

## Risk Factors Comparison 2025-02-12 to 2024-02-14 Form: 10-K

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We face various important risks and uncertainties, including those described below, in addition to the other information set forth in this Annual Report on Form 10-K, including “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making an investment decision. The risks described below are not the only risks or uncertainties we face. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, could materially and adversely affect our business, results of operations and financial condition and, prospects, or results of operations. In such case, the trading price of our common stock could decline, and you may lose all or part of your original investment. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, ~~cause~~ including the risks and uncertainties described below. Additionally, macroeconomic and geopolitical developments, including public health crises, escalating global conflicts, supply chain disruptions, labor market constraints, rising rates of inflation and high interest rates may amplify many of the risks discussed below to which we are subject. The extent of the impact of macroeconomic and geopolitical developments on our financial and operating performance depends significantly on the duration and severity of such macroeconomic and geopolitical developments, the actions taken to contain or mitigate their impact and any changes in client behaviors as a result thereof 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~~ **geopolitical** 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 it more difficult for us to accurately forecast client demand and have available the right resources to profitably address such client demand, including as a result of inflation, higher interest rates, tightening of credit markets, trade disputes, recession or slowing growth, among others. For example, in ~~2023-2024~~ some of our clients ~~continued to reduce~~ **reduce** 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. Further, our business depends on our ability to obtain payment from our clients of the amounts they owe us for the work we perform. Macroeconomic or geopolitical conditions, including inflationary pressures, trade disputes or other challenges could result in financial difficulties for our clients, which have in the past and could in the future cause clients to delay payments to us, request modifications to their payment arrangements or default on their payment obligations to us. 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~~ **geopolitical** or legal uncertainties or adverse developments, including due to the uncertainty related to the economic environment and inflation, **natural or man-made disasters and extreme weather, geopolitical events and conflicts, labor or trade disputes or similar events**, 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..... 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 **Cognizant14December 31, 2024 Form 10- and Kand** 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. **Additionally, we face competition from clients' in-house technology resources, such as GCCs, which may provide a lower cost alternative to our services.** 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. **Some of our third- party alliance partners are also clients or suppliers for our internal operations.** 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 and edge computing, digital engineering and manufacturing and as- a- service solutions, among others, which are continually evolving.** If we do not sufficiently invest in new technologies, successfully adapt to industry developments and changing demand, **develop new tools and platforms that meet our clients' productivity expectations** and evolve and expand our business at sufficient speed and scale to keep pace with the demands of the 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. **Some of these technological changes have reduced or replaced the demand for some of our historical services and solutions and will continue to do so in the future.** In addition, our clients may delay spending under existing contracts and engagements or delay entering into new contracts while evaluating new technologies. Such **reductions, replacements and** 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 **expect the proliferation of AI will have a significant impact on our industry, and we believe our ability to compete in this space will be critical to our financial performance.** We increasingly use AI- based technologies, including GenAI, in our client offerings and our own internal operations. **As we have incurred and plan to continue to incur significant development and operational costs to build and support our AI capabilities, including costs to ensure ongoing compliance with many innovations, the complex and rapidly evolving legal landscape around AI presents risks and challenges automation. If we fail to develop and implement AI solutions that could meet our internal and client needs or if we are unable to bring AI- enabled solutions to market as effectively or with the same speed as our competitors, we may fail to recoup our investments in AI and our financial performance, competitive position, business and reputation may be adversely impacted our business. The development, adoption,..... 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 Some services that we currently historically perform performed for our clients have been and will continue to be replaced by AI or other forms of automation, including our own AI- enabled client offerings.** 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. our **business own resources. The** In addition, the development, adoption, and use of AI technologies are all 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 **Cognizant 17 December 31, 2023 Form 10- K** consequences. Such consequences may include, for example, employees making decisions based on biased or inaccurate information; **unauthorized** disclosure of sensitive information; **operational inefficiencies leading to decreased productivity**; deliberate misuse; or infringement of third- party **IP- intellectual property** rights. Additionally **In turn, the these consequences may use cause of AI by us decreased demand for our services or harm to** our business **partners may create new cybersecurity vulnerabilities, including those results of operations, or reputation** Furthermore, the legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain **including in, with jurisdictions around the areas of intellectual property world applying, or considering applying, laws and regulations related to IP, cybersecurity, and export controls, privacy, data security, and data protection to AI and automated decision- making, or general legal frameworks on AI, such as the EU AI Act, which entered into force in 2024 and parts of which apply beginning in 2025. These laws are continuously evolving and developing and may impose obligations on companies developing and using AI or automated decision- making**

technologies. Given the rapid rate of change and the often uncertain scope, interpretation, and application of these laws and regulations, which may be in conflict across jurisdictions, we may not always be able to anticipate how courts and regulators will apply existing laws to AI, predict how new legal frameworks will address AI, or otherwise ensure compliance with these frameworks. As a result, we may have to expend resources to adjust our offerings in certain jurisdictions if the legal frameworks on AI are not consistent across jurisdictions, and the EU AI Act may increase costs or impact the operation of our AI services. 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, particularly as we expand the use of such technologies, 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. Finally, AI technology may be viewed negatively by the public due to media scrutiny over issues such as job displacement, privacy and ethical AI concerns. This negative perception can adversely affect our investments in AI technology, both directly and indirectly. 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 AI and 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 AI and 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. We must hire or retrain, integrate, retain and motivate our large workforce with diverse skills and expertise to serve client demands across the globe, respond quickly to rapid and ongoing technological, industry and macroeconomic developments and grow and manage our business. In 2021 and most of 2022, we and, we believe, the IT industry generally, experienced unprecedented attrition. For the year ended December 31, 2024 our Voluntary Attrition- Tech Services was 15.9% as compared to 13.8% for the year ended December 31, 2023. If our attrition levels increase significantly, 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 service capabilities. 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 AI and 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, as well as our clients' GCCs. In addition, changes in immigration laws or policies, or varying applications of immigration laws and policies, could limit the availability of certain work visas in the U. S., which could exacerbate competition for skilled labor. Our business has experienced in the past and may 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 significant. 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. Additionally, our efforts to offer our employees a value proposition that is competitive and appealing may be unsuccessful and 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. 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, productivity improvements or milestones. Failure to satisfy any such 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. Further, our work with governmental clients exposes us to additional risks inherent in the government contracting process, including stricter regulatory requirements and heightened reputational and contractual risks. 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 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, anticipated productivity improvements, costs or timing for meeting our contractual commitments or completing engagements to a client's satisfaction, our contracts have in the past and could in the future have delivery inefficiencies and be less profitable than expected or unprofitable. 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 macroeconomic and geopolitical conditions. Our profitability also depends on the efficiency with which we run our operations (including our ability to leverage new technologies to improve productivity) 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 Cognizant 17 December 31, 2024 Form 10-K 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 profitability. 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. 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 AI and 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 our 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 AI and 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, including the implementation of controls, processes and policies appropriate for a multinational public company at acquired companies that may have previously lacked such functions in areas such as cybersecurity, IT and privacy, among others, 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 and may not result in anticipated savings. At the end of 2024, we completed our NextGen program, which was aimed at simplifying our operating model, optimizing corporate functions and consolidating and realigning office space to reflect the post-pandemic hybrid work environment. In 2024, we incurred \$ 134 million of employee separation, facility exit and other costs related to the program, bringing the total costs incurred since inception to \$ 363 million. See Note 4 to our consolidated financial

statements. Our NextGen program may result in the loss of institutional knowledge and expertise, the reallocation of certain roles and responsibilities across the Company, difficulties in the retention of our remaining employees and reduced productivity among our remaining employees, all of which could have a material adverse effect on our operations. In addition, we may not realize, in full or in part, the anticipated benefits, savings and improvements in our cost structure from our NextGen program due to unforeseen difficulties or unexpected costs. If we are unable to realize the expected operational efficiencies and cost savings from our NextGen program, our operating results and financial condition would be adversely affected. We face legal, reputational and financial risks if we fail to protect client and / or Cognizant data from security cybersecurity incidents 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 have in the past and could in the future cause shutdowns or disruptions of our or our clients' operations and Cognizant 18 December 31, 2024 Form 10- K 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, have in the past and may in the future 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 have and may in the future attempt to hold us liable for any such losses or damages resulting from such an attack, 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 have experienced a security incident involving a Maze ransomware attack, which The attack resulted in unauthorized access to certain data and caused significant disruption to our business. Such attacks, or other currently unanticipated threats, could occur in the future. In addition, recent international tensions (including Russia's invasion of Ukraine and 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. The emergence and maturation of AI capabilities may also lead to new or more sophisticated methods of attack. 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 Although our cybersecurity risk management program utilizes various procedures and controls to mitigate our exposure to the risks described above, the cybersecurity threat landscape is rapidly evolving and increasingly sophisticated. There can be no assurance that the procedures and controls that we implement, or that our clients, suppliers, subcontractors and other third parties with whom we do business implement, will be sufficient to protect our information systems from the cybersecurity threats we face. Additionally, 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. Fluctuations in foreign currency exchange rates, or the Failure failure of our hedging strategies to comply with data security mitigate such fluctuations, can adversely impact our profitability, results of operations and privacy regulations could financial condition. Fluctuations in foreign currency exchange rates can also have a material adverse effect effects on our 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 and option 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 **Cognizant 19 December 31, 2024 Form 10-K** exchange rate fluctuations and may expose our **business** to **unexpected market**, **operational** and **operating results** **counterparty credit risks**. We are **particularly susceptible** to **comply 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** 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 personal data and can include significant financial penalties for noncompliance. 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, such as the new EU-U.S. Data Privacy Framework, which provides a mechanism for the transfer of personal data from the EU to the United States, there remains regulatory uncertainty for businesses transferring data globally. New rules and restrictions on the movement of data across national borders could increase compliance costs, as well as the risk of regulatory enforcement action (including potential 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, alongside growing state-level legislation impose or will impose extensive privacy requirements on organizations that handle personal data. Proposals for federal comprehensive privacy legislation continue and other new state laws are **typically** under consideration. In India, the DPDP was approved on August 11, 2023 and is expected to come into effect in phases over the **local currency** next 6-12 months. The DPDP 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 **country where** government. The DPDP limits penalties that can be imposed to 2.5 billion Indian rupees or **our clients** approximately \$30 million. Other countries have enacted or are **located** considering enacting privacy or data localization laws that require certain data to stay within their borders. Developing new regulations in AI and data use more broadly continue to add to the complexity of the legal environment and managing the privacy elements of these new rules will be critical to our ability to serve our customers as well as to achieve operational efficiencies. Complying with these 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 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** **reduced** client demand for **our** services **Pandemics, epidemics, or other outbreaks of disease 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**—We could face closures of our clients' facilities that materially impair our ability to deliver services to our clients and satisfy contractually agreed upon service levels **during pandemics and increased strain on employees and management**, **epidemics, or as we saw at other** **the outbreaks height** of disease. 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. **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, may 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 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, **extreme weather** and risks arising from the transition to a lower-carbon economy may impact our business. There are inherent climate **- and weather -** 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 our ESG commitments and ambitions could adversely affect our business or damage our reputation. **Shifting** Our failure or perceived failure to achieve our ESG commitments, maintain ESG practices, or meet evolving stakeholder expectations **and evolving regulatory and disclosure standards around ESG** could harm our reputation, adversely impact our ability to 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 risks, many of which are outside of 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 perceptions that our stakeholders have about our action or inaction on certain ESG related issues, or because they may disagree with our goals and initiatives. Damage to our reputation may reduce demand for our services and thus have an adverse effect on our future financial performance, as well as require additional resources to rebuild our reputation. In addition, governmental bodies, investors, clients, businesses -- **business** -- 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. **We** Further, we are subject to, and expect to become increasingly subject to, laws, regulations and international treaties relating to **ESG, including the European Union's Corporate Sustainability Reporting Directive (CSRD) and California's** climate change **disclosure**, such as carbon pricing or product energy efficiency requirements. As these new laws, regulations, treaties and similar initiatives and programs 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, our reputation and business could be adversely impacted. **Our ability to meet our ESG ambitions is also subject to external factors outside of our control including the ability and willingness of our suppliers to reduce emissions and the advancement of new emission reducing technologies. In addition, global clients often rely on ESG rating systems for bids and buying practices, and yet the criteria used in the ratings may conflict and change frequently, and we cannot predict how these third parties will score us, nor can we have any assurance that they score us or other companies** Cognizant 20 December 31, 2023-2024 Form 10- K accurately, or that we will be able to score well as such criteria change. **We supplement our participation in ratings systems with published disclosures of our ESG activities, but some investors may desire other disclosures that we do not provide. At the same time, an increasing number of stakeholders, regulators, and lawmakers have expressed or pursued contrary views, legislation and investment expectations with respect to ESG ratings and ambitions, including the enactment or proposal of " anti- ESG " legislation, regulation or policies, which may expose us to additional legal, financial or reputational risks based upon our ESG ambitions and disclosures. If our ESG practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees and our business could be negatively affected.** 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 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 **the impact of** 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 **and enacted** changes may result in, increased difficulty in obtaining timely visas **that, whether as a result of visa application rejections, delays in processing applications, significantly increased costs to obtain visas, prevailing wage requirements for our employees on visas or otherwise, which could in turn** impact our ability to staff projects. **In addition, immigration reform**, including as a result of **changes to immigration policies** ~~visa application rejections and delays in processing applications~~, and **significantly the** increased costs for us **uncertainty surrounding such policies** in light of obtaining visas or as a result of **the incoming prevailing wage requirements for our employees on visas**. The current U. S. administration **s expected** has continued to explore visa and immigration **agenda**, 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 upon the effectiveness of** 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. **Cognizant 21 December 31, 2024 Form 10- K** 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, 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, **standards**, 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 **security, privacy and data protection**, intellectual property, employment and labor relations, human rights and AI. **For example, we are required to comply with increasingly complex and changing data security and privacy laws and regulations in the many jurisdictions in which we operate that regulate the collection, storage, use, disclosure, transfer and security of personal data, including U. S. federal and state laws (such as the California Consumer Privacy Act, as amended by the California Privacy Rights Act, and the Health Insurance Portability and Accountability Act), and non- U. S. laws, such as the India Digital Personal Data Protection Act, 2023, the U. K. General Data Protection Regulation (“ GDPR ”) and the E. U. GDPR. These laws and regulations are continuously evolving and developing, creating significant uncertainty as they may be interpreted and applied differently from country to country, creating inconsistent or conflicting requirements**. We face significant regulatory compliance costs and risks as a result of the size and breadth of our business, **and these costs may increase as a result of changes in government policy**. For example, we may experience increased costs in **2024-2025** 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. 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, **have in the past and could in the future** 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 **Cognizant 22 December 31, 2024 Form 10-K** 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 macroeconomic, political, geopolitical** 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 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 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. 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.

**Cognizant23December 31, 2024 Form 10- K If we infringe upon the IP rights of others or our IP rights are infringed upon, our business may be adversely affected. Third parties have in the past and may in the future claim that we infringe upon their IP rights. Further, in most of our contracts, we have agreed to indemnify our clients for liabilities and expenses related to IP infringement and, in some instances, the cost associated with these indemnities may exceed the revenue that we receive from the client. Any such claims of IP infringement could harm our reputation, cause us to incur substantial costs in defending ourselves or our clients, expose us to considerable legal liability or prevent us from offering some services or solutions in the future. We rely on a combination of patent, copyright and trade secret laws, confidentiality procedures and contractual provisions to protect our IP. The existing laws in the various countries in which we provide services or solutions may offer only limited protection of our intellectual property and are subject to change at any time. Furthermore, the legal landscape surrounding IP protection of software technologies, including AI, is rapidly evolving and as a result there is uncertainty concerning the scope of IP protection for our software IP rights. We are and may in the future have to engage in legal action to protect our own IP rights. Enforcing our rights may require considerable time, money and oversight, and we may not be successful in our efforts.**