Table of Contents

Proxy Statement Summary

COMPENSATION

Proposal 2

Advisory Vote on Executive Compensation (Say-on-Pay)

Our executive compensation program is designed to incentivize management to achieve the Company's objectives of revenue growth, profitability, cash flow and total return to stockholders.

The Board unanimously recommends a vote **FOR** the approval, on an advisory (non-binding) basis, of our executive compensation.

[See page 26 for further information](#)

Executive Compensation Program Highlights

Key Program Features

What We Do

What We Don't Do

Pay for performance, with high percentages of performance-based and long-term equity compensation	See page 29	No hedging or speculation with respect to Cognizant securities	See page 35
Use appropriate peer groups and market data when establishing compensation	See page 28	No short sales of Cognizant securities	See page 35
Retain an independent external compensation consultant	See page 28	No margin accounts with Cognizant securities	See page 35
Set significant stock ownership requirements for executives	See page 34	No pledging of Cognizant securities	See page 35
Maintain a strong clawback policy	See page 35	No tax "gross ups" on severance benefits	See page 36
Utilize "double trigger" change in control provisions in plans	See page 42		

Program Objectives

The Compensation Committee has designed the executive compensation program to meet the following objectives:

Ensure executive compensation is aligned with our corporate strategies and business objectives and that potential realizable compensation is set relative to each executive's level of responsibility and potential impact on our performance;

Tie a substantial portion of executive officer compensation to achieving both short-term and long-term performance objectives that enhance stockholder value;

Reinforce the importance of meeting and exceeding identifiable and measurable goals through superior awards for superior performance;

Provide total direct compensation that is competitive in markets in which we compete for management talent in order to attract, retain and motivate the best possible executive talent;

Provide an incentive for long-term continued employment with our Company; and

Reinforce our desired culture and unique corporate environment by fostering a sense of ownership, urgency and overall entrepreneurial spirit.

Company Performance and Impact on Compensation Program

The Compensation Committee set 2017 executive compensation in March 2017, except with respect to Mr. Friedrich, who joined the Company in May 2017. The Compensation Committee's decisions with respect to 2017 executive compensation were primarily based on:

The Company's performance during 2017, 2016 and in previous years, including relative to its industry;

Anticipated and desired Company performance for 2017 and 2018 based on Company and industry projections and Company goals;

Individual executive performance and responsibility; and

The market for executive talent.

The Compensation Committee believes that the design of the compensation program, including having the appropriate mix of compensation elements and performance metrics and targets, has a significant impact on driving Company performance.

The performance by the Company in 2015, 2016 and 2017 across the performance metrics and targets selected by the Compensation Committee is set forth under "Aligning Pay with Performance."

[See page 6 for further information](#)

Details of the compensation elements and performance by the Company in 2015, 2016 and 2017 against each of the performance-based compensation elements is set forth under "2017 Compensation Structure."

[See page 4 for further information](#)

Table of Contents

Proxy Statement Summary

2017 Compensation Structure

The Compensation Committee makes decisions on executive compensation from a total direct compensation perspective. Each element is considered by the committee in meeting one or more compensation program objectives. The following chart illustrates the balance of elements of 2017 target total direct compensation for our CEO and other NEOs, as described in this proxy statement.

Base Salary

Stable source of cash income at competitive levels

Annual Cash Incentive (ACI)

Annual cash incentive to motivate and reward achievement of Company financial and operational objectives

Measurement Period

1 year (2017)

Payout Range

Target Compensation

85% of base salary

Historical ACI award achievements by year

2015	2016	2017
142.0%	79.8%	114.8%

Performance Stock Units (PSUs)

Annual grant of performance stock units that reward achievement of Company financial objectives, continued service and long-term performance of our common stock

Measurement Period

2 years (2017-2018)

Vesting

1/3rd at 30 months

2/3rds at 36 months

Vesting Range

Historical PSU achievements by performance measurement period

2015¹	2016²	2016/17²
122.9%	38.2%	85.5%

Restricted Stock Units (RSUs)

Grants of restricted stock units to reward continued service and long-term performance of our common stock

Grants Annually for Mr. D'Souza (CEO), Mr. Mehta and Ms. McLoughlin; every 3 years for Mr. Chintamaneni and Mr. Friedrich

Vesting Quarterly over 3 years

2017 Target Annual Compensation Mix

Note: The above presentation seeks to provide a view of 2017 total direct compensation as reviewed by the Compensation Committee. As such, it uses grant date share prices for RSUs and PSUs and the target level of achievement for the ACI and PSUs. The above presentation excludes additional grants of RSUs and PSUs to Mr. Mehta and Mr. Chintamaneni made in connection with the expansion of their roles in 2016 and the signing bonus and grants of RSUs and PSUs to Mr. Friedrich upon his joining the Company in 2017.

¹ Weighting was 100% revenue for the 2015 performance measurement period.

² Weighting was 75% revenue and 25% non-GAAP EPS for the 2016 and 2016/17 performance periods.

⁴ Cognizant Technology Solutions Corporation

Table of Contents

Proxy Statement Summary

2017 Target Direct Compensation of Our Named Executive Officers

Francisco D'Souza CEO
Committee Assessment

3% overall increase in target direct compensation vs. 2016 to reflect general market trends

Compensation Decisions for 2017

Target Direct Compensation – \$12,232,013

Set close to median but weighted more heavily towards equity compensation vs. Company peer group, providing the opportunity for higher realized compensation based on Company performance

~0% change in base salary or annual cash incentive from 2016

Annual PSU and RSU grants increased by 3% from 2016

Rajeev Mehta President
Committee Assessment

3% overall increase in target direct compensation vs. 2016 annual target direct compensation after a 14% increase upon his promotion to President in September 2016

Compensation Decisions for 2017

Target Direct Compensation – \$6,816,724

No changes in base salary or annual cash incentive from September 2016

Annual PSU and RSU grants increased by 3% and 4%, respectively, from 2016. Additional grants of PSUs (\$898,775) and RSUs (\$599,160), not included in target direct compensation, made in 2017 in connection with his promotion to President in 2016

Karen McLoughlin CFO
Committee Assessment

8% overall increase in target direct compensation for 2017 to align compensation to market

Compensation Decisions for 2017

Target Direct Compensation – \$3,930,130

Base salary and annual cash incentive increased by 17% from 2016

Annual PSU and RSU grants increased by 5% and 6%, respectively, from 2016

Ramakrishna Prasad Chintamaneni EVP and President, Global Industries and Consulting
Committee Assessment

Target direct compensation increased 31% at the time of his promotion to his current role in December 2016; no further changes made in 2017

Compensation Decisions for 2017

Target Direct Compensation – \$3,099,236

No changes in base salary and annual cash incentive from December 2016

Annual grant of PSUs (\$1,041,603)

RSUs – \$1,178,883 in grant date fair value targeted to vest annually; grants made in multiple once-every-three-year reloads

Matthew W. Friedrich EVP, General Counsel, Chief Corporate Affairs Officer and Secretary
Committee Assessment

Overall compensation package based on market data for public company general counsels; signing bonus and equity grants provided additional incentives for joining the Company in May 2017

Compensation Decisions for 2017

Target Direct Compensation – \$2,723,968

Base salary of \$525,000 and annual cash incentive of 85% of base salary

Annual grant of PSUs (\$751,166)

RSUs – \$1,001,552 in grant date fair value targeted to vest annually as part of a once-every-three year grant

Signing bonus (\$500,000) and grants of PSUs (\$500,778) and RSUs (\$1,251,941), not included in target direct compensation, made upon his joining the Company

2017 Compensation
(in thousands)

Edgar Filing: COGNIZANT TECHNOLOGY SOLUTIONS CORP - Form PRE 14A

Name and Principal Position	Year	Salary	Cash Bonus	Annual Cash Incentive	PSU	RSU	All Other Pension and Deferred Comp.	All Other Comp.	SEC Total	Adjusted SEC Total
Francisco D'Souza CEO	2017	\$ 669	—	\$ 648	\$ 7,220	\$ 3,774	—	\$ 167	\$ 12,478	\$ 12,478
	2016	\$ 664	—	\$ 450	\$ 7,019	— ¹	—	\$ 123	\$ 8,257	\$ 12,033
Rajeev Mehta President	2017	\$ 630	—	\$ 615	\$ 4,604	\$ 2,545	—	\$ 56	\$ 8,450	\$ 8,450
	2016	\$ 574	—	\$ 389	\$ 3,584	— ¹	—	\$ 6	\$ 4,554	\$ 7,099
Karen McLoughlin CFO	2017	\$ 500	—	\$ 488	\$ 1,967	\$ 1,038	—	\$ 8	\$ 4,001	\$ 4,001
	2016	\$ 427	—	\$ 289	\$ 1,876	— ¹	—	\$ 8	\$ 2,599	\$ 3,633
Ramakrishna Prasad Chintamaneni EVP and President, Global Industries and Consulting	2017	\$ 475	—	\$ 463	\$ 1,042	\$ 1,897	—	\$ 8	\$ 3,885	\$ 3,885
	2016	\$ 417	\$ 566	—	\$ 831	\$ 1,615	—	\$ 8	\$ 3,437	\$ 3,437
Matthew W. Friedrich EVP, General Counsel, Chief Corporate Affairs Officer and Secretary	2017 ²	\$ 330	\$ 500	\$ 512	\$ 1,252	\$ 4,257	—	\$ 132	\$ 6,983	\$ 6,983

The Company moved the timing of annual RSU grants for certain NEOs from the fourth quarter of 2016 to the first quarter of 2017 to align with the timing of the Company's other annual equity grants and other annual compensation decisions by the Compensation Committee. To provide stockholders annual compensation numbers that are more comparable year-to-year, an Adjusted SEC Total is presented, which total includes the SEC Total plus, for 2016, an amount equal to the target value of the RSU grants made in the first quarter of 2017 (using a March 2, 2017 grant date fair value) to Mr. D'Souza (\$3,774), Mr. Mehta (\$2,545) and Ms. McLoughlin (\$1,038). The same RSU grants are also included for 2017. The amounts in Adjusted SEC Total are not a substitute for the amounts reported under SEC Total.

² Mr. Friedrich joined the Company in 2017.

2018 Proxy Statement 5

Table of Contents

Proxy Statement Summary

Aligning Pay with Performance

The following graphs show Company performance across revenue, profitability and cash flow metrics for the last three years as compared to the performance targets for the annual cash incentives (ACIs) and PSUs with performance measurement periods covering such years. In addition, the Company's share price performance, which impacts the performance of long-term equity grants and holdings of our common stock, is set forth below for the last five years.

Revenue
Revenue

(in billions)

Continued strong, consistent revenue growth remains a key Company objective
Appropriate targets and significant weighting have helped drive revenue growth

	Target Increase²	Weighting	Payout Range
2015 ACI	19.0%	50%	
2016 ACI	11.0%	50%	
2017 ACI	9.0%	50%	
2015 PSUs	19.1%	100%	
2016 PSUs	12.0%	75%	
2016/17 PSUs	11.0%	75%	

Reduced revenue weighting in 2017 awards of 2017/18 PSUs (from 75% to 50%) as weighting of non-GAAP EPS increased (from 25% to 50%) to reflect focus on profitability
PSUs awarded in 2017 (2017/18 PSUs) not shown as their 2-year performance period is ongoing

Profitability
Non-GAAP Operating Margin³

Historical 19-20% target for non-GAAP Operating Margin, with the ACI targets for non-GAAP Income from Operations (40% weighting) increased each year to maintain margin target while revenue growth was encouraged

2019 goal of 22% that the Company plans to achieve by accelerating the pursuit of high-value digital transformation work, driving leverage in the cost structure, executing on opportunities to improve operational efficiency and aggressively employing automation to optimize traditional services^{3,4}

2018 ACI targets for non-GAAP Income from Operations designed to incentivize an increase in non-GAAP Operating Margin during 2018 towards the 2019 goal

Non-GAAP Income from Operations³

(in millions)

Historically increased in line with revenue target increases to maintain non-GAAP Operating Margin in the 19-20% range

	Target Increase²	Weighting	Payout Range
2015 ACI	14.8%	40%	
2016 ACI	9.8%	40%	
2017 ACI	8.9%	40%	

Edgar Filing: COGNIZANT TECHNOLOGY SOLUTIONS CORP - Form PRE 14A

2018 ACI targets for non-GAAP Income from Operations designed to incentivize an increase in non-GAAP Operating Margin during 2018 towards the **2019 goal of 22% non-GAAP Operating Margin**^{3,4}

2016/17 PSU targets were based on combined performance of the Company for 2016 and 2017. The combined target was allocated between 2016 and 2017 in the graph in the same proportion as actual revenue in such years such that the same level of achievement is reflected in both years.

² Increase in target (compound annual growth for 2017/18 PSUs) vs. prior year actual Company performance.

³ See "Non-GAAP Financial Measures and Forward-Looking Statements" on page 65.

⁴ 2019 goal excludes any changes to the regulatory environment, including with respect to immigration and taxes. See our 2017 Annual Report for these and other risk factors that may impact our ability to achieve this goal.

⁶ Cognizant Technology Solutions Corporation

Table of Contents

Proxy Statement Summary

Non-GAAP Diluted Earnings Per Share (EPS)¹

PSU metric added in 2016 to incentivize increased profitability

Appropriate targets and significant weighting

	Target Increase ³	Weighting	Payout Range
2015 PSUs	—	—	—
2016 PSUs	10.4%	25%	
2016/17 PSUs	10.7%	25%	

Increased non-GAAP EPS weighting in 2017 awards of 2017/18 PSUs (from 25% to 50%) as weighting of revenue reduced (from 75% to 50%) to reflect increased Company focus on profitability

2017/18 PSU targets for non-GAAP EPS aligned with **2019 goal of 22% non-GAAP Operating Margin**^{1,4}
 PSUs awarded in 2017 (2017/18 PSUs) not shown as their 2-year performance period is ongoing

Cash Flow

Days Sales Outstanding (DSO)

Timely collection of receivables from customers incentivized by this ACI performance metric
 DSO target set at a level the Compensation Committee believes is healthy for the business

DSO has remained steady over the past three years

	Weighting	Payout Range
2015 ACI	10%	
2016 ACI	10%	
2017 ACI	10%	

Stockholder Return

5-Year Cumulative Total Stockholder Return⁵

14.1% compound annual growth rate in share price over the last 5 years (2013 – 2017)

Substantial portion of executive compensation in the form of long-term equity compensation (RSUs and PSUs), aligning management incentives with those of stockholders

Stock ownership guidelines further align executive incentives with those of stockholders (see “Executive Stock Ownership Guidelines” on page 34)

¹ See “Non-GAAP Financial Measures and Forward-Looking Statements” on page 65.

2016/17 PSU targets were based on combined performance of the Company for 2016 and 2017. The combined target was allocated between 2016 and 2017 in the graph in the same proportion as actual non-GAAP EPS in such years such that the same level of achievement is reflected in both years.

³ Increase in target (compound annual growth for 2017/18 PSUs) vs. prior year actual Company performance.

⁴ 2019 goal excludes any changes to the regulatory environment, including with respect to immigration and taxes. See our 2017 Annual Report for these and other risk factors that may impact our ability to achieve this goal.

Comparison assumes \$100 was invested, from December 31, 2012 through December 31, 2017, in Cognizant common stock, the S&P 500 Index, the Nasdaq 100 Index and our peer group (capitalization weighted), and that all dividends were reinvested.

⁶ Consists of the following information technology consulting firms: Accenture plc, DXC Technology (previously Computer Sciences Corporation), ExlService Holdings Inc., Genpact Limited, Infosys Limited, Syntel, Inc., Wipro Limited and WNS (Holdings) Limited. Historically also included

Edgar Filing: COGNIZANT TECHNOLOGY SOLUTIONS CORP - Form PRE 14A

Computer Task Group, Inc. (old peer group not presented separately as it is not materially different from the above).
2018 Proxy Statement 7

Table of Contents

Proxy Statement Summary

AUDIT

Proposal 3

Ratify the Appointment of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for 2018

The Audit Committee believes that the engagement of PricewaterhouseCoopers LLP is in the best interests of the Company and its stockholders.

The Board unanimously recommends a vote **FOR** the Ratification of the Appointment of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm for 2018.

[See page 44 for further information](#)

ADDITIONAL PROPOSALS

Company Proposals

Proposal 4

Approve an Amendment and Restatement of the Company's 2004 Employee Stock Purchase Plan

An amendment and restatement of the Company's ESPP is proposed to increase the number of authorized shares by 12,000,000, providing a share reserve sufficient for the next 4 to 5 years.

The Amended and Restated ESPP also provides additional flexibility for the Compensation Committee to make adjustments upon various corporate events to maintain intended benefits of awards under the plan.

The Board unanimously recommends a vote **FOR** the Amendment and Restatement of the Company's 2004 Employee Stock Purchase Plan.

[See page 47 for further information](#)

Proposals 5(a), (b) and (c)

Approve Three Separate Proposals to Eliminate the Supermajority Voting Requirements in the Company's Certificate of Incorporation

At the 2017 Annual Meeting, stockholders voted overwhelmingly (99.8% of the votes cast) in favor of a stockholder proposal requesting that the Board take the steps necessary to eliminate the supermajority voting provisions in the Company's Certificate of Incorporation and By-laws. The Board supported this proposal.

To implement the intent of the 2017 proposal, stockholders are requested to approve the following three separate proposals to eliminate the supermajority voting requirements in the Company's Certificate of Incorporation with respect to:

- (a) Amending the Company's By-laws;
- (b) Removing directors; and
- (c) Amending certain provisions of the Company's Certificate of Incorporation.

The Board unanimously recommends a vote **FOR** each of these proposals.

[See page 52 for further information](#)

Table of Contents

Proxy Statement Summary

Stockholder Proposals

Proposal 6

Consider a Stockholder Proposal Requesting that the Board take the Steps Necessary to Permit Stockholder Action by Written Consent

The Board unanimously recommends a vote **AGAINST** this proposal.

[See page 56 for further information](#)

Proposal 7

Consider a Stockholder Proposal Requesting that the Board take the Steps Necessary to Lower the Ownership Threshold for Stockholders to Call a Special Meeting

The Board unanimously recommends a vote **AGAINST** this proposal.

[See page 58 for further information](#)

2018 Proxy Statement 9

Table of Contents

Proposal 1

Election of Directors

What are you voting on?

At the Annual Meeting, 11 Directors are to be elected to hold office until the 2019 Annual Meeting and until their successors have been duly elected and qualified. All nominees are current Directors and all except Mr. Velli were elected by stockholders at the 2017 Annual Meeting.

The Board unanimously recommends a vote **FOR** all the Director nominees listed below.

Director Nominees

Zein Abdalla Former President of PepsiCo, Inc.

Independent

Director Since 2015

Age 59

Birthplace Sudan

Career Highlights

President of PepsiCo, Inc., a multinational food, snack and beverage company (2012 – 2014)

Executive positions with PepsiCo Europe Region

CEO (2009 – 2012)

President (2006 – 2009)

Various senior positions with PepsiCo (1995 – 2006)

Current Public Company Boards

The TJX Companies, Inc., a retailer of apparel and home fashions (since 2012)

Committees

Skills and Qualifications

Select Other Positions

Member of the Board of Directors of Mastercard Foundation

Member of the Board of Directors of Kuwait Food Company (Americana) K.S.C.P.

Member of the Imperial College Business School Advisory Board

Board Advisor, Mars, Incorporated

Education

B.S., Imperial College, London University

Betsy S. Atkins CEO and Founder of Baja Corp.

Independent

Director Since 2017

Age 64

Birthplace United States

Career Highlights

CEO and Founder of Baja Corp., a venture capital investment firm (since 1994)

CEO of Clear Standards, Inc., a provider of energy management and sustainability software and solutions (2009 – 2010)

Chair and CEO of NCI, Inc., a nutraceutical functional food company (1991 – 1993)

Co-Founder of Ascend Communications, Inc., a manufacturer of communications equipment, and Director (1989 – 1999)

EVP of Sales Marketing, Professional Services and International Operations

Current Public Company Boards

HD Supply Holdings, Inc., a wholesaler of electrical, plumbing and hardware products (since 2013)

Schneider Electric SE, a manufacturer of energy management systems (since 2011)

SL Green Realty Corporation, a fully integrated real estate investment trust (REIT) (since 2015)

Committees

Skills and Qualifications

Select Other Positions

Member of the Board of Directors of privately-held Volvo Car AB, an automobile manufacturer

Select Past Director Positions

Ascend Communications, Inc.

Chico's FAS, Inc.

Clear Standards, Inc.

Darden Restaurants, Inc.

Nasdaq LLC

Polycom, Inc.

Vonage Holdings Corp.

Education

B.A., University of Massachusetts, Amherst

Leadership Global Business Experience Tech/Consulting Services Technology Financial Operational

AC Audit Committee

FPC Financial Policy Committee

Committee Chair

CC Compensation Committee

GC Governance Committee
AC Financial Expert

Committee Member

Table of Contents

Maureen Breakiron-Evans Former CFO of Towers Perrin

Independent

Director Since 2009

Age 63

Birthplace United States

Committees

AC

Skills and Qualifications

Select Past Director Positions

Federal Home Loan Bank of Pittsburgh, a private government-sponsored enterprise

Heartland Payment Systems, Inc., a provider of payment processing services

ING Direct, an Internet bank

Education

B.B.A., Stetson University

M.B.A., Harvard Business School

M.L.A., Stanford University

Certifications

CPA in California

Career Highlights

CFO of Towers Perrin, a global professional services company (2007 – 2008)

VP and General Auditor of CIGNA Corporation, a health services organization (2005 – 2006)

EVP and CFO of Inovant, LLC, VISA's captive technology development and transaction processing company (2001 – 2004)

16 years in public accounting, ultimately as a partner at Arthur Andersen LLP through 1994

Current Public Company Boards

Ally Financial Inc., an Internet bank (since 2015)

Cubic Corporation, a provider of systems and services to transportation and defense markets worldwide (since 2017)

Jonathan Chadwick Former CFO and COO of VMware, Inc.

Independent

Director Since 2016

Age 52

Birthplace United Kingdom

Committees

Skills and Qualifications

Current Public Company Boards

F5 Networks, Inc., a technology company that specializes in application delivery networking (since 2011)

ServiceNow, Inc., a cloud computing company (since 2016)

Education

B.Sc., University of Bath, U.K.

Certifications

Chartered Accountant in England and Wales

Career Highlights

Executive positions with VMware, Inc., a virtualization and cloud infrastructure solutions company

COO (2014 – 2016)

EVP and CFO (2012 – 2016)

CFO of Skype Technologies S.A., an Internet communications company, and Corporate VP of Microsoft Corporation (2011 – 2012)

EVP and CFO of McAfee, Inc., a security technology company (2010 – 2011)

Various executive positions with Cisco Systems, Inc., a developer and manufacturer of networking and telecommunications equipment (1997 – 2010)

Various positions with Coopers & Lybrand, an accounting firm (1993 – 1997)

John M. Dineen Former President and CEO of GE Healthcare

Independent

Director Since 2017

Age 55

Birthplace United States

Committees

Skills and Qualifications

Career Highlights

Operating Advisor of Clayton, Dubilier & Rice LLC, an investment firm (since 2015)

Executive positions with General Electric Company, a global digital industrial company
CEO, GE Healthcare (2008 – 2014)

CEO, GE Transportation (2005 – 2008)

Other leadership positions (1986 – 2005)

Current Public Company Boards

Merrimack Pharmaceuticals, Inc., a pharmaceutical company specializing in the development of drugs for the treatment of cancer (since 2015)

Education

B.S., University of Vermont

Edgar Filing: COGNIZANT TECHNOLOGY SOLUTIONS CORP - Form PRE 14A

	Leadership	Global Business Experience	Tech/Consulting Services	Technology	Financial	Operational
AC	Audit Committee					
CC	Compensation Committee					
FPC				Financial Policy Committee		Committee Chair
GC				Governance Committee		Committee Member
				AC Financial Expert		

2018 Proxy Statement 11

Table of Contents

Francisco D'Souza CEO of Cognizant

Director Since 2007

Age 49

Birthplace Kenya

Committees

FPC

Skills and Qualifications

Career Highlights

Executive positions at Cognizant
 CEO (since 2007)
 President (2007 – 2012)
 COO (2003 – 2006)
 SVP, North American Operations and Business Development (1999 – 2003)
 VP, North American Operations and Business Development (1998 – 1999)
 Director - North American Operations and Business Development (1997 – 1998)
 Joined Cognizant as a co-founder in 1994, the year it was started as a division of The Dun & Bradstreet Corporation

Current Public Company Boards

General Electric Company (since 2013)

Select Other Positions

Member of the Board of Trustees of Carnegie Mellon University
 Co-Chair of the Board of Trustees of The New York Hall of Science

Education

B.B.A., University of Macau (formerly University of East Asia)
 M.B.A., Carnegie Mellon University

John N. Fox, Jr. Former Vice Chairman of Deloitte & Touche LLP and Global Director, Strategic Clients of Deloitte Consulting

Independent

Director Since 2007

Age 75

Birthplace United States

Committees

CC

Skills and Qualifications

Career Highlights

Vice Chairman of Deloitte & Touche LLP, a global professional services firm, and Global Director, Strategic Clients for Deloitte Consulting (1998 – 2003)
 Member of Deloitte Touche Tohmatsu Board of Directors and the Board's Governance (Executive) Committee (1998 – 2003)
 Various senior positions with Deloitte Consulting (1968 – 2003)

Current Public Company Boards

VASCO Data Security International, Inc., an information technology security company (since 2005)

Select Other Positions

Trustee for Steppenwolf Theatre Company
 Trustee for Wabash College

Education

B.A., Wabash College
 M.B.A., University of Michigan

John E. Klein Chairman of Cognizant and President and CEO of Polarex, Inc.

Independent

Director Since 1998

Age 76

Birthplace United States

Committees

Skills and Qualifications

Career Highlights

Chairman of Cognizant (since 2003)
 President and CEO of Polarex, Inc., a technology consulting firm (employed since 1994)
 Previously President and CEO of MDIS Group, PLC, a UK listed software and services company

VP at International Business Machines Corporation, or IBM, a multinational technology company

VP at Digital Equipment Corporation, a worldwide computer hardware and software company

Education

B.S., U.S. Merchant Marine Academy
 M.B.A., New York University

Leadership Global Business Experience Tech/Consulting Services Technology Financial Operational

AC	Audit Committee	FPC	Financial Policy Committee	Committee Chair
CC	Compensation Committee	GC	Governance Committee AC Financial Expert	Committee Member

Table of Contents

Leo S. Mackay, Jr. SVP, Internal Audit, Ethics and Sustainability of Lockheed Martin Corporation

Independent

Director Since 2012

Age 56

Birthplace United States

Committees

Skills and Qualifications

Career Highlights

Executive positions at Lockheed Martin Corporation, a global security and aerospace company

SVP, Internal Audit, Ethics and Sustainability (since 2016)

VP, Ethics and Sustainability (2011 – 2016)

VP, Corporate Business Development and various other positions (2007 – 2011)

President, Integrated Coast Guard Systems LLC and VP and General Manager, Coast Guard Systems (2005 – 2007)

Chief Operations Officer of ACS State Healthcare LLC, a services company serving the healthcare industry (2003 – 2005)

Various positions with Bell Helicopter, a helicopter and tiltrotor craft manufacturer

Select Other Positions

Director of USAA Federal Savings Bank

Select Past Director Positions

Chair of the Board of Visitors of the Graduate School of Public Affairs at the University of Maryland

Center for a New American Security

Education

B.S., United States Naval Academy

M.P.P., Harvard University

Ph.D., Harvard University

Michael Patsalos-Fox Former CEO of Stroz Friedberg and Former Chairman, the Americas and Senior Partner of McKinsey & Company

Independent

Director Since 2012

Age 65

Birthplace Cyprus

Committees

GC

Skills and Qualifications

Career Highlights

CEO of Stroz Friedberg, a global investigation and cyber security firm (2013 – 2016)

Senior Partner and various other positions with McKinsey & Company, a global management consulting company (1981 – 2013)

Board of Directors (1998 – 2010)

Chairman, the Americas (2003 – 2009)

Member of Operating Committee

Managing Partner of New York and New Jersey offices, North American Corporate Finance and Strategy practice and European Telecoms practice

Leader of new business growth opportunities around data, analytics and software

Education

B.S., University of Sydney

M.B.A., International Institute for Management Development

Joseph M. Velli Former Senior Executive Vice President of The Bank of New York

Independent

Director Since 2017

Age 60

Birthplace United States

Committees

Skills and Qualifications

Select Past Director Positions

E*Trade Bank

E*Trade Financial Corporation

Education

B.A., William Paterson University

M.B.A., Fairleigh Dickinson University

Career Highlights

Senior Advisor of Lovell Minnick Partners, LLC, private equity firm (since 2016)

Chairman and Chief Executive Officer of Convergenx Group, LLC, a provider of software platforms and technology-enabled brokerage services (2006 – 2013)

Executive positions with The Bank of New York (now BNY Mellon), a worldwide banking and financial services company

Senior Executive Vice President and member of the Senior Policy Committee (1998 – 2006)

Executive Vice President (1992 – 1998)

Other leadership positions (1984 – 1992)

Current Public Company Boards

Computershare Limited, a global provider of corporate trust, stock transfer, employee share plan and mortgage servicing services (since 2014)

Paychex, Inc., a provider of payroll, human resource and benefits outsourcing services (since 2007)

Leadership Global Business Experience Tech/Consulting Services Technology Financial Operational

Edgar Filing: COGNIZANT TECHNOLOGY SOLUTIONS CORP - Form PRE 14A

AC	Audit Committee	FPC	Financial Policy Committee	Committee Chair
CC	Compensation Committee	GC	Governance Committee AC Financial Expert	Committee Member

2018 Proxy Statement 13

Table of Contents

Board Composition

Director Independence

Board Member Independence

10 of 11

Directors

Nominees

are

Independent

Each of our Director nominees, other than our CEO, Mr. D'Souza, has been determined by the Board to be an "independent director" under our Corporate Governance Guidelines and the rules of The Nasdaq Stock Market LLC ("Nasdaq"), which require that, in the opinion of the Board, such person not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

Committee Member Independence

100% Independent

Directors on Audit,

Compensation

and Governance

Committees

The Board has determined that all of the members of the Audit Committee, Compensation Committee and Governance Committee are independent as defined under Nasdaq rules and, where applicable, also satisfy the committee-specific requirements set forth below.

Additional Audit and Compensation Committee Independence Standards

Audit Committee

All members of the Audit Committee are required to satisfy the independence requirements contemplated by Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Nasdaq rules, which require that Audit Committee members:

May not accept any direct or indirect consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, except for their compensation for Board service; and

May not be affiliated with the Company or any of its subsidiaries.

Compensation Committee

Under Nasdaq rules, the Board must affirmatively determine the independence of each member of the Compensation Committee after considering:

All sources of compensation of the director, including any consulting, advisory or other compensation paid by the Company or any of its subsidiaries; and

Whether the Compensation Committee member is affiliated with the Company or any of its subsidiaries.

Director Recruitment and Selection Process

Director Candidate Identification

Independent search firm, independent directors, management, stockholders and others may recommend potential candidates for election to the Company's Board

A subset of directors may be tasked by the Governance Committee with leading a search process for director candidates

Governance Committee

Develops criteria for any director search process, including any specific desired skills, experiences or qualifications

Discusses, assesses and interviews candidates

Evaluates the candidates, including with respect to

Integrity

Business acumen

Experience

Diligence

Independence / absence of conflicts of interest

Capacity to serve in light of other commitments

Diversity

No specific weighting is given to any of the criteria, nor is any a prerequisite

Edgar Filing: COGNIZANT TECHNOLOGY SOLUTIONS CORP - Form PRE 14A

Recommends nominees to the Board

Board

Discusses and interviews candidates

Analyzes independence

Appoints directors to the Board

Recommends nominees for stockholder vote at the next annual meeting

Stockholders

Vote on nominees at annual meeting

Objective: Maintain an engaged, independent Board with broad and diverse experience and judgment that is committed to representing the long-term interests of our stockholders

In 2016 and 2017, the Company engaged a third party director search firm to assist the Governance Committee in identifying and evaluating director candidates. In February 2017, the Company and Elliott Management agreed to each identify and propose one new independent director for election to the Board, subject to the consent of the other, prior to the filing of the proxy statement for the 2017 Annual Meeting. Ms. Atkins and Mr. Dineen were elected to the Board in April 2017 through this process. As part of the February 2017 agreement, the Company and Elliott also agreed that the Company would propose one additional new independent director for election to the Board, subject to the consent of Elliott, prior to the filing of the proxy statement for the 2018 Annual Meeting. Mr. Velli was identified by the Company, consented to by Elliott and joined the Board in December 2017.

Table of Contents

Important Factors in Assessing Board Composition

The Governance Committee strives to maintain an independent board with broad and diverse experience and judgment that is committed to representing the long-term interests of our stockholders. The committee considers a wide range of factors when selecting and recruiting director candidates, including:

Ensuring an experienced, qualified Board with expertise in areas relevant to the Company. We seek directors who have held significant leadership positions and have global business experience, especially in the consulting and technology industries in which we compete. In addition, we seek directors with the financial reporting, operational, corporate governance and compliance experience appropriate for a large, global, publicly traded company.

Leadership

We believe that directors who have held “C-suite” leadership positions over an extended period possess the ability to identify and develop leadership qualities in others. Such Directors demonstrate a practical understanding of organizations, processes, strategy and risk management, and know how to drive change and growth.

**11 (100%)
Global Business
Experience**

With 23% of our revenue currently coming from, and our continued success dependent, in part, on continued growth in, our business outside the United States, and with the extensive international aspects of our business operations, we believe that global business experience is an important quality for many of our Directors to possess.

**11 (100%)
Technology and
Consulting
Services**

Technology and consulting services, including as to technology, strategy, business and operations, is one of our key areas of business focus. It is an important component of the continuing growth of our business and permeates other important growth areas for us. As technology and consulting services are a critical component of our efforts to develop ever more strategic relationships with clients, it is important to have directors with experience in providing such services to clients.

**4 (36%)
Technology**

Developing and investing in new technologies and ideas is at the heart of our business. Our current investments include building capabilities to enable clients to drive digital transformation at scale and create next generation information technology infrastructures, and building platform-based solutions and industry utilities to enable clients to achieve new levels of efficiency. In addition, strong data / cyber security is also essential for our business. As such, having directors with technology experience is as important as ever.

**10 (91%)
Financial**

We use a broad set of financial metrics to measure our operating and strategic performance and stockholder value creation. Accurate financial reporting and strong internal controls are also critical to our success. It is therefore important for us to have directors with an understanding of financial statements and financial reporting processes and a track record of stockholder value creation.

**11 (100%)
Operational**

We consider operational experience to be a valuable trait. Directors with this experience provide insight into best practices for the efficient administration and operation of a complex business to achieve growth and margin objectives.

10 (91%)

Enhancing the Board’s diversity. Our Corporate Governance Guidelines provide that the value of director diversity, including as to race, gender, age, national origin and cultural background, should be considered in the selection of directors. The Governance Committee seeks out qualified women and individuals from minority groups to include in the pool from which Board nominees are chosen.

Achieving a balanced mix of tenures. The Governance Committee believes it is important that the Board have an appropriately balanced mix of experienced directors with a deep understanding of the Company and its industry and new directors who bring a fresh perspective and valuable new experience and insights.

Maintaining Director engagement. The Governance Committee considers each Director’s continuation on the Board on an annual basis. As part of the process, the committee evaluates the Director’s other positions and obligations in order to assess the Director’s ability to continue to devote sufficient time to Company matters. Any Director who experiences a change in employment status or job responsibilities, other than retirement, is required to notify the Chairman and the Governance Committee and offer to resign from the Board.

Avoiding conflicts of interest. The Governance Committee looks at other positions a director candidate has held or holds (including other board memberships) and any potential conflicts of interest to ensure the continued independence of the Board and its committees. There are no family relationships among any of our executive officers, directors and key employees.

Table of Contents

As part of the Governance Committee's annual self-assessment process, it assesses its performance as to all aspects of the selection and nomination process for directors, including diversity.

Based on the experience, qualifications, attributes and skills of our Director nominees as highlighted herein, our Governance Committee has concluded that such Director nominees should continue to serve on the Board.

Majority Voting Standard in Director Elections

Our By-laws provide that the voting standard for the election of directors in uncontested elections is a majority of votes cast. Any Director who does not receive a majority of the votes cast for their election must tender an irrevocable resignation that will become effective upon acceptance by the Board. The Governance Committee will recommend to the Board whether to accept the Director's resignation within 90 days following the certification of the stockholder vote. The Board will promptly disclose whether it has accepted or rejected the Director's resignation, and the reasons for its decision, in a Form 8-K. The Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a Director's resignation. Our Corporate Governance Guidelines contain additional specifics regarding our Director resignation policy. See "Helpful Resources" on page 74.

How Stockholders Can Propose Director Candidates

Recommendations to Governance Committee

Stockholder sends to the Company's Secretary:

Name(s) of proposed director candidate(s)

Appropriate biographical information and background materials

Statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the Company's common stock for at least a year

Governance Committee evaluates stockholder-proposed director candidates in substantially the same manner, including both process and criteria, as it follows for candidates submitted by others. See "Director Recruitment and Selection Process" on page 14.

Nominations by Proxy Access

3% for 3 years

One or more stockholders holding at least 3% of the Company's common stock for at least 3 years may submit director nominees to include in the Company's proxy statement.

25% of the Board

Stockholder-submitted nominees may be submitted via proxy access for up to 25% of the Board or 2 directors, whichever is greater.

Stockholder-submitted nominations that satisfy the requirements in the Company's By-laws are included in the Company's proxy statement. See "Director Nominees via Proxy Access" on page 60.

Board Leadership Structure

Separate
Chairman and
CEO

The Company's board leadership structure has separated the Chairman and CEO roles since December 2003. Currently, Mr. Klein serves as Chairman and Mr. D'Souza as CEO. The Board evaluates its leadership structure on an ongoing basis based on factors such as the experience of the applicable individuals and the current business environment of the Company. After considering these factors, the Board, at its meeting following the 2017 Annual Meeting, determined that continuing to separate the positions of Chairman and CEO was the appropriate board leadership structure.

16 Cognizant Technology Solutions Corporation

Table of Contents

Board Role in Risk Oversight

Our business faces various risks, including strategic, financial, legal, regulatory, operational, accounting, data / cyber security and reputational risks. The Board exercises its oversight responsibility for risk management both directly and through its committees. We believe this division of responsibilities optimizes the Board's ability to address risks in a focused and proactive manner, assess interrelationships among the various risks we face and make informed cost-benefit decisions. In addition, we believe this division allows our independent Directors, through our fully independent Audit Committee, Compensation Committee and Governance Committee and our majority independent Financial Policy Committee, to exercise effective oversight of the actions of management in identifying risks and implementing effective risk management policies and controls. Management provides regular updates to the Board or relevant committees on risk exposures and mitigation efforts.

Board of Directors

The Board is kept informed of its committees' risk oversight and other activities through reports of the committee chairs to the full Board.

These reports are presented at regular Board meetings.

In addition to addressing risk topics referred to it by its committees, the Board addresses certain risk topics directly, including the following:

Business strategy, including with respect to growth both organically and through acquisitions.

Security, including physical and data / cyber security (with support from the Audit Committee).

Executive leadership development and succession planning, including an emergency succession plan for the CEO (with support from the Governance Committee).

Financial risk, including Treasury matters such as incurrence of indebtedness and hedging.

Audit Committee

Oversees the following risk topics:

Overall risk management framework and processes, including through oversight of our Enterprise Risk Management (ERM) program. The Company's Chief Internal Auditor manages the ERM program and helps ensure that ERM is integrated into the Company's strategic and operational planning process. The committee's meetings throughout the year include discussions of individual risk areas and quarterly updates on the overall ERM process.

Accounting and internal controls, with quarterly reports from and private sessions with our independent registered public accounting firm and Chief Internal Auditor.

Compliance, including with respect to our Code of Ethics and whistleblower / hotline procedures.

Security risks, including physical and data / cyber security (supports the full Board).

Operational risks, including infrastructure, talent supply chain, business continuity and scalability of our processes and systems.

Legal and regulatory risks, including third party contractual risks, intellectual property matters and compliance with data privacy laws.

Geopolitical risks, including changes in laws and regulations.

Compensation Committee

Oversees the Company's compensation policies and practices, including a review, as part of its annual process of determining executive compensation, of the incentives created by the Company's incentive compensation programs to ensure that such incentives are appropriate and do not encourage undue risk taking, and that the compensation policies and practices as a whole are not reasonably likely to have a material adverse effect on the Company.

Financial Policy Committee

Oversees the following risk topics:

Operating margins and execution of the Company's margin improvement plan.

Capital structure and allocation.

Governance Committee

Oversees the following risk topics:

Board governance structure and processes.

Succession planning, including an emergency succession plan for the CEO (supports the full Board).

Management

Management is responsible for the day-to-day management of the various risks facing the Company, and provides regular updates to the Board or relevant committees on risk exposures and mitigation efforts. These updates include regular reports from executives with responsibility for various aspects of the Company's business or functions. The Board is informed of major or notable developments that could affect the Company's risk profile or other aspects of the business.

Table of Contents

Committees of the Board

The Board has four standing committees — the Audit Committee, Compensation Committee, Financial Policy Committee and Governance Committee — each of which operates under a charter that has been approved by the Board. See “Helpful Resources” on page 74.

Audit

Committee

Maureen Breakiron-Evans (Chair)

Other Members

Zein Abdalla
Jonathan Chadwick
John E. Klein
Leo S. Mackay, Jr.
Joseph M. Velli

No. of Meetings

in 2017: 11

Audit Committee

Financial Experts

The Board has determined that each of Ms. Breakiron-Evans and Mr. Chadwick is an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K.

Key Responsibilities

Directly overseeing our independent registered public accounting firm, including appointment, termination, qualifications and independence, and pre-approval of the scope and fees of the annual audit and any other services, including review, attest and non-audit services;

Reviewing and discussing the contents of our quarterly and annual consolidated financial statements and earnings releases with management and the independent registered public accounting firm;

Recommending to the Board inclusion of our audited financial statements in our Annual Report on Form 10-K;

Monitoring our internal control over financial reporting, disclosure controls and procedures, and Code of Ethics;

Reviewing and discussing the internal audit process, scope of activities and audit results with our internal audit department;

Reviewing and discussing with management our risk management framework and processes, including through oversight of our ERM program;

Supporting the Board in the oversight of security risks, including physical and data / cyber security, which oversight includes the receipt and review of periodic evaluations of the Company’s security processes and procedures from independent experts; and

Overseeing a number of additional risk topics, including compliance, operational, legal, regulatory and geopolitical risks.

Compensation

Committee

John N. Fox, Jr. (Chair)

Key Responsibilities

Making recommendations to the Board with respect to the compensation of our CEO;

Reviewing and approving, or making recommendations to the Board with respect to, the compensation of our other executive officers;

Overseeing evaluations of our senior executives;

Reviewing and making recommendations to the Board with respect to our incentive compensation arrangements, including an annual review to ensure that such compensation arrangements do not encourage unnecessary risk taking;

Reviewing and making recommendations to the Board with respect to Director compensation; and

No. of Meetings

in 2017: 5

Assisting the Board in the discharge of any other responsibilities relating to the compensation of our executive officers.

Table of Contents

Financial Policy Committee
Francisco D'Souza (Chair)
Other Members
 Betsy S. Atkins
 John M. Dineen
 Michael Patsalos-Fox
No. of Meetings in 2017: 3

Key Responsibilities

Evaluating the Company's operating margins;
 Assisting and advising the Board on the development of and potential revisions to the Company's long-term margin improvement plan;
 Monitoring and evaluating the implementation of such margin improvement plan; and
 Evaluating and providing the Board with recommendations regarding the Company's capital structure and capital allocation policies and strategy.

Governance Committee
Michael Patsalos-Fox (Chair)
Other Members
 Zein Abdalla
 Maureen Breakiron-Evans
 John M. Dineen
 John N. Fox, Jr.
 John E. Klein
No. of Meetings in 2017: 5

Key Responsibilities

Recommending to the Board the persons to be nominated for election as Directors and to be appointed to each of the Board's committees;
 Reviewing the Directors' other positions and obligations annually to ensure they have sufficient time to devote to Company matters;
 Assisting the Board in succession planning for the CEO (including emergency succession plans), other senior executives and Board positions;
 Developing and recommending to the Board revisions to our Corporate Governance Guidelines; and
 Overseeing an annual evaluation of the Board.

Director Attendance

There were 9 meetings of the Board during 2017. Each Director standing for election at the Annual Meeting attended at least 95% of the aggregate of (i) all meetings of the Board held during the period in which he or she served as a Director and (ii) the total number of meetings held by the committees on which he or she served during the period, if applicable.

Our Corporate Governance Guidelines provide that Directors are expected to attend the annual meeting of stockholders. For the 2017 Annual Meeting, Mr. D'Souza acted as Chairman and all but two of the 11 then current Directors attended (participating by teleconference).

Strong Director Engagement

Average Director nominee attendance at 2017 meetings

Board 100%	Audit Committee 98%	Financial Policy Committee 100%
	Compensation Committee 100%	Governance Committee 100%

Table of Contents**Director Compensation****Discussion and Analysis**

The Company uses cash and stock-based compensation to attract and retain qualified individuals to serve on the Board. The Company sets compensation for Directors who are not our employees or the employees of any of our subsidiaries (“non-employee Directors”) taking into account the time commitment and experience level expected of its Directors. A Director who is an employee of the Company or any of its subsidiaries receives no cash or stock-based compensation for serving as a Director.

Engagement of Compensation Consultant

For purposes of establishing non-employee Director compensation, the Compensation Committee engaged Pay Governance, LLC (“Pay Governance”), an independent executive compensation advisory firm, in 2017 to review all elements of non-employee Director compensation, benchmark such compensation in relation to other comparable companies with which we compete for Board talent and provide recommendations to ensure that our non-employee Director compensation program remains competitive. Pay Governance benchmarked our non-employee Director compensation against the same group of technology-related firms used by Pay Governance in preparing its recommendations to the Compensation Committee in determining stock-based awards for executive officers. See “Compensation Committee and Engagement of Compensation Consultant” and “Peer Group and Market Data” on page 28.

Director Compensation Analysis and Changes for 2017

The Compensation Committee considered the benchmarking data and recommendations of Pay Governance in setting the cash and stock-based compensation of non-employee Directors that became effective following the 2017 Annual Meeting.

Analysis

Company total Director compensation at the **50th percentile** vs. Company peer group

Company **mix of 50% stock options and 50% RSUs differed from peer group companies**, which predominantly issued equity in the form of full value shares or RSUs

Company **vesting provisions of stock-based compensation significantly longer than at peer group companies**

Company-issued options vested over 2 years and RSUs vested over 3 years

Peer group companies split between immediate (full value shares issued) and 100% vesting on the first anniversary of the grant date

The additional annual Board and committee chair retainers, provided to certain of the chairs in recognition of the increased workload and responsibilities associated with the positions, and the meeting fees were left unchanged in 2017. Both the retainers and meeting fees were analyzed by Pay Governance and, in the case of the retainers, revised in 2016.

Compensation Actions for 2017

No change to total Director compensation vs. 2016

Stock-based compensation issued 100% in RSUs (no stock options)

RSUs issued provide for 100% vesting on the first anniversary of the grant date

2017 Director Compensation Structure

Annual Non-Employee Director Compensation¹		Additional Annual Board and Committee Chair Retainers¹		Meeting Fees for Non-Employee Directors	
Annual Cash Retainer	\$90,000	Board	\$150,000	Board	
RSUs	\$210,000	Audit	\$25,000	Meetings	No meeting fees
Fair market value on grant date		Compensation	\$15,000		\$1,500 per meeting (excluding telephonic meetings of 30 minutes or less)
100% vesting on the first anniversary of the grant date		Financial Policy	—		
Total	\$300,000	Governance	\$15,000	Committee Meetings	

¹ Paid in advance following annual meeting of stockholders. Directors joining mid-year receive pro-rated amounts.

Upon a Director’s retirement while in good standing, the Board’s intent is to utilize its discretion to accelerate the vesting of such Director’s outstanding stock-based awards.

Table of Contents

Director Stock Ownership Guidelines

The Company adopted revised stock ownership guidelines in March 2017 to further align Director interests with those of stockholders. Under the revised guidelines, each non-employee Director is required over time to hold a number of shares with a value, measured as of the time the revised guidelines were put in place or, for later joining Directors, the time a Director joins the Board, equal to five times the annual cash retainer received by non-employee Directors (i.e., \$450,000 in shares of common stock). Compliance with the guidelines is required within five years of a Director joining the Board.

5x annual cash retainer

(\$450,000 in shares of common stock)

Hedging, Short Sale, Margin Account and Pledging Prohibitions

All Directors are subject to the same insider trading policies of the Company that apply to employees that provide for:

No hedging or speculation with respect to Cognizant securities;

No short sales of Cognizant securities;

No margin accounts with Cognizant securities; and

No pledging of Cognizant securities.

See "Hedging, Short Sale, Margin Account and Pledging Prohibitions" on page 35 for additional information on these restrictions.

Deferral of Restricted Stock Units

Non-employee Directors may on a yearly basis elect to defer settlement of RSUs that are granted in the subsequent year. The following table sets forth the two deferral options available, and the Directors that elected such deferral options, for 2017.

	RSUs Deferred Until Earliest to Occur of Company Change in Control	Director's Death or Permanent Disability	Director Leaves the Board	Directors Electing Option
Option 1			100% settles on next July 1	Atkins, Dineen, Weissman
Option 2			1/3 rd settles on each of next three July 1 ^{sts} = immediate settlement	Breakiron-Evans, Fox, Klein, Wendel

Table of Contents**Director Tables**

The following tables set forth certain information regarding the compensation of each of our Directors who served during 2017 and the aggregate number of stock awards and the aggregate number of stock options held by each of our Directors at December 31, 2017.

Name	2017 Director Compensation				Total	Director Stock and Option Awards Outstanding	
	Fees Earned or Paid in Cash	Stock Awards ¹	Option Awards ¹	All Other Compensation		Aggregate Number of Stock Awards ²	Aggregate Number of Stock Options
Zein Abdalla	\$ 108,000	\$ 209,987	—	—	\$ 317,987	4,707	11,294
Betsy S. Atkins	\$ 112,993	\$ 233,795	\$ 23,863	—	\$ 370,651	3,536	1,827
Maureen Breakiron-Evans	\$ 133,000	\$ 209,987	—	—	\$ 342,987	23,391	73,324
Jonathan Chadwick	\$ 102,000	\$ 209,987	—	—	\$ 311,987	4,482	7,924
John M. Dineen	\$ 112,993	\$ 233,795	\$ 23,863	—	\$ 370,651	3,536	1,827
John N. Fox, Jr.	\$ 118,500	\$ 209,987	—	—	\$ 328,487	5,430	33,324
John E. Klein	\$ 265,500	\$ 209,987	—	—	\$ 475,487	11,641	21,764
Leo S. Mackay, Jr.	\$ 100,500	\$ 209,987	—	—	\$ 310,487	9,350	13,297
Lakshmi Narayanan ³	—	\$ 154,639	\$ 152,171	—	\$ 306,809	—	—
Michael Patsalos-Fox	\$ 123,000	\$ 209,987	—	—	\$ 332,987	10,422	53,324
Joseph M. Velli	\$ 43,397	\$ 101,245	—	—	\$ 144,642	1,417	—
Robert E. Weissman ⁴	\$ 100,500	\$ 557,763	\$ 65,589	—	\$ 723,852	11,641	—