

Risk Factors Comparison 2024-02-14 to 2023-02-15 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

We face various important risks and uncertainties, including those described below, that could adversely affect our business, results of operations and financial condition and, as a result, cause a decline in the trading price of our common stock. Risks Related to our Business and Operations Our results of operations could be adversely affected by economic and political conditions globally and in particular in the markets in which our clients and operations are concentrated. Global macroeconomic conditions have a significant effect on our business as well as the businesses of our clients. Volatile, negative or uncertain economic conditions **have in the past and** could **in the future** cause our clients to reduce, postpone or cancel spending on projects with us, ~~making and could make~~ it more difficult for us to accurately forecast client demand and have available the right resources to profitably address such client demand. **For example, in 2023 some of our clients reduced their discretionary spending in response to economic uncertainty, which negatively impacted our revenues.** Clients may reduce demand for services quickly and with little warning, which may cause us to incur extra costs where we have employed more personnel than client demand supports. Our business is particularly susceptible to economic and political conditions in the markets where our clients or operations are concentrated. Our revenues are highly dependent on clients located in the United States and Europe, and any adverse economic, political or legal uncertainties or adverse developments, including due to the uncertainty related to the economic environment and inflation, may cause clients in these geographies to reduce their spending and materially adversely impact our business. Many of our clients are in the financial services and healthcare industries, so any decrease in growth or significant consolidation in these industries or regulatory policies that restrict these industries may reduce demand for our services. Economic and political developments in India, where a significant majority of our operations and technical personnel are located, or in other countries where we maintain delivery operations, may also have a significant impact on our business and costs of operations. As a developing country, India has experienced and may continue to experience high inflation and wage growth, fluctuations in gross domestic product growth and volatility in currency exchange rates, any of which could materially adversely affect our cost of operations. Additionally, we benefit from governmental policies in countries that encourage foreign investment and promote the ease of doing business, such as tax incentives, and any change in policy or circumstances that results in the elimination of such benefits or degradation of the rule of law, or imposition of new adverse restrictions or costs on our operations could have a material adverse effect on our business, results of operations and financial condition. If we are unable to attract, train and retain skilled employees to satisfy client demand, including highly skilled technical personnel and personnel with experience in key digital areas, as well as senior management to lead our business globally, our business and results of operations may be materially adversely affected. Our success is dependent, in large part, on our ability to keep our supply of skilled employees, including project managers, IT engineers and senior technical personnel, in particular those with experience in key digital areas, in balance with client demand around the world and on our ability to attract and retain senior management with the knowledge and skills to lead our business globally. In 2021 and most of 2022, we, and we believe the IT industry as a whole, experienced unprecedented attrition. As a result, we hired over a hundred thousand new employees in each of 2021 and 2022, **and over sixty thousand in 2023.** Correspondingly, we have needed to reskill, retain, integrate and motivate our large workforce with diverse skills and expertise in order to serve client demands across the globe, respond quickly to rapid and ongoing technological, industry and macroeconomic developments and grow and manage our business. The rate of attrition began to decrease in the second half of 2022, but if such attrition levels ~~do not continue to decrease or if they~~ increase again in the future, it could materially adversely affect our business **and results of operations.** We also must continue to maintain a senior leadership team that, among other things, is effective in executing on our strategic goals and growing our digital business. The loss of senior executives, or the failure to attract, integrate and retain new senior executives as the needs of our business require, could have a material adverse effect on our business and results of operations. Competition for skilled labor is intense and, in some jurisdictions in which we operate and in key digital areas, there are more open positions than qualified persons to fill these positions. We compete for employees not only with other companies in our industry but also with companies in other industries, such as software services, engineering services and financial services companies. Our business has experienced **in the past** and may ~~continue to~~ experience **in the future** significant employee attrition, which has caused us to incur increased costs to hire new employees with the desired skills. While we strive to adjust pricing to reduce the impact of compensation increases on our operating margin, we may not be successful in recovering these increases, which could adversely affect our profitability and operating margin. Costs associated with recruiting and training employees are **Cognizant14December 31, 2023 Form 10- significant Ksignificant**. If we are unable to hire or deploy employees with the needed skillsets or if we are unable to adequately equip our employees with the skills needed, this could materially adversely affect our business. ~~Cognizant15December 31, 2022 Form 10- K~~ **Additionally**, if we are unable to offer our employees a value proposition that is competitive and appealing, it could have an adverse effect on engagement and retention, which may materially adversely affect our business. Many of our contracts with clients are short- term, and our business, results of operations and financial condition could be adversely affected if our clients terminate their contracts on short notice. Consistent with industry practice, many of our contracts with clients are short- term or can be terminated by our clients with short notice and without significant early termination cost. Even if not terminated, clients may be able to delay, reduce or eliminate spending on the services and solutions we provide, choose not to retain us for additional stages of a project, try to renegotiate the terms of a contract or cancel or delay additional planned work. Terminations and such other events may result from factors that are beyond our control and unrelated to our work product or the progress of the project, including the business,

financial or labor conditions of a client, changes in ownership, management or the strategy of a client or economic or market conditions generally or specific to a client's industry. When contracts are terminated or spending delayed, we lose the anticipated revenues and might not be able to eliminate our associated costs in a timely manner. In particular, the loss of a significant client or a few significant clients could materially reduce revenues for the Company as a whole or for a particular business segment. In addition, our operating margins in subsequent periods could be lower than expected. If we are unable to replace the lost revenues with other work on terms we find acceptable or effectively eliminate costs, our business, results of operations and financial condition could be adversely affected. We face challenges related to growing our business organically as well as inorganically through acquisitions, and we may not be able to achieve our targeted growth rates. Achievement of our targeted growth rates requires continued significant organic growth of our business as well as inorganic growth through acquisitions. To achieve such growth, we must, among other things, continue to significantly expand our global operations, in particular with respect to digital, and scale our infrastructure to support such business growth and ensure that our service offerings remain responsive to market demand. Continued business growth increases the complexity of our business and places significant strain on our management, employees, operations, systems, delivery, financial resources, and internal financial control and reporting functions, which we will have to continue to develop and improve to sustain such growth. Our ability to successfully manage change associated with the various business transformation initiatives is critical for the overall strategy execution. We must continually recruit and train new employees, retain and reskill, as necessary, existing sales, technical, finance, marketing and management employees with the knowledge, skills and experience that our business model requires and effectively manage our employees worldwide to support our culture, values, strategies and goals. Additionally, we expect to continue pursuing strategic and targeted acquisitions and investments to enhance our offerings of services and solutions or to enable us to expand our talent, experience and capabilities in key digital areas or in particular geographies or industries. We may not be successful in identifying suitable opportunities, completing targeted transactions or achieving the desired results in the timeframe we expect or at all, such opportunities may divert our management's time and focus away from our core business and realizing the desired results of a particular transaction may depend upon competition, market trends, **regulatory developments**, additional costs or investments and the actions of suppliers or other third parties. We may face challenges in effectively integrating acquired businesses into our ongoing operations and in assimilating and retaining employees of those businesses into our culture and organizational structure, and these risks may be magnified by the size and number of transactions we execute. If we are unable to manage our growth effectively, complete acquisitions of the number, magnitude and nature we have targeted, or successfully integrate any acquired businesses into our operations, we may not be able to achieve our targeted growth rates or improve our market share, profitability or competitive position generally or in specific markets or services. **Our NextGen program and the associated reductions in headcount and consolidation of office space could disrupt our business, may not result in anticipated savings, and could result in total costs and expenses that are greater than expected. Guided by our strategic priorities, in the second quarter of 2023 we initiated the NextGen program aimed at simplifying our operating model, optimizing corporate functions and consolidating and realigning office space to reflect the post-pandemic hybrid work environment. Our drive for simplification will include operating with fewer layers in an effort to enhance agility and enable faster decision making. In connection with the NextGen program, in 2023 we incurred \$ 115 million of employee separation costs and \$ 114 million of facility exit and other costs totaling \$ 229 million. See Note 4 to our audited consolidated financial statements. We Cognizant 15 December 31, 2023 Form 10-K currently expect to incur total costs of approximately \$ 300 million with approximately \$ 70 million of such costs anticipated in 2024. The NextGen program may result in the loss of institutional knowledge and expertise, as well as the reallocation of certain roles and responsibilities across the Company, all of which could adversely affect our operations. Such effects from our NextGen program could have a material adverse effect on our ability to execute on our business plan. There can be no assurance that we will be successful in implementing our NextGen program, which may be disruptive to our operations, or may cause difficulties in the retention of our remaining employees or reduced productivity among remaining employees. In addition, we may not realize, in full or in part, the anticipated benefits, savings and improvements in our cost structure from the NextGen program due to unforeseen difficulties, delays or unexpected costs. If the actual amount and timing of costs differ from our current expectations and estimates or we are unable to realize the expected operational efficiencies and cost savings from the NextGen program, our operating results and financial condition would be adversely affected. Furthermore, we may incur unanticipated charges or be required to make cash payments as a result of our NextGen program that were not previously contemplated, which could result in an adverse effect on our business or results of operations.** We may not be able to achieve our profitability goals and maintain our capital return strategy. Our goals for profitability and capital return rely upon a number of assumptions, including our ability to improve the efficiency of our operations and make successful investments to grow and further develop our business. Our profitability **is impacted by our ability to accurately estimate, attain, and sustain revenues from client engagements, margins and cash flows over contract periods and general economic and political conditions. Our profitability also** depends on the efficiency with which we run our operations (including changes in our internal organizational structure) and the cost of our operations, especially the compensation and benefits costs of our employees. We have incurred, and may continue to incur, substantial costs related to implementing our strategy to optimize such costs, and we may not realize the ultimate cost savings that we expect. We may not be able to efficiently utilize our employees if increased regulation, policy changes or administrative burdens of immigration, work visas or client worksite placement prevents us from deploying our employees on a timely basis, or at all, to fulfill the needs of our clients. Our utilization rates are further affected by a number of factors, including our ability to transition employees from completed projects to new assignments, hire and assimilate new employees, forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and workforce and manage attrition, and our need to devote time and resources to training, professional development and other typically non-chargeable activities. Increases in

wages and other costs, including as a result of attrition, may also put pressure on our ~~Cognizant16December 31, 2022 Form 10-K~~ profitability. ~~Our profitability is also impacted by our ability to accurately estimate, attain and sustain revenues from client engagements, margins and cash flows over contract periods and general economic and political conditions.~~ With respect to capital return, our ability and decisions to pay dividends and repurchase shares depend on a variety of factors, including the cash flow generated from operations, our cash and investment balances, our net income, our overall liquidity position, potential alternative uses of cash, such as acquisitions, and anticipated future economic conditions and financial results. Failure to carry out our capital return strategy may adversely impact our reputation with shareholders and shareholders' perception of our business and the trading price of our common stock. ~~Pandemics, epidemics or other outbreaks..... a material adverse impact to our business.~~ Fluctuations in foreign currency exchange rates, or the failure of our hedging strategies to mitigate such fluctuations, can adversely impact our profitability, results of operations and financial condition. Fluctuations in foreign currency exchange rates can also have adverse effects on our revenues, income from operations and net income when items denominated in other currencies are translated or remeasured into U. S. dollars for presentation of our consolidated financial statements. We have entered into foreign exchange forward contracts intended to partially offset the impact of the movement of the exchange rates on future operating costs and to mitigate foreign currency risk on foreign currency denominated net monetary assets. However, the hedging strategies that we have implemented, or may in the future implement, to mitigate foreign currency exchange rate risks may not reduce or completely offset our exposure to foreign exchange rate fluctuations and may expose our business to unexpected market, operational and counterparty credit risks. We are ~~Cognizant17December 31, 2022 Form 10-K~~ particularly susceptible to wage and cost pressures in India and the exchange rate of the Indian rupee relative to the currencies of our client contracts due to the fact that the substantial majority of our employees are in India while our contracts with clients are typically in the local currency of the country where our clients are located. Our failure to meet specified service levels or milestones required by certain of our client contracts may result in our client contracts being less profitable, potential liability for penalties or damages or reputational harm. Many of our client contracts include clauses that tie our compensation to the achievement of agreed- upon performance standards or milestones. Failure to satisfy these requirements could significantly reduce our fees under the contracts, increase the cost to us of meeting performance standards or milestones, delay expected payments, subject us to potential damage claims under the contract terms or harm our reputation. The use of new technologies in our offerings (including GenAI) can expose us to additional risks if those technologies fail to work as predicted, which could lead to cost overruns, project delays, financial penalties, or damage to our reputation. Clients also often have the right to terminate a contract and pursue damages claims for serious or repeated failure to meet these service commitments. Some of our contracts provide that a portion of our compensation depends on performance measures such as cost- savings, revenue enhancement, benefits produced, business goals ~~Cognizant16December 31, 2023 Form 10-K~~ attained and adherence to schedule. These goals can be complex and may depend on our clients' actual levels of business activity or may be based on assumptions that are later determined not to be achievable or accurate. As such, these provisions may increase the variability in revenues and margins earned on those contracts and have in the past resulted, and could in the future result, in significant losses on such contracts. Further, if we do not accurately estimate the effort, costs or timing for meeting our contractual commitments or completing engagements to a client's satisfaction, our contracts could have delivery inefficiencies and be less profitable than expected or unprofitable. We face intense and evolving competition and our service offerings must keep pace with significant technological advances in the rapidly changing markets we compete in. The markets we serve and operate in are highly competitive, subject to rapid change and characterized by a large number of participants, as described in " Part I, Item 1. Business- Competition. " We compete on the basis of reputation and experience, strategic advisory capabilities, digital services capabilities, performance and reliability, responsiveness to customer needs, financial stability, corporate governance and competitive pricing of services. The less we are able to differentiate our services and solutions and / or clearly convey the value of our services and solutions, the more difficulty we have in winning new work in sufficient volumes and at our target pricing and overall economics. In addition to large, global competitors, we face competition in many geographic markets from numerous smaller, local competitors that may have more experience with operations in these markets, have well- established relationships with our desired clients, or be able to provide services and solutions at lower costs or on terms more attractive to clients than we can. Consolidation activity may also result in new competitors with greater scale, a broader footprint or vertical integration that makes them more attractive to clients as a single provider of integrated products and services. In addition, concurrent use by many clients of multiple professional service providers means that we are required to be continually competitive on the quality, scope and pricing of our offerings or face a reduction or elimination of our business. Competitors may also be willing, at times, to take on more risk or price contracts lower than us in an effort to enter the market or increase market share. If we are not able to supply clients with services that they deem superior and successfully apply current business models with market level pricing while managing discounts, we may lose business to competitors and face downward pressure on gross margins and profitability. Any inability to compete effectively would materially adversely affect our business, results of operations and financial condition. Our relationships with our third -party alliance partners, who supply us with necessary components to the services and solutions we offer our clients, are also critical to our ability to provide many of our services and solutions that address client demands. There can be no assurance that we will be able to maintain such relationships or that such components will be available on the expected timelines or for anticipated prices. Among other things, such alliance partners may in the future decide to compete with us, form exclusive or more favorable arrangements with our competitors or otherwise reduce our access to their products, thereby impairing our ability to provide the services and solutions demanded by clients. Any performance failure on the part of our alliance partners, or the discontinuance by such alliance partners of services that we have relied on them to perform for our clients, could delay our performance or require us to engage alternative third parties to perform the services at our cost or to perform them ourselves, any of which could deprive us of potential revenue or adversely impact our profitability. Our competitiveness also depends on our ability to continue to develop and implement services and solutions that

anticipate and respond to rapid and continuing changes in technology to serve the evolving needs of our clients. Examples of areas of significant change include digital-, cloud- and security- related offerings, which are continually evolving, as well as developments in areas such as AI, augmented reality, automation, blockchain, IoT, quantum computing and as- a- service solutions, among others. If we do not sufficiently invest in new technologies, successfully adapt to industry developments and changing demand, and evolve and expand our business at sufficient speed and scale to keep pace with the demands of the Cognizant18December 31, 2022 Form 10- K markets we serve, we may be unable to develop and maintain a competitive advantage and execute on our growth strategy, which would materially adversely affect our business, results of operations and financial condition. In addition, our clients may delay spending under existing contracts and engagements or delay entering into new contracts while evaluating new technologies. Such delays can negatively impact our results of operations if we are unable to adapt our pricing or the pace and level of spending on new technologies is not sufficient to make up any shortfall. Further, as we expand into these areas, we may be exposed to operational, legal, regulatory, ethical, technological and other risks specific to such new areas, which may negatively affect our reputation and demand for our services and solutions. **Our use of AI technologies may not be successful and may present business, financial, legal, and reputational risks. We increasingly use AI- based technologies, including GenAI, in our client offerings and our own internal operations. As with many innovations, AI presents risks and challenges that could adversely impact our business. The development, adoption, and use of AI technologies are still in their early stages and ineffective or inadequate AI development or deployment practices by us, our clients, or third parties with whom we do business could result in unintended Cognizant17December 31, 2023 Form 10- K consequences. Such consequences may include, for example, employees making decisions based on biased or inaccurate information; disclosure of sensitive information; deliberate misuse; or infringement of third- party intellectual property rights. In turn, these consequences may cause decreased demand for our services or harm to our business, results of operations, or reputation. AI technology and services are part of a highly competitive and rapidly evolving market. We plan to incur significant development and operational costs to build and support our AI capabilities to meet the needs of our clients. We face significant competition from our traditional competitors as well as other third parties, including those that are new to the market, and our clients may develop their own AI- related capabilities. In addition, as these technologies evolve, we expect that some services that we currently perform for our clients will be replaced by AI or forms of automation. Each of the foregoing may lead to reduced demand for our services or harm our ability to obtain favorable pricing or other terms for our services, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, the legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain including in the areas of intellectual property, cybersecurity, and privacy and data protection. Compliance with new or changing laws, regulations, industry standards or ethical requirements and expectations relating to AI may impose significant operational costs requiring us to change our service offerings or business practices, or may limit or prevent our ability to develop, deploy, or use AI technologies. Failure to appropriately conform to this evolving landscape may result in legal liability, regulatory action, or brand and reputational harm.** We face legal, reputational and financial risks if we fail to protect client and / or Cognizant data from security breaches and / or cyberattacks. In order to provide our services and solutions, we depend on global information technology networks and systems, to process, transmit, host and securely store electronic information (including our confidential information and the confidential information of our clients) and to communicate among our locations around the world and with our clients, suppliers and alliance partners (including numerous cloud service providers). Security breaches, employee malfeasance, or human or technological error create risks of shutdowns or disruptions of our operations and potential unauthorized access and / or disclosure of our or our clients' sensitive data, which in turn could jeopardize projects that are critical to our operations or the operations of our clients' businesses and have other adverse impacts on our business or the business of our clients. In addition, the products, services and software that we provide to our clients, or the third- party components we use to provide such products, services and software, may unintentionally contain or introduce cybersecurity threats or vulnerabilities to our clients' information technology networks. Our clients may maintain their own proprietary, sensitive, or confidential information that could be compromised in a cybersecurity attack, or their systems may be disabled or disrupted as a result of such an attack. Our clients, regulators, or other third parties may attempt to hold us liable ~~, through contractual indemnification clauses or directly,~~ **, including through contractual indemnification clauses**. Like other global companies, we and our clients, suppliers, alliance partners (including numerous cloud service providers) and other vendors we interact with face threats to data and systems, including by nation state threat actors, insider threats (including inappropriate access), perpetrators of random or targeted malicious cyberattacks, computer viruses, malware, worms, bot attacks or other destructive or disruptive software and attempts to misappropriate client information and cause system failures and disruptions. For example, in April 2020, we announced a security incident involving a Maze ransomware attack. The attack resulted in unauthorized access to certain data and caused significant disruption to our business. In addition, **recent international tensions (including** Russia' s invasion of Ukraine and ~~associated international tensions~~ **conflicts in the Middle East)** have heightened the overall risk of cyber- threats and, while we have taken steps to mitigate such risks, those steps may not be successful. A security compromise of our information systems, or of those of businesses with which we interact, that results in confidential information being accessed by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions, up to and including criminal prosecution, client attrition due to reputational concerns or otherwise, containment and remediation expenses, and claims brought by our clients or others for breaching contractual confidentiality and security provisions or data protection laws. Monetary damages imposed on us could be significant and may impose costs in excess of insurance policy limits or not be covered by our insurance at all, and our insurers may not continue to provide coverage on reasonable terms or may disclaim coverage as to any future claims. Techniques used by bad actors to obtain unauthorized access, disable or degrade service, or sabotage systems continuously evolve and may not immediately produce

signs of intrusion, and we may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, a security breach could require that we expend substantial additional resources related to the security of our information systems, diverting resources from other projects and disrupting our businesses. Our clients, suppliers, subcontractors, and other third parties with whom we do business, including in particular cloud service providers and software vendors, generally face similar cybersecurity threats, and we must rely on the safeguards **Cognizant 18 December 31, 2023 Form 10-K** adopted by these parties. If these third parties do not have adequate safeguards or their safeguards fail, it might result in breaches of our systems or applications and unauthorized access to or disclosure of our and our clients' confidential data. In addition, we are subject to vulnerabilities in third-party technology components we use in our business and are typically not aware of such vulnerabilities until we receive notice from the third parties who have created the exposure. Due to this delay, our responses to such vulnerabilities may not be adequate or prompt enough to prevent their exploitation. Any remediation measures that we have taken or that we may undertake in the future in response to the security incident announced in April 2020 or other security threats may be insufficient to prevent future attacks or insufficient for us to quickly recover from any future attack to efficiently continue our business operations. **Failure to comply with data security and privacy regulations could have a material adverse effect on our business operations and operating results.** We are required to comply with increasingly complex and changing data security and privacy regulations in the United States, the EU, India and in other jurisdictions in which we operate. These laws regulate the collection, use and transfer of **Cognizant 19 December 31, 2022 Form 10-K** personal data and can include significant financial penalties for noncompliance. **Recent We may also face audits or investigations by one or more domestic or foreign government agencies or our customers pursuant to our contractual obligations relating to our compliance with these regulations. Despite positive developments, including such as** the new EU- U. S. Trans-Atlantic Data Privacy Framework, **are expected to help secure which provides a mechanism for** the transfer of **personal** data from the EU to the United States. **However,** there remains **significant regulatory uncertainty for businesses transferring data globally. This uncertainty results in New rules and restrictions on the movement of data across national borders could increase compliance costs,** as well as the risk of regulatory enforcement **actions- action (including potential , which can result in such significant financial penalties)**, private lawsuits, reputational damage, blockage of international data transfers, disruption to business and loss of customers. In the United States, federal sectoral laws, such as the Health Insurance Portability and Accountability Act, **and comprehensive alongside growing state level legislation , such as the California Consumer Privacy Act of 2018, together with its successor, the California Privacy Rights Act (the " CPRA ") that went into effect on January 1, 2023, and similar legislation in several other states that is expected to take effect throughout 2023,** impose or will impose extensive privacy requirements on organizations that handle personal data. **Further, the regulations to implement the CPRA are expected to be finalized in 2023, and there is uncertainty regarding how the California Privacy Protection Agency will enforce the new law and regulations. Proposals for federal comprehensive privacy legislation continue and other new state comprehensive privacy laws are under consideration. In India, the DPDP was approved on August 11, 2023 and is expected to come into effect in phases over the next 6- 12 months.** The **DPDP** Indian Ministry of Information Technology released a new draft Digital Personal Data Protection Bill in November 2022 (" the 2022 Bill"), replacing the **previously proposed Personal Data Protection Bill of 2019. The new 2022 Bill is designed to encourage growth in the technology sector; however, much detail (including on requirements for cross border transfers) has been left to subordinate legislation which will be prescribed by the executive arm of the government. The DPDP As currently drafted, the bill limits penalties that can be imposed to 2. 5 billion Indian rupees or approximately \$ 60-30 million. Other countries have enacted or are considering enacting privacy or data localization laws that require certain data to stay within their borders. Developing new regulations in AI and data use We may also face audits or investigations by one or more domestic broadly continue to add to the complexity of the legal environment and managing the privacy elements of these new rules will be critical to or our foreign government agencies ability to serve or our our clients pursuant customers as well as to achieve operational efficiencies. Complying our contractual obligations relating to our compliance with these regulations. Complying with changing regulatory requirements that apply to us directly or indirectly from our impacted customers requires us to incur substantial costs, exposes us to potential regulatory action or litigation, and may require changes to our business practices in certain jurisdictions, any of which could materially adversely affect our business operations and operating results .****Pandemics, epidemics or other outbreaks of disease have had and may in the future have a material adverse impact upon our business, liquidity, results of operations and financial condition. Any pandemic , epidemic or other outbreak of disease may have, widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets and business practices by, among other things, causing significant loss of life, curtailing congregation of people and disrupting communications and travel. Such This or other similar events may have a material adverse impact upon, our business, liquidity, results of operations and financial condition, including as a result of the following:** • Reduced client demand for services – **The vast majority of our business is with clients in the United States, the United Kingdom and other countries in Europe, all regions that were significantly impacted by the COVID- 19 pandemic and could be impacted by other future pandemics Pandemics , epidemics , or other outbreaks of disease . Such outbreaks could reduce demand for our services, particularly in regions or industries that are significantly impacted by such events. The vast majority of our business is with clients in the United States, the United Kingdom and other countries in Europe, all regions that were significantly impacted by the COVID- 19 pandemic and could be impacted by other future outbreaks of disease. • Delivery challenges – Due to the We could face closures of many of our clients' facilities that materially impair , including as a result of various orders from national, state or our ability to local governments, we faced challenges in delivering -- deliver services to our clients and satisfying --- satisfy contractually agreed upon service levels during the COVID- 19 pandemic and could face such closures in future pandemics, epidemics , or other outbreaks of disease. The For example, the COVID- 19 pandemic, particularly in India, but also in the Philippines and other countries where we have near- shore or offshore delivery operations for clients, as well as our in-**

country offices and offices of clients where our employees may normally work, impacted our ability to deliver services to clients. A similar future pandemic, epidemic or other outbreak of disease, or a future security incident during such circumstances, could materially impair our ability to deliver services to clients. • Increased strain on employees and management – The significant challenges presented by a pandemic **or other outbreak of disease**, such as the potentially life-threatening health risks to employees and their loved ones and the unavailability of various services our employees may rely upon, such as childcare, ~~were and may in future pandemics, epidemics or other outbreaks of disease~~ be a cause of employee morale concerns and may adversely impact employee productivity **,as they did during the COVID- 19 pandemic**. Addressing **Cognizant 19 December 31, 2023 Form 10- K** these employee morale and productivity concerns as well as other significant challenges presented by such events, including various business continuity measures demands significant management time and attention. The ultimate extent to which any future pandemics, epidemics or other outbreaks of disease impact our business, liquidity, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the severity of the disease to which the pandemic, epidemic or other outbreak relates; delivery, adoption and effectiveness of vaccines or other treatments for the disease, including any variants; the duration and extent of the event and waves of infection; travel restrictions and social distancing; the duration and extent of business closures and business disruptions; and the effectiveness of actions taken to contain, treat and prevent the disease. If we or our clients experience prolonged shutdowns or other business disruptions, our business, liquidity, results of operations, financial condition and the trading price of our common stock may be materially adversely affected, and our ability to access the capital markets may be limited. Further, any future pandemic, epidemic or other outbreak of disease, and the volatile regional and global economic conditions stemming from such an event, could precipitate or ~~aggravate~~ **amplify** the other risk factors that we identify in this report, any of **which could have a material adverse impact to our business**. Climate change and risks arising from the transition to a lower- carbon economy may impact our business. There are inherent climate- related risks everywhere that we conduct our business. Developments related to regulatory, social or market dynamics, stakeholder expectations, national and international climate change policies, the actual or perceived frequency or intensity of extreme weather events or the availability and functionality of critical infrastructure and resources, in addition to other factors resulting from such developments or that may not otherwise be known to or anticipated by us, could significantly disrupt our supply chain, our clients' operations and our ability to deliver services. Such events could significantly increase our costs and expenses and harm our revenues, cash flows and financial performance. Further, natural disasters and adverse weather events, such as droughts, wildfires, storms, sea- level rise and flooding, occurring more frequently, with less predictability or with greater intensity, could cause community disruptions and impact our employees' abilities to commute or to work from home safely and effectively. For example, we have substantial global delivery operations in Chennai, India, a city that has experienced severe rains and related flooding. Our exposure to these economic and other risks from climate change could be exacerbated if government or market action to address climate change and its effects is insufficient or unsuccessful. Failure **to meet ESG expectations or standards or achieve** ~~or~~ **our perception of ESG commitments could adversely affect our business or damage our reputation. Our failure or perceived failure** to achieve our stated goal to lower or negate **ESG commitments, maintain ESG practices, our- or greenhouse gas emissions- meet evolving stakeholder expectations could harm or our reputation, adversely impact our ability to mitigate climate attract and retain clients and employees, and expose us to increased scrutiny from the investment community and enforcement authorities. Our ability to achieve our ESG commitments is subject to numerous risk risks to our business, many of which are outside of or our control. Examples of such risks include the availability and cost of low- or non- carbon based energy sources and technologies and the availability of suppliers that can meet our ESG and other standards. Our reputation also may be harmed by the perception- perceptions of a failure to act responsibly- that our stakeholders have about our action or inaction on certain ESG- related issues, or because they may disagree with respect our goals and initiatives. Damage to the environment, could lead to our reputation may reduce demand for our services and thus have an adverse publicity, adverse effects- effect on our business or damage future financial performance, as well as require additional resources to rebuild** our reputation. In addition, governmental bodies, investors, clients, businesses, employees and potential employees are increasingly focused on ESG issues, including climate change, diversity and inclusion, human rights and supply- chain issues, which has resulted and may in the future continue to result in the adoption of new laws and regulations, reporting requirements and changing bid and buying practices. Further, we are **subject to, and expected-- expect** to become increasingly subject to **, laws, regulations and international treaties relating to climate change, such as carbon pricing or product energy efficiency requirements. As these new laws, regulations, treaties and similar initiatives and programs are continue to be** adopted and implemented, we will be required to comply or potentially face market access limitations, enforcement actions, civil suits or sanctions, including fines. If new laws or regulations are more stringent than current legal or regulatory requirements, we may experience increased compliance burdens and costs to meet such obligations. If we fail to comply with new laws, regulations, treaties, or reporting requirements or **keep pace with ESG trends and developments or fail to meet the expectations of our clients and investors**, our reputation and business could be adversely impacted. Cognizant 20 December 31, 2022- 2023 Form 10- K If our risk management, business continuity and disaster recovery plans are not effective and our global delivery capabilities are impacted, our business and results of operations may be materially adversely affected and we may suffer harm to our reputation. Our business model is dependent on our global delivery capabilities, which include coordination between our delivery centers in India, our other global and regional delivery centers, the offices of our clients and our associates worldwide. System failures, outages and operational disruptions may be caused by factors outside of our control, such as hostilities (including the ongoing **conflict- conflicts** between Russia and Ukraine **and in the Middle East**), political unrest, terrorist attacks, cybersecurity incidents, power or water shortages or telecommunications failures, natural or man- made disasters or other catastrophic events (including extreme weather conditions and other events that may be caused or exacerbated by climate change), and public health emergencies, epidemics and pandemics, affecting the

geographies where our people, equipment and clients are located. Our risk management, business continuity and disaster recovery plans may not be effective at predicting or mitigating the effects of such disruptions, particularly in the case of catastrophic events or longer term, increasingly severe developments that **may** occur as a result of climate change. Even if our operations are unaffected or recover quickly from any such events, if our clients cannot timely resume their own operations due to a catastrophic event, they may reduce or terminate our services, which may adversely affect our results of operations. Any such disruption may result in lost revenues, a loss of clients, liabilities relating to disruptions in service, expenditures to repair or replace damaged property and reputational damage, and could demand significant management time and attention, any of which would have an adverse effect on our business, results of operations and financial condition. Legal, Regulatory and Legislative Risks A substantial portion of our employees in the United States, United Kingdom, EU and other jurisdictions rely on visas to work in those areas such that any restrictions on such visas or immigration more generally or increased costs of obtaining such visas or increases in the wages we are required to pay employees on visas may affect our ability to compete for and provide services to clients in these jurisdictions, which could materially adversely affect our business, results of operations and financial condition. A substantial portion of our employees in the United States and in many other jurisdictions, including countries in Europe, rely upon temporary work authorization or work permits, which makes our business particularly vulnerable to changes and variations in immigration laws and regulations, including written changes and policy changes to the manner in which the laws and regulations are interpreted or enforced, and potential enforcement actions and penalties that might cause us to lose access to such visas. The political environment in the United States, the United Kingdom and other countries in recent years has included significant support for anti-immigrant legislation and administrative changes. Many of these recent changes have resulted in, and various proposed changes may result in, increased difficulty in obtaining timely visas that could impact our ability to staff projects, including as a result of visa application rejections and delays in processing applications, and significantly increased costs for us in obtaining visas or as a result of prevailing wage requirements for our employees on visas. The current U. S. administration has continued to explore visa and immigration reform and there continues to be political support for potential new laws and regulations relating to visas or immigration and the implementation of these or similar measures in the future may have a material adverse impact on companies like ours that have a substantial percentage of our employees on visas. Our principal operating subsidiary in the United States utilizes a high number of skilled workers holding H- 1B and L- 1 visas and, as a result, may be subject to increased costs if any such laws, regulations, policy changes or executive orders go into effect. In the EU, many countries continue to implement new regulations to move into compliance with the EU Directive of 2014 to harmonize immigration rules for intracompany transferees in most EU member states and to facilitate the transfer of managers, specialists and graduate trainees both into and within the region. The changes have had significant impact on mobility programs and have led to new notification and documentation requirements for companies sending employees to EU countries. Recent changes or any additional adverse revisions to immigration laws and regulations in the jurisdictions in which we operate may cause us delays, staffing shortages, additional costs or an inability to bid for or fulfill projects for clients, any of which could have a material adverse effect on our business, results of operations and financial condition. Anti-outsourcing legislation, if adopted, and negative perceptions associated with offshore outsourcing could impair our ability to serve our clients and materially adversely affect our business, results of operations and financial condition. The practice of outsourcing services to organizations operating in other countries is a topic of political discussion in the United States, which is our largest market, as well as other regions in which we have clients. For example, in the United States, measures aimed at limiting or restricting the performance of services from an offshore location or imposing burdens on U. S. companies that utilize such services have been put forward for consideration at both the federal and state levels to address concerns over the perceived association between offshore outsourcing and the loss of jobs domestically. If any such measure is enacted in the United States or another region in which we have clients, our ability to provide services to our clients could be impaired. Cognizant 21 December 31, **2022-2023** Form 10- K In addition, from time to time there has been publicity about purported negative experiences associated with offshore outsourcing, such as alleged domestic job loss and theft and misappropriation of sensitive client data, particularly involving service providers in India. Current or prospective clients may elect to perform certain services themselves or may be discouraged from utilizing global service delivery providers like us due to negative perceptions that may be associated with using global service delivery models or firms. Any slowdown or reversal of existing industry trends toward global service delivery would seriously harm our ability to compete effectively with competitors that provide the majority of their services from within the country in which our clients operate. We are subject to numerous and evolving legal and regulatory requirements and client expectations in the many jurisdictions in which we operate, and violations of, unfavorable changes in or an inability to meet such requirements or expectations could harm our business. We provide services to clients and have operations in many parts of the world and in a wide variety of different industries, subjecting us to numerous, **evolving**, and sometimes conflicting, laws and regulations on matters as diverse as trade controls and sanctions, immigration (including temporary work authorizations or work permits), content requirements, trade restrictions, tariffs, taxation, antitrust laws, anti-money laundering and anti-corruption laws (including the FCPA and the U. K. Bribery Act), the environment, including climate change regulation and reporting requirements, government affairs, internal and disclosure control obligations, data privacy, intellectual property, employment and labor relations **and**, human rights **and AI**. We face significant regulatory compliance costs and risks as a result of the size and breadth of our business. For example, we may experience increased costs in **2023-2024** and future years for employment and post-employment benefits in India as a result of the issuance of the Code on Social Security, 2020, which enhanced social security coverage (a portion of which is paid by the employer) and extended such benefits to all workers. We are also subject to a wide range of potential enforcement actions, audits or investigations regarding our compliance with these laws or regulations in the conduct of our business, and any finding of a violation could subject us to a wide range of civil or criminal penalties, including fines, debarment, or suspension or disqualification from government contracting, prohibitions or restrictions on doing business in one or more jurisdictions, loss of clients and business, legal claims

by clients and unfavorable publicity or damage to our reputation. We could also face significant compliance and operational burdens and incur significant costs in our efforts to comply with or rectify non-compliance with these laws or regulations. Such burdens or costs may result in an adverse effect on our financial condition and results of operations. We commit significant financial and managerial resources to comply with our internal control over financial reporting requirements, but we have in the past identified and may in the future identify material weaknesses or significant deficiencies in our internal control over financial reporting that cause us to incur incremental remediation costs in order to maintain adequate controls. ~~For example, we had to spend significant resources on conducting an internal investigation and cooperating with investigations by the DOJ and the SEC, both concluded in 2019, focused on whether certain payments relating to Company-owned facilities in India were made in violation of the FCPA and other applicable laws.~~ Our employees, subcontractors, vendors, agents, alliance partners, the companies we acquire and their employees, vendors and agents, and other third parties with which we associate, could take actions that violate policies or procedures designed to promote legal and regulatory compliance or applicable anticorruption laws or regulations. Violations of these laws or regulations by us, our employees or any of these third parties could subject us to criminal or civil enforcement actions (whether or not we participated or knew about the actions leading to the violations), including fines or penalties, disgorgement of profits and suspension or disqualification from work, including U. S. federal contracting, any of which could materially adversely affect our business, including our results of operations and our reputation. Changes in tax laws or in their interpretation or enforcement, failure by us to adapt our corporate structure and intercompany arrangements or adverse outcomes of tax audits, investigations or proceedings could have a material adverse effect on our effective tax rate, results of operations and financial condition. The interpretation of tax laws and regulations in the many jurisdictions in which we operate and the related tax accounting principles are complex and require considerable judgment to determine our income taxes and other tax liabilities worldwide. Tax laws and regulations affecting us and our clients, including applicable tax rates, and the interpretation and enforcement of such laws and regulations are subject to change as a result of economic, political and other factors, and any such changes or changes in tax accounting principles could increase our effective worldwide income tax rate and have a material adverse effect on our net income, cash flows and financial condition. We routinely review and update our corporate structure and intercompany arrangements, including transfer pricing policies, consistent with applicable laws and regulations, to align with our evolving business operations across the numerous jurisdictions, such as the United States, India and the United Kingdom, in which we operate. Failure to successfully adapt our corporate structure and intercompany arrangements to align with our ~~Cognizant 22 December 31, 2022 Form 10-K~~ evolving business operations may increase our worldwide effective tax rate and have a material adverse effect on our earnings, cash flows and financial condition. **Cognizant 22 December 31, 2023 Form 10-K** Our worldwide effective income tax rate may increase or our financial condition may be materially impacted as a result of developments, changes in interpretations and assumptions made, additional guidance that may be issued and ongoing and future actions the Company has or may take with respect to our corporate structure and intercompany arrangements. For example, ~~our effective income tax rate and financial condition could be materially affected by the adoption and implementation of the Base Erosion and Profit Shifting project of the Organisation for Economic Cooperation and Development (OECD), composed of governments of various countries, many of which we do business in. Additionally,~~ our cash flows could be materially affected by the issuance of additional interpretive guidance by the U. S. Treasury regarding the capitalization and amortization of research and experimental expenses for tax purposes, as more fully described in Note 11 to the consolidated financial statements. ~~While we currently do not believe that the Inflation Reduction Act of 2022 will have a material impact on us, any additional regulatory guidance which may be issued under this act may have a material impact on our tax rate and financial results.~~ Additionally, we are subject to routine tax audits, investigations and proceedings in various jurisdictions. Tax authorities have disagreed, and may in the future disagree, with our judgments, and are taking increasingly aggressive positions, including with respect to our intercompany transactions. For example, we are currently involved in an ongoing dispute with the ITD in which the ITD asserts that we owe additional taxes for two transactions by which CTS India repurchased shares from its shareholders, as more fully described in Note 11 to the consolidated financial statements. We may not accurately predict the outcomes of these audits, investigations and proceedings and the amounts ultimately paid upon their resolution could be materially different from the amounts previously included in our income tax provision. Adverse outcomes in any such audits, investigations or proceedings could increase our tax exposure and cause us to incur increased expense, which could materially adversely affect our results of operations and financial condition. Our business subjects us to considerable potential exposure to litigation and legal claims and could be materially adversely affected if we incur legal liability. We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the conduct of our business. Our business is subject to the risk of litigation involving current and former employees, clients, alliance partners, subcontractors, suppliers, competitors, shareholders, government agencies or others through private actions, class actions, whistleblower claims, administrative proceedings, regulatory actions or other litigation. While we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as deductibles and caps on amounts recoverable. Our client engagements expose us to significant potential legal liability and litigation expense if we fail to meet our contractual obligations or otherwise breach obligations to third parties or if our subcontractors breach or dispute the terms of our agreements with them and impede our ability to meet our obligations to our clients. For example, third parties could claim that we or our clients, whom we typically contractually agree to indemnify with respect to the services and solutions we provide, infringe upon their IP rights. Any such claims of IP infringement could harm our reputation, cause us to incur substantial costs in defending ourselves, expose us to considerable legal liability or prevent us from offering some services or solutions in the future. We may have to engage in legal action to protect our own IP rights, and enforcing our rights may require considerable time, money and oversight, and existing laws in the various countries in which we provide services or solutions may offer only limited protection. We also face considerable potential legal liability from a variety of other sources. Our acquisition activities have in the past and may in the

future be subject to litigation or other claims, including claims from employees, clients, stockholders, or other third parties. We have also been the subject of a number of putative securities class action complaints and putative shareholder derivative complaints relating to the matters that were the subject of our now concluded internal investigation into potential violations of the FCPA and other applicable laws, and may be subject to such legal actions for these or other matters in the future. See "Part I, Item 3. Legal Proceedings" for more information. We establish reserves for these and other matters when a loss is considered probable and the amount can be reasonably estimated; however, the estimation of legal reserves and possible losses involves significant judgment and may not reflect the full range of uncertainties and unpredictable outcomes inherent in litigation, and the actual losses arising from particular matters may exceed our estimates and materially adversely affect our results of operations.