

COGNEX[®]

2021 SUSTAINABILITY REPORT

LETTER FROM THE CEO

Dear Fellow Stakeholders,

I am pleased to share Cognex's inaugural sustainability report.

In our work and our values, Cognex is strongly aligned with ESG goals.

Since our founding more than 40 years ago, Cognex machine vision technology has played an important role in making manufacturing more efficient and reducing its environmental impact. Our vision systems catch production errors early—and with greater accuracy than human inspection—and eliminate the waste that results from scrapping hundreds of thousands of imperfect products. Our industry-leading vision tools allow manufacturers to build their products with higher yields, reducing excess consumption of energy and raw materials. And, Cognex vision is also used widely in the production of green technologies such as EV batteries and solar cells. Thousands of companies have reinvented their manufacturing processes with the help of Cognex technology. You'll read a sampling of those customer stories in this report.

Cognex is a strongly community-minded company. Cognoids (as we call ourselves) work in close-knit teams that bring together different generations, professional disciplines, and global geographies. Our culture emphasizes participation from Cognoids at all levels, and we have encouraged employees to play an active role in our ESG activities. In 2022 we introduced Cognex Cares, a program that gives Cognoids an

opportunity to participate in employee-led initiatives focused on Corporate Giving, Community Engagement, and Diversity, Equity, Inclusion, and Belonging.

Cognex's independent and diverse Board of Directors is also fully committed to ensuring that ESG goals are part of our management vision. We recently added three new independent directors who bring valuable ESG experience to our board and amended the charter of the Nominating, Governance and Sustainability Committee to include responsibility for overseeing Cognex's ESG strategy, practices, and policies.

We are still in the early stages of developing a formal ESG framework and guidelines. We have much to be proud of, but more progress to make as we continue to bring focus to our sustainability goals. Whether you're a shareholder, a Cognoid, a customer, a supplier, or a neighbor in one of our communities, thank you for joining us on this important journey.

Sincerely,



Robert Willett

President and Chief Executive Officer



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TABLE OF CONTENTS

Letter from CEO	1
About Cognex	4
Approach to Sustainability	5
Environment	8
Social	17
Governance	29
Appendices	36

About This Report

This Sustainability Report was published in September 2022 and covers data from Cognex's fiscal year ended December 31, 2021, and prior years as indicated. This report was developed based on the recommendations of the Sustainability Accounting Standards Board (SASB) (Software and IT Services standard) and the Task Force on Climate-related Financial Disclosures (TCFD). The report encompasses the operations and geographies noted specifically throughout the report. Information contained in this document is summary in nature and subject to change without notice. Further information on Cognex's financial information and sustainability strategy can be found in our Annual Report and Form 10-K for the fiscal year ended December 31, 2021.

Forward-Looking Statements

This report, including the CEO's letter, contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. These statements are based on our current estimates and expectations as to prospective events and circumstances, which may or may not be in our control and as to which there can be no firm assurances given. These forward-looking statements, which include statements regarding expanding to a new distribution center in Asia and expanding our contract manufacturing sites involve known and unknown risks and uncertainties that could cause actual results to differ materially from those projected. A discussion regarding risk factors that could cause actual results to differ are set forth in the "Management's Discussion and Analysis for Financial Condition and Results of Operations" section under the heading "Forward-Looking Statements" of Cognex's most recent Annual Report and Form 10-Q. All information in this report is subject to change without notice. Cognex cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Cognex disclaims any obligation to revise forward-looking statements to reflect the occurrence of events or circumstances after the date such statements are made.

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ABOUT COGNEX

Cognex is a leading global provider of machine vision products that capture and analyze visual information in automated manufacturing and distribution processes.

Cognex products are used to locate, identify, inspect, and measure discrete items—such as mobile phones, medical devices, and electric vehicle batteries—during production. Cognex vision detects defects, guides assembly robots, identifies and tracks items through production, handling tasks where the requirements for size, accuracy or speed cannot be met by human vision. Cognex systems help increase product quality, reduce manufacturing cost, and are an essential part of the manufacturing operations of companies around the world.

Our largest served markets are logistics, automotive, and consumer electronics, which combined represented approximately 70% of our total revenue in 2021.

Cognex employees are our most valuable assets and are critical to our success. We strive to create and maintain an environment where Cognoids can engage with each other, perform their best work, develop their careers, and be creative.

For more information, see Cognex's [2022 proxy statement](#), [2021 Form 10-K](#) and [investor relations web page](#).

COGNEX AT A GLANCE

2,257
employees in 35 countries
as of Dec 31, 2021

13%
of revenue
invested in R&D

~1,000
U.S. & international patents
issued and pending

Key Products and Services

Deep Learning

2D Vision

3D Vision

Vision Software

Barcode Readers

Solutions



APPROACH TO SUSTAINABILITY

Cognoids are customer-centric. We believe in excellence, perseverance, and creativity. We are proud of what we do, and the integrity with which we do it. We recognize one another's efforts and share our success. We are enthusiastic about our work, and we like to have fun together.

While Cognex has established a strong reputation for our culture of connection, collaboration, and growth, we recognize we need to increase communications around our environmental, social, and governance (ESG) priorities, metrics, and progress.

COGNEX VALUES

Cognex's 10 core values have been in place since our company's founding. These values support our approach to sustainability.



Customer First

Customer satisfaction is our top priority.



Excellence

Good is not good enough; we strive for excellence.



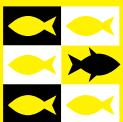
Perseverance

We don't stop until it's done right.



Enthusiasm

We enjoy what we do, and it shows.



Creativity

We delight in being different.



Pride

We are proud of our company.



Integrity

We hold ourselves to the highest ethical standards.



Recognition

We acknowledge those who contribute to our success.



Sharing

When Cognex wins, we all win!

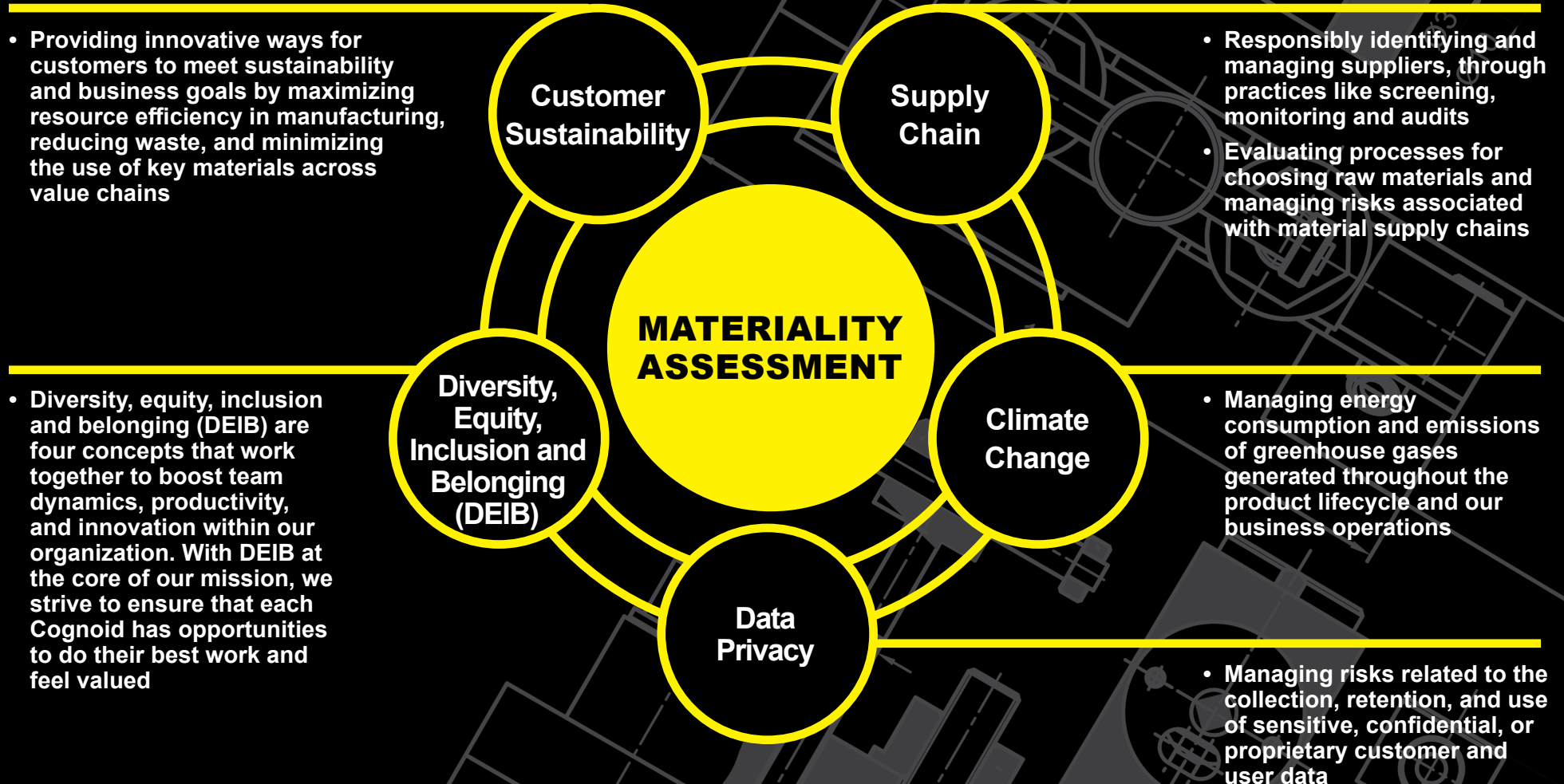


Fun

We play hard to celebrate our achievements.

In 2021, we enlisted a third-party expert to identify and assess our ESG opportunities and risks. This evaluation included collecting data from various sources such as publicly available reports and disclosures, a combination of ESG frameworks, peer research, Cognex documentation, and stakeholder interviews with employees, customers, suppliers, board members, and shareholders. With these

insights, we were able to prioritize the most material ESG topics for Cognex. These topics were reviewed with our Board of Directors and Nominating, Governance, and Sustainability Committee. Learn more about ESG governance and oversight on page 33.



ENVIRONMENT

Climate and Energy 10

Climate-Related Risks and Opportunities 11

Environmental Responsibility through the Supply Chain 13

Life cycle management, product stewardship, and circular economy 14

Customer First: Environmental stories 15



CHARGING 44 %
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Supporting a Greener Future

Cognex is committed to protecting and improving the environment for future generations. This commitment is reflected in everything from the efficiencies our customers achieve using Cognex technology to the way we design and produce our own products.

Millions of products are made each day using Cognex vision. Our products enable customers to detect manufacturing errors early, reducing scrap materials that would otherwise end up in landfills. Using Cognex vision can also help lower companies' use of energy, water and raw materials and, as a result, their GHG emissions.

While our own environmental footprint is modest, we remain committed to continuous improvement in order to reduce our energy, water, and material use over time. We are in the process of establishing internal management systems and processes that will enable us to better track and manage these various resource streams.

For more information, visit [Cognex's environmental web pages](#).



CLIMATE AND ENERGY

To reduce the greenhouse gas emissions associated with our own heating, cooling, and electricity needs (Scope 1 and Scope 2 emissions), we are streamlining our energy management to include efficiency and conservation efforts. For example, our corporate headquarters uses well water and building controls with energy and water saving features, improving management of our heating, cooling, and ventilation (HVAC) consumption. Our owned facilities have LED lighting and motion sensors, as do our leased office spaces when possible. Sustainable modular carpet tile by Milliken Flooring is our standard for all offices. And when purchasing new appliances, we buy Energy Star® certified products.

Our total energy consumption in our owned offices in 2021 was 5,764 megawatts (18% renewable), compared with 6,935 megawatts (16% renewable) in 2019. Looking ahead, as our facilities and equipment reach end of life, we are exploring more efficient replacements, from greener cooling solutions, to net zero emission designs, to improved HVAC controls. We're also pursuing utility company incentives and considering purchasing renewable energy certificates (RECs).

To help our customers reduce their energy needs, and therefore emissions, we continually assess and improve our products and services so they use fewer resources and create less waste. One example is our embedded systems design, where we strive to do more with less. We write vision algorithms tailored to specific hardware, lowering computing needs, and therefore power consumption and resultant waste heat, while maintaining maximum performance.

GHG EMISSIONS

	Scope 1 (MT CO ₂ e)	Scope 2 (MT CO ₂ e)	Total (MT CO ₂ e)
2021	244	1,042	1,286
2020	234	1,087	1,321
2019	318	1,354	1,672

Energy data and estimated Scope 1 and 2 GHG emissions for Cognex's owned facilities were aggregated and summarized above. Cognex's leased facilities were excluded due to the difficulty of obtaining energy data but will be reconsidered in future years. ISOS Group provided assurance for Cognex GHG calculations.

- Scope 1 (direct emissions) are from natural gas, as this is the only fuel that Cognex owned facilities consume. The emissions factors were derived from the EPA and the Sustainable Energy Authority of Ireland (SEAI).
- Scope 2 (indirect emissions from power generation) are assumed to be from utility-purchased electricity only. Cognex used emission factors from the EPA and the Sustainable Energy Authority of Ireland (SEAI) to calculate its location-based GHG emissions for electricity consumption.

RENEWABLE ENERGY

	Renewable Energy (MwH)	Total Energy (MwH)	% Renewable
2021	1,017	5,764	18%
2020	1,024	5,742	18%
2019	1,115	6,935	16%

Cognex estimated its renewable energy consumption by multiplying the electricity provider's annual renewable energy percentage by the total electricity consumed by Cognex during that year.

CARBON INTENSITY

	Revenue (\$M)	Carbon Intensity (MT CO ₂ e / \$M revenue)
2021	\$1,037	1.24
2020	\$811	1.63
2019	\$726	2.30

Climate-Related Risks and Opportunities

Cognex recognizes the magnitude of the disruption that climate change is causing. However, as an asset-light, approximately 2,300-person company that is primarily engaged in software-focused product sales to a broad range of customers, we see our climate-related risks as relatively low. That said, we believe we can respond quickly to changing environments and needs. As the world around Cognex evolves, we pride ourselves on “Moving Fast” and adapting our business strategy to address climate-related risks and opportunities.

Opportunities

Climate change has the potential to disproportionately impact some regions of the world due to increased severe weather events and rising

sea levels. Due to Cognex’s diverse global structure, we have the flexibility to respond to these changes and shift business away from at-risk geographies.

Cognoids are geographically diverse, which should enable us to persevere through climate-related disruptions no matter where they happen. At the end of 2021, 41% of Cognoids were located in the Americas, 33% in Asia, and 26% in Europe. We develop our software in engineering centers throughout the world, including in the U.S., South Korea, Germany, and Hungary.

We also continue to diversify our customer base as we grow, and we are expanding internationally. In 2021, the revenue percentage breakdown by geography was 42% from the Americas, 24% from Europe, 19% from

Greater China, and 15% from other Asian countries. Our geographically diverse customer base better protects us from climate-related sales disruptions in particular regions.

Cognex recognizes that climate change will impact industries differently, but we believe we can quickly adapt to these climate-related challenges due to our diverse customer base. Cognex products are used across a variety of industries, including logistics, automotive, consumer electronics, medical-related, semiconductor, consumer products, and food and beverage. As virtually every manufacturer or distributor can achieve better quality and efficiency by using machine vision, we do not feel limited to any one industry or market.

For more information, see Cognex’s Task Force on Climate-Related Financial Disclosures (TCFD) index on page 40.



Therefore, as climate change and warming temperatures challenge specific industries and geographies, opportunities may be created in others. As a nimble software company with a strong balance sheet that commits 13-15% of annual revenue to research, development, and engineering (RD&E), we should be well positioned to rapidly reallocate resources to regions and markets where Cognex technology is in highest demand.

Risks

One climate-related risk affecting Cognex is our current hardware manufacturing process. Cognex hardware is produced largely by contract manufacturers. Cognex's primary contract manufacturer is located in Indonesia near the equator and is subject to potential extreme temperatures, rising sea levels, and tropical storms. Although this manufacturer has the ability to shift production to

plants in other regions if necessary, production and test equipment located at the Indonesia plant that is unique to the manufacturing of Cognex products make it challenging to do so in a timely manner. As part of Cognex's supply chain strategy, we are increasing the number of contract manufacturing sites, and introducing more diverse locations to mitigate our exposure to climate-related risks.



ENVIRONMENTAL RESPONSIBILITY THROUGH THE SUPPLY CHAIN

Our commitment to our values and adherence to ESG principles extend to our suppliers. Our Supplier Code of Conduct communicates to our partners our baseline expectations for workplace standards and business practices. These include complying with all laws, rules, and regulations; prohibiting corruption and bribery; respecting the basic human rights of employees; prohibiting child labor; ensuring the health and safety of employees; and working to protect the environment.

We conduct an audit of all new suppliers, as well as an annual audit of our strategic suppliers. If a supplier fails an audit, a follow-up audit is completed after six months. We typically conduct between 20 to 30 audits each year.

Our products are made by third-party contract manufacturers that are International Organization for Standardization (ISO) 9001:2015 compliant. Contract manufacturers are members of the Responsible Business Alliance (RBA) and have adopted the RBA Code of Conduct. Additionally, Cognex-owned distribution centers are ISO 9001:2015 compliant.

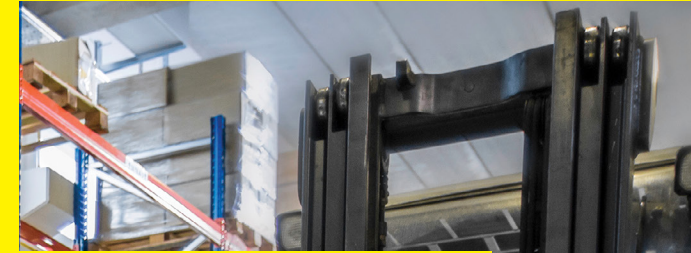
Management of Supply Chain Disruptions in 2021

Given unprecedented global challenges over the last two years—from the COVID-19 pandemic to natural disasters—Cognex consistently worked to manage supply chain disruptions during 2021, which included a significant number of electronic component shortages. We responded by:

Holding daily coordination meetings to make broker buy decisions, coordinate problem component and product re-design, and discuss supplier expedites and excess inventory purchases.

Increasing our inventory in 2021 by over \$50 million to drive growth and to support our customers' needs with a larger buffer of supply in key products.

Minimizing our risk from single sources of supply by connecting with alternate suppliers and expanding our distribution centers and points, which we discuss in more detail in the Product Responsibility, Quality, and Safety section on page 27.



For more information, see [Cognex's Supplier Code of Conduct](#).



Life cycle management, product stewardship, and circular economy

Cognex strives to operate responsibly through resource and energy conservation and the safe handling and disposal of hazardous materials. We expect our suppliers to also make responsible sourcing decisions. We ensure our products are manufactured in accordance with Restriction of Hazardous Substance (RoHS) Compliance. This includes eliminating lead, mercury, cadmium, chromium, and other specified hazardous substances from our products. In some cases, Cognex is unable to convert certain products due to a lack of RoHS-compliant components or because the products are at the end of their life cycle. In these cases, we recommend alternative products that will meet RoHS requirements and assist customers in the development of transition plans. All Cognex products for which development programs started after July 2005 have been designed to be RoHS compliant.

Cognex is also working to improve product stewardship and life cycle management through our packaging materials and processes. We are moving away from using polyethylene foam inserts and towards retention packaging, which can be used and reused across multiple product lines. This includes using cardboard clamshells and applying a film to secure our product to a corrugated sheet within a box.

In addition, we are reducing the overall sizes of our product boxes where possible. With this retention packaging, we estimate we are eliminating 105 cubic meters of polyethylene foam, which equates to 60 pallets, as well as reducing the shipment of 57 pallets from our contract manufacturer to our distribution centers. All materials in our retention packaging are made from recycled raw materials and can be recycled as part of the paper waste stream.

Additionally, Cognex supports the implementation of the Waste Electrical and Electronic Equipment (WEEE) Directive, the aim of which is to reduce and recycle the increasing volume of WEEE disposed of in landfills. Cognex products are designed and manufactured for long life, high reliability, and have been evaluated against the criteria set forth in the WEEE Directive. Whenever possible, products will be repaired to reduce the environmental impact of waste electronics. In cases where repair is not feasible, Cognex will arrange with customers to take back a product for disposal. Cognex is registered in several European Union member states in accordance with the requirements of the WEEE legislation.



CUSTOMER FIRST: ENVIRONMENTAL STORIES

FEATURED STORY

Customer: Ford Motor Company (Dearborn, Michigan)

Industry: Automotive

Solution: Cognex 3D-A5000™ Area Scan Camera and VisionPro® Deep Learning Software

Helping make electric vehicles cost competitive

To reduce greenhouse gas emission levels in the atmosphere, policymakers are encouraging increased manufacturing and adoption of electric vehicles (EVs). This effort is critical to decarbonizing the transport sector and building a more sustainable future powered by renewable energy sources. As production costs can stall widespread adoption of EVs, automobile manufacturers are looking to optimize production processes, such as inspecting welds on electric motors, to make EVs cost competitive with their internal combustion engine counterparts.

At their Advanced Manufacturing Center in Michigan, Ford Motor Company (Ford) is leveraging the latest machine vision and deep learning technologies from Cognex to assess welding quality on their electric motors. The automated solution includes a Cognex 3D-A5000 area scanner that verifies the shape of welds and high-resolution cameras paired with Cognex VisionPro Deep Learning™ software that detect surface defects, such as debris and voids. Combining these technologies enables Ford to ensure that all electric motors satisfy rigorous quality standards and helps to identify when the welding process is not performing optimally.

The Cognex-based machine vision solution empowers Ford to complete welding quickly, better manage quality fluctuations, detect defects ahead of final assembly, and reduce scrap and rework costs. Currently, the solution is being used to assess two motor types. Additional lines are under consideration to satisfy future demand as Ford ramps up EV production with the introduction of their Mustang Mach-E® SUV, F-150® Lighting™ Electric Truck, E-Transit™ Commercial Van, and Maverick® Pickup Truck. By automating weld inspection, Ford ensures the integrity of their electric motors and performance in the field, giving them further confidence to expand their investments in the EV space.



“

Cognex has always been a leader in providing the latest technologies. We expect to continue leveraging these technological advancements to increase the quality of our products and improve the efficiency of our operations.

”

Frank Maslar

Vision Technical Specialist, Ford



FEATURED STORY

Customer: Tetra Pak® (Lund, Sweden)

Industry: Food & Beverage

Solution: Cognex In-Sight® systems, Deep Learning Software & 3D Vision

Innovating for sustainable transformation

Tetra Pak's ambition is to create the world's most sustainable food package—a carton made solely from responsibly sourced, renewable or recycled materials—fully recyclable and carbon neutral. Among the levers to achieve this goal are innovative manufacturing solutions and automation technologies that help minimize waste and lower carbon emissions.

Tetra Pak and Cognex have been working together for over 20 years. Lately, vision applications have started to become a key technology in modern automatic machines, meaning that our collaboration has become closer than ever.

Tetra Pak leverages Cognex vision technology to improve quality and reduce waste. Current applications include real-time guiding, inspecting, gauging, and identifying potential defects and manufacturing issues throughout the production process. For example, Cognex 3D vision is used to identify inline defects and correct the process in case of deviations. Cognex 2D In-Sight 7000™ sensors are used to measure and control cap positioning on Tetra Pak packages. Enabling the correct placement of caps reduces waste and contributes to a more efficient and sustainable production process.

“

As we at Tetra Pak are working to provide more sustainable solutions to our customers, vision will play a crucial role. Cognex is an important contributor in this journey.

”

Paritosh Sandilya

Supplier Manager, Tetra Pak



SOCIAL

Culture: Employee Recruitment, Development, Engagement, and Well-Being 19

Diversity, Equity, Inclusion and Belonging 22

Employee Health and Safety 23

Customer First: Social Stories 24

Social Responsibility through the Supply Chain 26

Product Responsibility, Quality, and Safety 27

Community Investment 28



Commitment to Cognoids and Community

We are committed to our Cognoids—the people who drive our success—and the greater communities where we work and live. Our unique “Work Hard, Play Hard, Move Fast” culture permeates through everything we do. We strive to promote an inclusive, non-hierarchical workplace where great people from diverse backgrounds can flourish. Fun is a core value at Cognex as we believe it leads to connection, collaboration, and growth, and encourages communication. This dynamic ethos enables us to recruit top talent from around the globe.

We invest in developing and training Cognoids, provide top-notch benefits, and promote safety and well-being. We regularly engage Cognoids through formal surveys and informal connections, listening and responding to feedback. We create value for society through our products and our community service, including charitable donations, volunteering, and inspiring young minds to pursue science, technology, engineering, and mathematics (STEM) education and careers.

Our culture, mindset, and work enable us to have a positive impact on each other, our society, and our world.



CULTURE: EMPLOYEE RECRUITMENT, DEVELOPMENT, ENGAGEMENT, AND WELL-BEING

Since Cognex's founding, we have invested consistently to create an environment where Cognoids are inspired to think differently and lean on each other to solve tough problems. We are committed to finding the very best talent to be part of our growing technology company, and we believe our culture enables us to attract and retain smart, energetic, and creative individuals. Cognoids are critical to our ability to execute our operating plans and strategic initiatives.

Having Fun and Playing Hard

Cognex thrives on creating opportunities for Cognoids from across the business to collaborate and have fun—one of our core values—together. From zany-themed quarterly employee meetings with presenters in costumes to movie nights, paintball and frisbee tournaments, legendary Halloween parties, and karaoke socials, Cognoids build the kind of trusting relationships and connections across the company that help us move fast in our business.

ReCOGnition for Hard Work and Perseverance

Along with fun, recognition is a core value at Cognex. We believe in celebrating hard work and recognizing accomplishments whenever possible. Our ReCOGnition Programs like Key COGtributor Awards, President's Awards, Perseverance Awards, and Patent Awards are designed to honor the excellent contributions—big and small—of our Cognoids around the world. Winners are acknowledged in front of their peers with champagne toasts and receive cash prizes along with their recognition. For example, on their 20-year COGversary, Cognoids are rewarded for their perseverance with \$15,000 to take a trip anywhere in the world.

Encouraging Creativity and Moving Fast

We delight in being different and we encourage creativity, another core value, especially when it allows us to move fast. The “Cognex Cuts the Crap” program (also known as C³) helps us identify and eliminate the needless bureaucracy that eats up Cognoids' time and slows us down. Since the start of C³, we've given out thousands of dollars to winners and we've cut a lot of “crap” in the process. Examples of past winning ideas include removing the dreaded “Reply All” button, phasing out “land line” desk phones, and digitizing our payroll process in Europe. As part of this program, Cognoids are encouraged to submit “crap-cutting” ideas throughout the year and grand prize winners are presented meaningful financial awards.



Ministers of Culture (MoCs)

To preserve and enhance Cognex's unique culture, and recognize cultural differences across and within regions, we have a global team of Cognoids who serve as Ministers of Culture (MOC) in our largest offices worldwide. In addition to receiving a quarterly stipend, MOCs attend a weeklong "Culture Camp" each year where they are trained in how to bring Cognex's culture to life across the globe. Our MOCs are led by our Chief Culture Officer, who is a named executive officer of Cognex.

Strong Culture Leads to Strong Engagement and Retention

As a result of our investment in culture, our employees consistently demonstrate high engagement. Cognex conducts employee engagement surveys throughout the year that provide us with ongoing insight into the perspectives, needs, and experiences of our employees globally. Even during these unprecedented and challenging times, our 2021 employee satisfaction score increased by 3% over 2020. We believe we enjoy a high retention rate because our employees are so engaged.

Learning and Development

We employ a learning and development team that creates content used to teach skills and coach employees on a variety of topics, including leading and inspiring teams and understanding Cognex's culture, values, and organization. We also offer tuition reimbursement, rotational programs, and Workday Learning to supplement this training. More than 50% of Cognoids completed at least one career development course in 2021, on topics such as Building Emotional Intelligence, Business Power Skills, Change Management, and Leading and Managing through Tough Times. Additionally, we offer learning resources on health and wellness, safety, and inclusion topics, such as quick guides on effective and inclusive meetings and adjusting to the flexible workplace.

Compensation and Benefits

Our compensation programs are based on pay-for-performance, with a greater percentage of total compensation tied to variable incentive programs, such as performance-based bonuses and stock-based awards, as Cognoids advance in their careers.

We care about the health and well-being of our employees and provide a variety of related benefits and resources, including mental health resources, a health-focused employee newsletter, and childcare support.

Our voluntary attrition rate of 9% in 2021 is well below the tech industry average worldwide, which according to Radford Global Compensation Database is 17.2%.





Cognex Cares

We have a longstanding history of giving back to our local communities through philanthropic and volunteer projects.

In early 2022, we launched Cognex Cares, an employee-led initiative to enhance our engagement in three areas: Corporate Giving, Community Engagement, and Diversity, Equity, Inclusion & Belonging. Each of the Cognex Cares committees has an executive sponsor and two team leads.

Corporate Giving

Supports and encourages the next generation of machine vision innovators through STEM education programs for grades K-12. The program also supports global and local humanitarian initiatives and causes that are important to Cognoids in the communities where we do business.

Community Engagement

Includes volunteering for causes that are important to our environment and the local communities where we do business.

Diversity, Equity, Inclusion & Belonging

Committed to ensuring all Cognoids feel valued, respected, and heard. Council members identify opportunities to enhance our culture of belonging, mentorship, and support that Cognoids want.

DIVERSITY, EQUITY, INCLUSION AND BELONGING (DEIB)

While we are incredibly proud of our culture, we continue to listen, learn, and grow. We are excited about the opportunities to create an organization that best reflects the world around us.

As a multi-national company where over half our Cognoids live outside the U.S., diversity means different things to different groups. We are building strategies and plans to continue enhancing our diversity, equity, inclusion and belonging initiatives.

One specific place where this evolution is visible is through the launch of our DEIB

Council. The Council is comprised of over 50 volunteer Cognoids representing a broad cross-section of functions, geographies, and backgrounds. The Council is sponsored by Cognex's Vice President of Solutions and includes three employee team leads. The initial goals of the Council are focused on building awareness and a common language to align on shared goals. As a result of the Council's work, several initiatives are anticipated over the coming years, including but not limited to the formation of employee resource groups, evaluation of hiring practices, and training to identify and correct unconscious bias.



“

Cognex has such a great culture to begin with. I'm excited to weave the threads of diversity, equity, inclusion and belonging into the DNA of Cognex culture.

”

Shweta Kabadi

Vice President of Solutions and Executive Sponsor of the Diversity, Equity, Inclusion, and Belonging Council



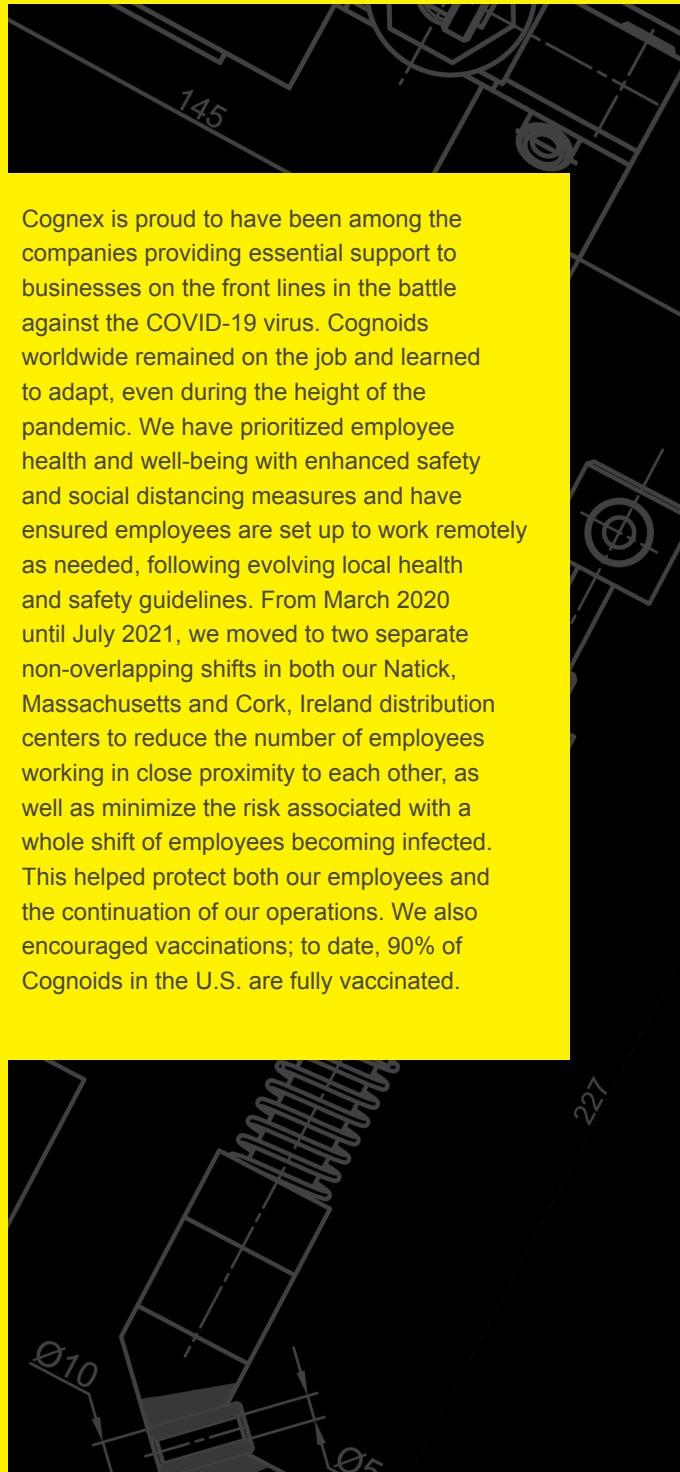
EMPLOYEE HEALTH AND SAFETY

Ensuring the health and safety of Cognoids and customers around the world is a top priority. We provide safety training and job-related personal protective equipment (PPE) as part of the on-boarding process for new Cognoids. This includes complying with Environmental Health & Safety and Occupational Safety and Health Administration (OSHA) standards. While our products are manufactured by third-party contract manufacturers, we ensure that all Cognoids visiting customer sites and performing installations have legally relevant health and safety training. Training topics include working at heights, electricity safety, conveyer safety, forklift training, and lift equipment safety. Our facilities follow lock-out and tag-out procedures when doing work, which help protect employees from unexpected equipment startup and hazardous energy releases.

In addition to physical safety protocols, Cognex offers a wide range of health and well-being programs to enhance the lives of Cognoids. Through our “Envisioning a Healthier You” employee wellness program, we focus on preventive healthcare and well-being, reducing health risks, and promoting financial education. Our monthly wellness newsletter delivers timely information and resources to nurture a culture of healthiness and help Cognoids reach their full potential. Our Wellbeats program is composed of on-demand fitness workouts and classes in mindfulness and nutrition. We also host numerous on-site conveniences, such as cafeterias and fitness centers.

Our Employee Assistance Program (EAP) provides access to mental health resources through our company-funded insurance plan. Our EAP Work Life Program is designed to help Cognoids and their family members navigate through life’s big milestones, make healthy choices, and respond to challenges. Cognoids also are granted complimentary membership to [Care.com](https://www.care.com), an online marketplace where families can connect with caregivers for children, adults, seniors, and pets, and provides 24/7 support through online content, resources, and trained care specialists.

We also offer educational and mortgage assistance programs, support for military families and veterans, and employee discount programs.



Cognex is proud to have been among the companies providing essential support to businesses on the front lines in the battle against the COVID-19 virus. Cognoids worldwide remained on the job and learned to adapt, even during the height of the pandemic. We have prioritized employee health and well-being with enhanced safety and social distancing measures and have ensured employees are set up to work remotely as needed, following evolving local health and safety guidelines. From March 2020 until July 2021, we moved to two separate non-overlapping shifts in both our Natick, Massachusetts and Cork, Ireland distribution centers to reduce the number of employees working in close proximity to each other, as well as minimize the risk associated with a whole shift of employees becoming infected. This helped protect both our employees and the continuation of our operations. We also encouraged vaccinations; to date, 90% of Cognoids in the U.S. are fully vaccinated.

CUSTOMER FIRST: SOCIAL STORIES

FEATURED STORY

Cognex technology helps fight the COVID-19 pandemic

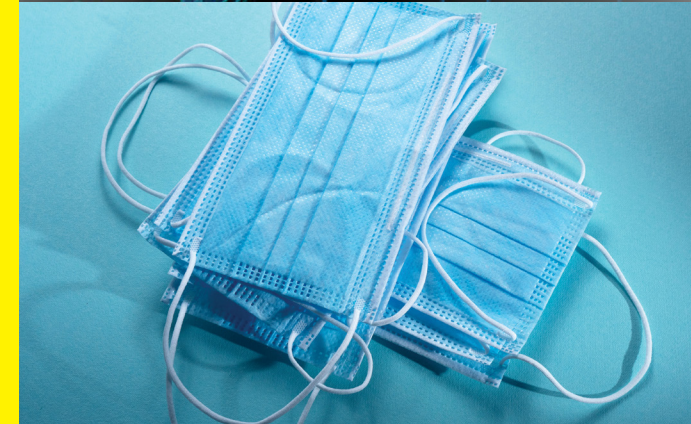
When we say Cognoids are customer-centric, we mean more than just putting the customer first. During the COVID-19 pandemic, our products and our people played small but important roles in helping to quickly scale up production of masks, tests, and other equipment used to fight the spread of the virus.

In a matter of weeks, Cognex machine vision and ID products were integrated into equipment used to manufacture PCR tests, and designed into lab automation equipment used by hospitals, governments, and other organizations around the world for COVID-19 testing.

Cognex vision was also used to inspect at-home COVID-19 tests during production to help ensure quality. Another customer manufacturing COVID-19 test kits turned to our In-Sight D900 platform with ViDi Deep Learning Read Tool to check the correctness and readability of human-readable characters on packaging.

Cognex machine vision and VisionPro Deep Learning inspected medical face masks to ensure dimensional characteristics complied with standards and to detect contamination by foreign materials or debris. By using our example-based VisionPro Deep Learning and our traditional rule-based vision algorithms in combination, manufacturers produced these essential masks at scale with minimal defects and waste.

We are proud of our team's efforts to assist numerous and diverse customers during this period of risk, change, and uncertainty.



FEATURED STORY

Customer: Brainlab (Munich, Germany)

Industry: Medical

Solution: Cognex 3D-A5060™ Area Scan Camera

Precise Cancer Treatment¹

Brainlab creates hardware and software used for image-guided radiotherapy, a non-invasive procedure used in the treatment of cancer. The procedure involves directing highly targeted radiation at a tumor. During treatment, the patient must remain exactly in the planned position as sometimes there are only millimeters between benign tissue and the malignant tissue.

Brainlab's ExacTrac Dynamic® system, which incorporates Cognex's 3D-A5060 area scan camera, enables medical professionals to perform radiotherapy with sub-millimetric accuracy. Using thermal surface guidance and X-ray imaging, the system can continuously track the patient's position throughout treatment. This innovative solution can improve patient care by:

- **Rapidly capturing images**

This can allow practitioners to complete radiotherapy quickly, reducing treatment times.

- **Generating precise images**

This enables medical professionals to position a patient with high accuracy, which can help them to better align the radiation and protect the patient's healthy tissue.

Medical facilities around the world have already begun to experience the difference a solution like Brainlab's ExacTrac Dynamic incorporating Cognex's 3D-A5060 camera can have on treating challenging medical conditions, such as multiple brain metastases, and prostate and spine tumors. Together, Brainlab and Cognex are helping medical professionals to enhance their imaging capabilities, which can lead to more accurate diagnosis, more effective treatment, and ultimately improved patient care.

¹ No Cognex system is a medical device or accessory to a medical device nor is intended for diagnosis or treatment purposes and has not been cleared or approved for use by the Food & Drug Administration.





For more information, see our:

- [Supplier Code of Conduct](#)
- [2021 Conflict Minerals Report](#)

SOCIAL RESPONSIBILITY THROUGH THE SUPPLY CHAIN

Just as we ensure environmental responsibility throughout our supply chain, we also work with our suppliers to ensure social responsibility.

We require our suppliers to act in accordance with our [Supplier Code of Conduct](#), which ensures that suppliers' workplace standards and business practices adhere to all labor laws—including the prohibition of child labor and modern slavery—and are consistent with our core values. Two of our largest customers, like Cognex, are compliant with Avetta Safety Compliance and ISNetworld standards to support and track safety management. Cognex's largest contract manufacturer is a member of the Responsible Business Alliance (RBA), which sets standards to support the rights and well-being of workers and communities affected by the global supply chain.

In addition, Cognex manages a rigorous due diligence framework regarding conflict minerals. The framework has been designed to conform in all material respects to the Organisation for Economic Co-operation and Development's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, including the Supplement on Tin, Tantalum and Tungsten (3TGs) and the Supplement on Gold (Second Edition 2013).² Cognex expects all of our suppliers, including smelters, to have policies and procedures in place to ensure that products sold to Cognex are DRC conflict-free, which means they must not contain 3TGs that directly or indirectly finance or benefit armed groups in the Democratic Republic of Congo (DRC) region. We rely on our direct suppliers to provide information on the origin of the 3TGs contained in components and materials supplied to us, including sources of 3TGs that are supplied to them from lower tier suppliers.

Cognex also requests, through a third-party service provider, that our preferred suppliers and contract manufacturers complete the Responsible Minerals Initiative's (RMI) Conflict Minerals Reporting Template (CMRT) to identify the sources of their minerals and whether those minerals are derived from recycled or scrap sources. When responding to this CMRT template, a supplier must indicate the extent of their sourcing of these minerals from conflict-affected and high-risk areas. This inquiry process has been designed to be completed annually with each supplier. The third-party service provider compiles results and submits monthly reports to Cognex. We review these reports for reasonableness and may seek additional information from a supplier that did not respond or submits an incomplete response or a response that we have reason to believe may be incorrect. Violations of Cognex's Conflict Minerals Policy can be reported via the communication channels set out in the Cognex Corporation Code of Business Conduct and Ethics.

² Conflict minerals are defined by the U.S. Law as columbite-tantalite (coltan), cassiterite, gold, wolframite, or their derivatives, which are limited to tin, tantalum, and tungsten (collectively known as the 3TGs). The SEC rule requires any SEC registrant that manufactures, or contracts for the manufacture of, products that contain 3TGs that are necessary to the functionality or production of their products to determine whether the conflict minerals originated from the Democratic Republic of the Congo ("DRC") and adjoining countries (collectively, the DRC Region), and, if so, whether the purchase of those conflict minerals directly or indirectly financed or benefited armed groups in the DRC Region.

PRODUCT RESPONSIBILITY, QUALITY, AND SAFETY

Cognex vision helps companies improve product quality, eliminate production errors, lower manufacturing costs, and exceed consumer expectations for high-quality products at an affordable price. We are committed to quality and safety in everything we do.

We maintain an ISO 9001-2015 compliant Quality Management System for our distribution centers that ensures consistent high-quality delivery of products and customer satisfaction by means of process control and continuous improvement.

To ensure our company is not susceptible to counterfeiting, we buy components from authorized distributors or original manufacturers only. In the past year, during unprecedented electronic component shortages, we have made spot buys from a list of preferred vendors in the broker market that are reputable or with whom we have experience. Preferred brokers typically have a quality assurance program that includes vendor selection process, sample inspection/testing, and warranties. In every case, we conducted independent quality and counterfeit testing to ensure we are not using counterfeit material. Testing includes a full visual inspection of outer packaging, label, inner packaging, documentation, and components using high-magnification microscopes, X-ray machines, and more. Any flags are escalated for further testing at the vendor or third-party test lab. The inspection and test report are shared with Cognex and our contract manufacturer as part of the shipment. For parts with date codes older than three years, a Cognex component engineer reviews part details and approves their use based on the results of a solderability test. Parts that fail solderability may be sent out for re-processing of leads. Any deviations are reviewed with and approved by both Cognex and our contract manufacturer. Finally, all Cognex products that use the components are tested for functionality.

We consistently work to manage systemic risks from technology and supply chain disruptions, and we are executing on aggressive plans to mitigate these risks as we grow. In 2021, we made major investments in component inventory—adding over \$50 million—to manage supply disruptions and support our customers' automation needs. In addition, we are bringing on an additional contract manufacturer in 2022 to diversify our manufacturing sources.

Our Standard Terms and Conditions include a clause stating that Cognex products are not authorized, designed or intended for use in, our warranty won't cover a use in, and the buyer must not permit the use of our products in: nuclear equipment, aviation or aerospace, weaponry, medical devices or systems intended for life support, intensive care or surgical implant into the human body, life critical use (where failure could result in death or serious injury). The prohibition includes the design manufacture, construction, operation, and maintenance activities associated with these uses.



COMMUNITY INVESTMENT

Sharing is a core value of Cognex and that includes giving back to the community through our Corporate Giving Program. Through this program, Cognex supports a variety of worthy causes in the towns and cities where the company's major regional offices are located. We also support humanitarian causes that are particularly meaningful to Cognoids.

Contributions made under Cognex's corporate giving program reflect our company's philosophy of working hard, playing hard, and enhancing vision. For example, Cognex has given grants that promote education (primarily in math and science), such as helping a local elementary school update computer networks, purchasing new equipment for a middle school science laboratory, and assisting programs for the blind and vision-impaired (in recognition of the fact that Cognex manufactures vision systems and sensors).

See page 21 for information about Cognex Cares.



Cognex donated \$10,000 to the Menschen helfen Menschen foundation to help with flood relief in the Aachen region of Germany, one of Cognex's engineering hubs.



GOVERNANCE

Board Independence and Diversity 31

Corporate Governance and Ethical Behavior 32

ESG Governance and Oversight 33

Intellectual Property Protection and Competitive Behavior 34

Data Security and Privacy 35



Integrity underlies everything we do at Cognex and it is one of our core values

We hold ourselves to the highest ethical standards—from our governance and oversight, to our policies related to business conduct and ethics, to data security and privacy.

Most importantly, we have a culture that encourages Cognoids to “do what’s right” at all levels of the organization.

We continue to evaluate and evolve in each of these areas to ensure ESG principles, risks, and opportunities are considered and integrated into our business decisions and strategy, now and in the future.

For more information, see Cognex’s [2022 proxy statement](#), [2021 Form 10-K](#), and [Code of Business Conduct and Ethics](#).



BOARD INDEPENDENCE AND DIVERSITY

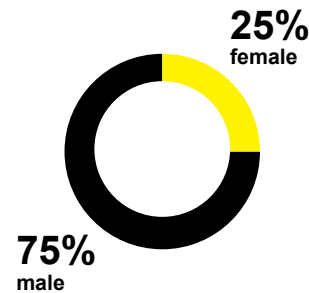
We are committed to maintaining an independent and diverse Board of Directors. All but two of our eight current directors are independent. The positions of CEO and Board Chairman were separated in March 2011 when Mr. Willett was promoted to CEO. Anthony Sun, an independent director, currently serves as Chairman of the Board. Despite Mr. Sun's long tenure on Cognex's Board, he remains a strong, independent voice for investors and a knowledgeable advisor to Cognex management.

We have recently added three new independent directors with a focus on diversity, industry experience, financial literacy, and senior management skills, and remain committed to continuing these efforts.

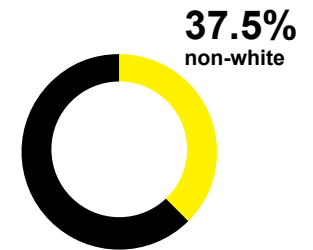
Board Diversity (as of June 1, 2022)

Total Number of Directors: 8

GENDER IDENTITY



DEMOGRAPHIC BACKGROUND



CORPORATE GOVERNANCE AND ETHICAL BEHAVIOR

As a global business, Cognex pays particular attention to regional compliance needs. In particular, Cognex has an active compliance team led by regional counsels and regional finance directors in Europe, the Middle East and Africa (EMEA), Asia, and the Americas.

Our [Code of Business Conduct and Ethics](#), adopted by the Board of Directors, sets forth guideposts for how Cognoids, directors, and officers must act with integrity.

Cognex Code of Business Conduct and Ethics Policies

- ✓ Conflicts of Interest
- ✓ Compliance with Laws, Rules and Regulations
- ✓ Protection and Proper Use of Company Assets
- ✓ Corporate Opportunities
- ✓ Confidentiality
- ✓ Fair Dealing
- ✓ Accuracy of Records
- ✓ Quality of Public Disclosures
- ✓ Prompt Internal Reporting / Whistleblower Protection
- ✓ Anti-Retaliation
- ✓ Insider Trading Policy
- ✓ Anti-Competitive Practices Policy
- ✓ Corrupt Practices Policy
- ✓ Export Control Policy

Cognex's Code of Conduct is not solely a document that lives on a website but is an integral part of our culture. Cognoids are trained on the Code of Conduct's various topics regularly and "Do What's Right" has been a tenet of our company since our founding in 1981.

In 2020, we launched an Integrity Hotline, a website that leads to an external, third-party, secure and confidential website through which Cognoids and external parties can anonymously report possible ethics and Code of Conduct violations. The hotline includes a website form, toll-free numbers by jurisdiction, and has support in over 200 languages. Cognoids are encouraged to raise violations of our Code of Conduct by talking with their direct supervisor, their supervisor's manager, their local Employee Services representative, or the Legal Department. Cognoids can also file a report anonymously using the confidential Integrity Hotline.

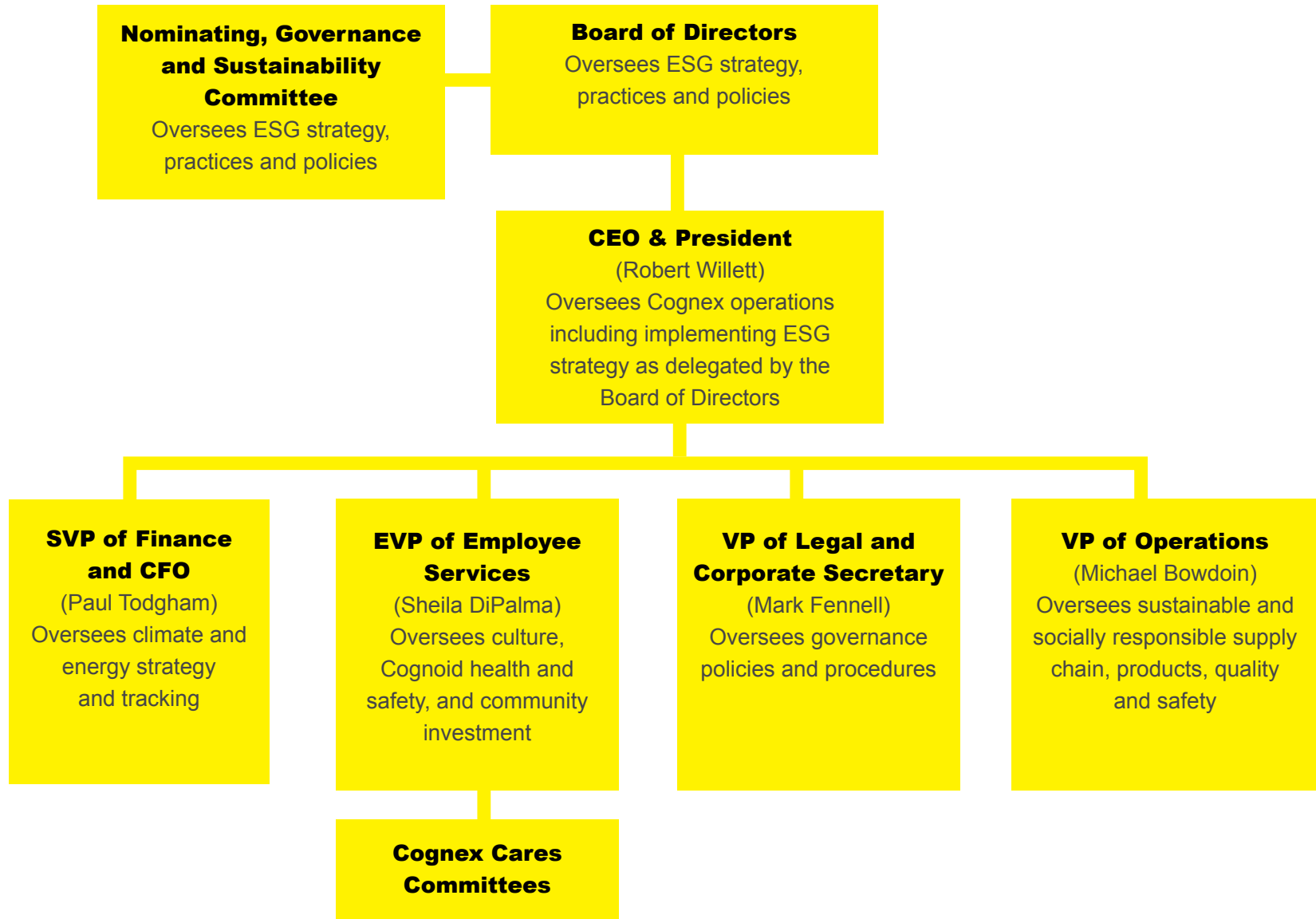
In 2021, we also implemented the following compliance initiatives:

- Delivered trainings on anti-bribery, conflict of interest and corruption
- Created compliance training and testing program for ten Asian regions. This training program was completed by all of the Asian sales team in 2021
- Developed a distributor questionnaire and compliance certification
- Began implementing new tools and processes for preventing expense fraud



ESG GOVERNANCE AND OVERSIGHT

In 2022, our Board amended the charter of the Nominating, Governance, and Sustainability Committee to add responsibility for overseeing Cognex's ESG strategy, practices, and policies. The committee's work now includes identifying and evaluating emerging ESG trends that may affect the business, operations, performance, or reputation of Cognex. The Nominating, Governance, and Sustainability Committee meets at least three times a year and has charged top executives at Cognex with championing Cognex's ESG efforts.



INTELLECTUAL PROPERTY PROTECTION AND COMPETITIVE BEHAVIOR

Cognex engages in RD&E to enhance our existing hardware and software offerings and to develop new products and functionality to address market opportunities. Cognex spent 13% of its revenue on RD&E expenses in 2021 and continues to invest in research and development talent and projects.

We use patent, trademark, copyright, and trade secret protection to maintain our competitive position and protect our proprietary rights. As an industry leader in machine vision, Cognex is frequently inventing new products and currently holds approximately 1,000 patents and patent applications worldwide. Further, we provide a Piracy Police Award to Cognoids, contractors, and partners who identify and report instances of pirated Cognex products or the sale of unlicensed Cognex products.

We have had no monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations.



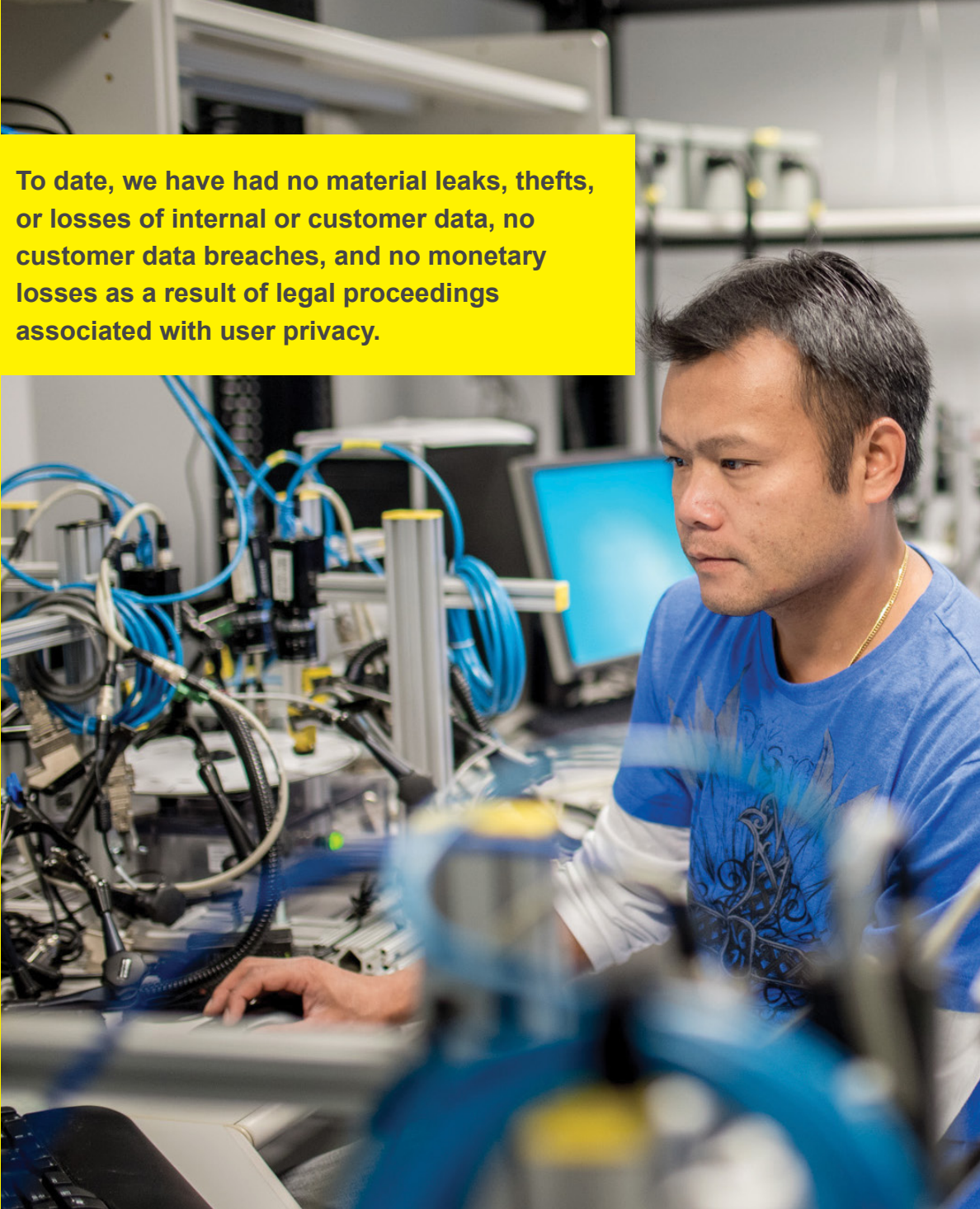
DATA SECURITY AND PRIVACY

We have formal controls, programs, processes, and trainings to identify, prevent, and address data security and privacy risks, including:

- A global Intra-Group Data Transfer Agreement to comply with applicable global data protection laws
- Controls, processes, and training to protect customer and Cognex confidential information and trade secrets
- Independent audits
- Ongoing cybersecurity training for all Cognoids

We extend terms and conditions on data privacy and cybersecurity to our vendors, and then periodically conduct security reviews to ensure compliance.

For more information, see Cognex's [Website Privacy Policy](#).

A man in a blue t-shirt is working at a computer workstation in a technical environment. He is looking at a monitor. The background shows various cables and equipment.

To date, we have had no material leaks, thefts, or losses of internal or customer data, no customer data breaches, and no monetary losses as a result of legal proceedings associated with user privacy.

APPENDICES

SASB Index 37

TCFD Index 40

Independent Assurance Statement 41



SASB INDEX

Table 1. Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Category	Unit of Measure	Code	Response
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	TC-SI-130a.1	(1) 20,750 CJ (2) 77% (3) 18%
	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m ³), Percentage (%)	TC-SI-130a.2	Water-related topics are not currently material for Cognex's business operations therefore we do not report this data.
	Discussion of the integration of environmental considerations into strategic planning for data center needs	Discussion and Analysis	n/a	TC-SI-130a.3	2021 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities, pages 11-12
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	Discussion and Analysis	n/a	TC-SI-220a.1	<i>2021 Sustainability Report: Governance – Data Security and Privacy</i> , page 35 https://www.cognex.com/privacy-policy
	Number of users whose information is used for secondary purposes	Quantitative	Number	TC-SI-220a.2	Not tracked at this time as we are a B2B business.
	Total amount of monetary losses as a result of legal proceedings associated with user privacy	Quantitative	Reporting currency	TC-SI-220a.3	To date, we have had no material leaks, thefts, or losses of internal or customer data, no customer data breaches, and no monetary losses as a result of legal proceedings associated with user privacy. 2021 Sustainability Report: Governance – Data Security and Privacy, page 35
	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	Quantitative	Number, Percentage (%)	TC-SI-220a.4	Not applicable to Cognex as we are a B2B business.
	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Discussion and Analysis	n/a	TC-SI-220a.5	Not tracked at this time.

Topic	Accounting Metric	Category	Unit of Measure	Code	Response
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Quantitative	Number, Percentage (%)	TC-SI-230a.1	To date, we have had no material leaks, thefts, or losses of internal or customer data, no customer data breaches, and no monetary losses as a result of legal proceedings associated with user privacy. 2021 Sustainability Report: Governance – Data Security and Privacy, page 35
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Discussion and Analysis	n/a	TC-SI-230a.2	2021 Sustainability Report: Governance – Data Security and Privacy, page 35
Recruiting & Managing a Global, Diverse & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	Quantitative	Percentage (%)	TC-SI-330a.1	(2) 60% 2021 Form 10-K: Item 1: Business – Human Capital, page 4
	Employee engagement as a percentage	Quantitative	Percentage (%)	TC-SI-330a.2	76% participate in employee surveys. 2021 Sustainability Report: Social – Culture: Employee Recruitment, Development, Engagement, and Well-Being – Strong Culture Leads to Strong Engagement and Retention, page 19
	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	Percentage (%)	TC-SI-330a.3	We do not currently report this data for employees. 2021 Sustainability Report: Governance – Board Independence and Diversity, page 31
Intellectual Property Protection & Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	Reporting currency	TC-SI-520a.1	We have had no monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations. 2021 Sustainability Report: Governance – Intellectual Property Protection and Competitive Behavior, page 34
Managing Systemic Risks from Technology Disruptions	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Quantitative	Number, Days	TC-SI-550a.1	We do not currently report this data.
	Description of business continuity risks related to disruptions of operations	Discussion and Analysis	n/a	TC-SI-550a.2	2021 Form 10-K: Item 1A: Risk Factors – General Risk Factors, pages 7 and 12

Table 2. Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Response
(1) Number of licenses or subscriptions, (2) percentage cloudbased	Quantitative	Number, Percentage (%)	TC-SI-000.A	We do not currently report this data.
(1) Data processing capacity, (2) percentage outsourced	Quantitative	See note	TC-SI-000.B	We do not currently report this data.
(1) Amount of data storage, (2) percentage outsourced	Quantitative	Petabytes, Percentage (%)	TC-SI-000.C	We do not currently report this data.

Note to TC-SI-000.B – Data processing capacity shall be reported in units of measure typically tracked by the entity or used as the basis for contracting software and IT services, such as Million Service Units (MSUs), Million Instructions per Second (MIPS), Mega Floating-Point Operations per Second (MFLOPS), compute cycles, or other. Alternatively, the entity may disclose owned and outsourced data processing needs in other units of measure, such as rack space or data center square footage. The percentage outsourced shall include On-Premise cloud services, those that are hosted on Public Cloud, and those that are residing in Colocation Data Centers.

TCFD INDEX

Topic	Recommended Disclosure	Response or Location
<p>Governance: Disclose the organization’s governance around climate-related risks and opportunities.</p>	<p>a. Describe the board’s oversight of climate-related risks and opportunities.</p>	<p>2021 Sustainability Report: Governance – ESG Governance and Oversight, page 33</p>
	<p>b. Describe management’s role in assessing and managing climate-related risks and opportunities.</p>	<p>2021 Sustainability Report: Governance – ESG Governance and Oversight, page 33</p>
<p>Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.</p>	<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>2021 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities, pages 11-12 2021 Form 10-K: Item 1A: Risk Factors – General Risk Factors, page 12</p>
	<p>b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p>	<p>2021 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities, pages 11-12</p>
	<p>c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>2021 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities, pages 11-12</p>
<p>Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>a. Describe the organization’s processes for identifying and assessing climate-related risks.</p>	<p>2021 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities, pages 11-12</p>
	<p>b. Describe the organization’s processes for managing climate-related risks.</p>	<p>2021 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities – Risks, page 12</p>
	<p>c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>2021 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities, pages 11-12</p>
<p>Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>2021 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities, pages 11-12</p>
	<p>b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>2021 Sustainability Report: Environment – Climate and Energy, page 10</p>
	<p>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>This is our first year completing a greenhouse gas emissions inventory and publishing a Sustainability Report. We are considering developing climate targets for future reporting.</p>

INDEPENDENT ASSURANCE STATEMENT

Provided by ISOS Group, Inc.

On selected environmental metrics included in:

Cognex Corporation

2021 Sustainability Report.



To the Management Team of Cognex Corporation:

ISOS Group, Inc. [“ISOS” or “we”] were engaged by Cognex Corporation [“Client” or “Cognex”] to conduct moderate level type 2 assurance of environmental data to be reported in its 2021 Sustainability Report [“Report”], covering the period beginning January 1, 2019 and ending December 31, 2021.

We have performed our moderate assurance engagement in accordance with the AccountAbility 1000 Assurance Standard v3 (“AA1000AS”). Our review was limited to the data reported in Cognex’s 2021 Sustainability Report comprising of:

- Scope 1 greenhouse gas emissions
- Scope 2 location-based greenhouse gas emissions

We have not performed any procedures with respect to other information included in the 2021 Sustainability Report and, therefore, no conclusion on the Report as a whole is expressed.

Cognex’s responsibilities

The Company’s management are responsible for:

- Preparing the data in accordance with generally accepted reporting practices,
- The accuracy and completeness of the information reported,
- The design, implementation and maintenance of internal controls relevant to the preparation of the report to provide reasonable assurance that the report is free from material misstatement, whether due to fraud or error,
- Ensuring the data performance is fairly stated in accordance with the applicable criteria and for the content and statements contained therein.

Criteria

The assurance process was intended to provide an independent opinion confirming that the Client has complied with procedures for data management at the company and minimized degrees of error by adequately:

1. Sourcing utility data to populate relevant data management systems,
2. Enforcing management and quality controls across the reporting period,
3. Aggregating and converting metrics into the correct unit of measure,
4. Calculating greenhouse gas emissions, and
5. Disclosing all totals correctly into its 2021 Sustainability Report.

Boundary

Organizational Boundary	Cognex Corporation is an American manufacturer of machine vision systems, software and sensors. Cognex owns and leases approximately 100 facilities globally.
Assurance Boundary	The boundary of assurance was limited to Cognex's four (4) owned properties which include its headquarters located in the United States, its adjacent office and distribution center and its international distribution center located in Ireland.
GHG Emissions Boundary	The GHG emissions boundary followed the operational control methodology specified in the GHG Protocol.

Limitations and Exclusions

Greenhouse gas quantification is unavoidably subject to inherent uncertainty because of both scientific and estimation uncertainty and for other non-financial performance information the precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

Smaller scope 1 GHG emission sources (i.e., refrigerant releases, mobile combustion sources, emergency generators) have been excluded from this review. Reviews pertaining to the completeness and capture of all utility meters at properties is limited to what is disclosed in data management systems. No visit to the Client's headquarters or facilities was conducted throughout this engagement. However, a sample set of properties were reviewed in more granularity and tested for data accuracy. It was determined that these limitations and exclusions do not materially impact the performance criteria or assurance engagement.

Methodology

The assurance procedures undertaken were to determine the strength of the systems in place. ISOS Group:

- Engaged a sample of individuals responsible for performance measurement,
- Evaluated current management systems for performance data collection, compilation, calculation, reporting, and validation,
- Determined consistency of assessing materiality, management approach, and application of quality control procedures,
- Reviewed sustainability disclosures, supporting data, and justification for rectifying discrepancies,
- Validated alignment to standard reporting protocols to ensure accurate claims to the quantitative methodology and approach and assurance claims,
- To verify quantitative claims, both at the aggregate level and on a sample basis, and test accuracy, consistency, completeness, and reliability, ISOS Group:
 1. Conducted a portfolio assessment analyzing performance results to uncover any errors, misstatements, gaps, or performance anomalies,
 2. Brought all findings to the Client's attention to address and confirmed resolution,
 3. Selected the following properties for testing and analysis, including cross-reference to primary source data to uncover variances and address any exclusions and other limitations:
 - a. 1 Vision Drive (Natick, MA, USA)
 - b. 2 Vision Drive (Natick, MA, USA)
 - c. 801 Worcester Street (Natick, MA, USA)
 - d. Gateway Business Park (Cork, Ireland)

Findings

Based on the process and procedures conducted, there is no evidence that the metrics reported by the Client are not materially correct and provide a fair representation of the Client’s environmental impacts to stakeholders for the stated period and reporting boundary.

Parameter	2019	2020	2021
Scope 1 greenhouse gas emissions (MT CO ₂ e)	318	234	244
Scope 2 location-based greenhouse gas emissions (MT CO ₂ e)	1,354	1,087	1,042

Application of the AA1000AP

Findings and conclusions concerning adherence to the AA1000 AccountAbility Principles:

Inclusivity	As part of its recent materiality assessment, Cognex engaged several internal and external stakeholders including: employees, customers, suppliers, shareholders, governance members, executive leadership, and investor analysts.
Materiality	Cognex engaged a third-party to support its first materiality assessment, the results of which are shared in its 2021 Sustainability Report.
Responsiveness	Cognex’s inaugural Sustainability Report is aligned to SASB standards and the TCFD recommendations. It is recommended that Cognex maintain a regular reporting cadence (e.g. annual) and ensure the topics identified in its materiality assessment are clearly addressed in its reporting.
Impact	Cognex is in the earlier stages of its sustainability programming and as performance metrics are defined it is recommended to set clear performance targets for which Cognex can measure and evaluate progress.

Observations and Recommendations

Observations and recommendations include:

- In 2019 and part of 2020, natural gas charges at 801 Worcester Street were paid for by another tenant in the building and Cognex has no record of the energy consumption. In 2020, when the tenant’s lease ended, Cognex took over the natural gas payments. This is determined to not have a material impact on the greenhouse gas inventory as a whole.
- In 2019, the natural gas meter at 2 Vision Drive showed problematic readings and was eventually replaced. This is determined to not have a material impact on the greenhouse gas inventory as a whole.
- Cognex should consider pursuing the development of an Environmental Management System (EMS) or Greenhouse Gas Inventory Management Plan (GHG IMP) to document and standardize data collection methods, responsibilities, and quality control standards.

Restriction of use

This assurance report is made solely to the Client in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to the Client those matters we have been engaged to state in this moderate assurance report and for no other purpose. Our moderate assurance report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Client for any purpose or in any context. Any party other than the Client who obtains access to our moderate assurance report or a copy thereof and chooses to rely on our moderate assurance report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Client for our work, for this independent moderate assurance report, or for the conclusions we have reached.

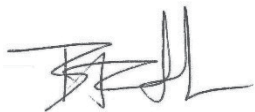
Statement of Competency and Independence

ISOS Group is an independent professional services firm that specializes in sustainability reporting under the Global Resources Initiative (GRI), CDP, and GRESB and is a provider of external assurance services. ISOS Group is a Global Reporting Initiative Certified Training Partner for the United States and a CDP Silver Education and Training Partner in the United States. Our team of experts have the technical expertise and competency to conduct assurance to the AA1000 assurance standard, which meets the criteria for assurance of environmental data.

No member of the assurance team has a business relationship with the Client, its Directors, or Managers beyond that required of this assignment. We conducted this assurance independently and, to our knowledge, there has been no conflict of interest. ISOS Group has a strong code of ethics and maintains high ethical standards among its staff in their day-to-day business activities. The assurance team has extensive experience in conducting assurance engagements over environmental, social, ethical, and health and safety information systems and processes.

Further information, including a statement of competencies, can be found at www.isosgroup.com.

Signed on behalf of ISOS Group: San Diego, California – USA, August 31, 2022.



Brian Noveck

CSAP Practitioner



AA1000

Licensed Assurance Provider

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