



# 2022

## SUSTAINABILITY REPORT

**COGNEX**



**“Many of the world’s most sophisticated companies count on Cognex products to help produce everything from life-saving medicines, to electric vehicles and batteries, to solar energy technology.”**

## LETTER FROM THE CEO

### DEAR FELLOW STAKEHOLDERS,

I’m pleased to share Cognex’s 2022 Sustainability Report, which demonstrates our progress in this important work.

At Cognex, we build industry-leading machine vision technology to help our global customers enhance their manufacturing processes and lessen their impact on the environment. Our machine vision systems allow computers to imitate human sight and learn from images to make decisions and take action. This technology is more accurate than human inspection, and empowers our customers to spot production errors quickly and early, cut waste and costs, and shrink their environmental impact through increased efficiency and lower use of energy and raw materials. Many of the world’s most sophisticated companies count on Cognex products to help produce life-saving medicines, electric vehicle batteries, and solar energy technology. You’ll find some of their stories in this report.

We are also committed to improving our own operations. This past year, we significantly reduced our use of foam packaging materials, and we are moving forward with plans to streamline our production process and lower our emissions.

Cognex seeks to positively impact every community we operate within. It’s part of our commitment to always try to “Do What’s Right.” Cognoids (as we call ourselves) collaborate across generations, areas of expertise, and global geographies. A core component of our culture involves participation throughout our organization.

Our employees have embraced leadership roles in many of our ESG activities, and turned the Work Hard, Play Hard, Move Fast approach that infuses everything we do toward driving positive change for the environment and their communities. Last year, we introduced Cognex Cares, a program that gives Cognoids an opportunity to lead and participate in initiatives focused on Corporate Giving, Community Engagement, and Diversity, Equity, Inclusion, and Belonging. In the first year of this effort, we delivered charitable contributions to organizations around the world, supported multiple STEM initiatives, and held food and clothing drives and environmental clean-up efforts in our neighborhoods.

Cognex’s Board of Directors acts with integrity, is diverse in experience and background, and is focused on embedding our ESG goals in our management vision. Over the past year, we’ve made important progress on our formal ESG framework and guidelines. I’m grateful to the Cognoids who have spearheaded this work, and I am looking forward to continuing to strengthen our approach.

Whether you are a shareholder, a Cognoid, a customer, a supplier, or a neighbor, thank you for your interest in Cognex, and for playing a role in this ongoing effort.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rob Willett'.

**Rob Willett**

President and Chief Executive Officer



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ABOUT THIS REPORT

This sustainability report was published in September 2023 and covers data from Cognex’s fiscal year ended December 31, 2022 and other 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). This report encompasses the operations and geographies noted specifically throughout this 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, 2022.

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 plans to reduce our environmental impact and improve our resource utilization data collection, expansion of our contract manufacturing sites and the pursuit of various certifications, 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 Form 10-K 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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# 2022 ESG HIGHLIGHTS



**ADDED FOUR NEW  
INDEPENDENT BOARD  
MEMBERS WITH  
ESG EXPERIENCE  
SINCE 2021.**



**HELD GREENHOUSE GAS  
EMISSIONS FLAT COMPARED TO  
2021 – AND REDUCED EMISSIONS  
INTENSITY BY 17% (COMPARED  
TO 2020) – WHILE GROWING OUR  
EMPLOYEE BASE BY 10%.**

**EXPANDED ESG  
REPORTING FOR 2022,  
INCLUDING EMPLOYEE  
GENDER, WATER  
USAGE, AND WASTE  
MANAGEMENT.**



**LAUNCHED VOLUNTEER-  
LED COGNEX CARES  
COMMITTEES FOCUSED  
ON COMMUNITY  
ENGAGEMENT, DEIB, AND  
CORPORATE GIVING.**



**SUBMITTED 2022  
CDP CLIMATE  
QUESTIONNAIRE FOR  
THE FIRST TIME.**



**NO MATERIAL  
CUSTOMER DATA  
BREACHES, LEAKS,  
THEFTS, OR LOSSES  
OF INTERNAL DATA  
IN 2022.**



# ABOUT COGNEX

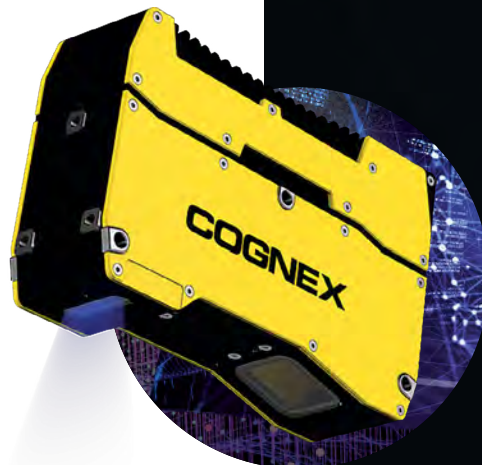
Cognex Corporation (Cognex) invents and commercializes technologies that address some of the most critical manufacturing and distribution challenges. We are a leading global provider of machine vision products and solutions that improve efficiency and quality in a wide range of businesses across attractive industrial end markets. Our solutions blend physical products and software to capture and analyze visual information, allowing for the automation of manufacturing and distribution tasks for customers worldwide. Machine vision products are used to automate the manufacturing or distribution and tracking of discrete items, such as mobile phones, electric vehicle batteries, and e-commerce packages, by locating, identifying, inspecting, and measuring them. Machine vision is particularly valuable for applications in which human vision is inadequate to meet requirements for size, accuracy, or speed, or in instances where substantial cost savings are obtained through the reduction of labor or improved product quality.

Cognex offers a variety of machine vision products that have similar economic characteristics, production processes, sales distribution channels, and types of customers. Cognex sells to customers in nearly all industries in which discrete items are manufactured on an assembly line or moved through a distribution center. Our largest sales are in the automotive, logistics, and consumer electronics industries, which combined represented approximately 69% of our total revenue in 2022.

Cognex employees are our most valuable assets and 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 [2023 proxy statement](#), [2022 Form 10-K](#), and [investor relations web page](#).



## KEY PRODUCTS AND SERVICES

DEEP LEARNING

2D VISION

3D VISION

VISION SOFTWARE

BARCODE READERS

SOLUTIONS

## COGNEX AT A GLANCE

**2,441**

employees in 35 countries  
as of Dec 31, 2022

**14%**

of revenue  
invested in R&D



**>1,100**

U.S. and international patents  
issued and pending

# COGNEX VALUES

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



## CUSTOMER FIRST

Customer satisfaction is our top priority.



## EXCELLENCE

Good is not good enough; we strive for excellence.



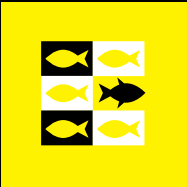
## PERSEVERANCE

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



## ENTHUSIASM

We enjoy what we do, and it shows.



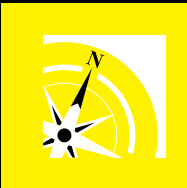
## CREATIVITY

We delight in being different.



## PRIDE

We are proud of our company.



## INTEGRITY

We hold ourselves to the highest ethical standards.



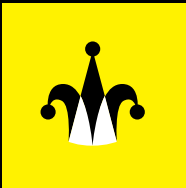
## RECOGNITION

We acknowledge those who contribute to our success.



## SHARING

When Cognex wins, we all win!



## FUN

We play hard to celebrate our achievements.





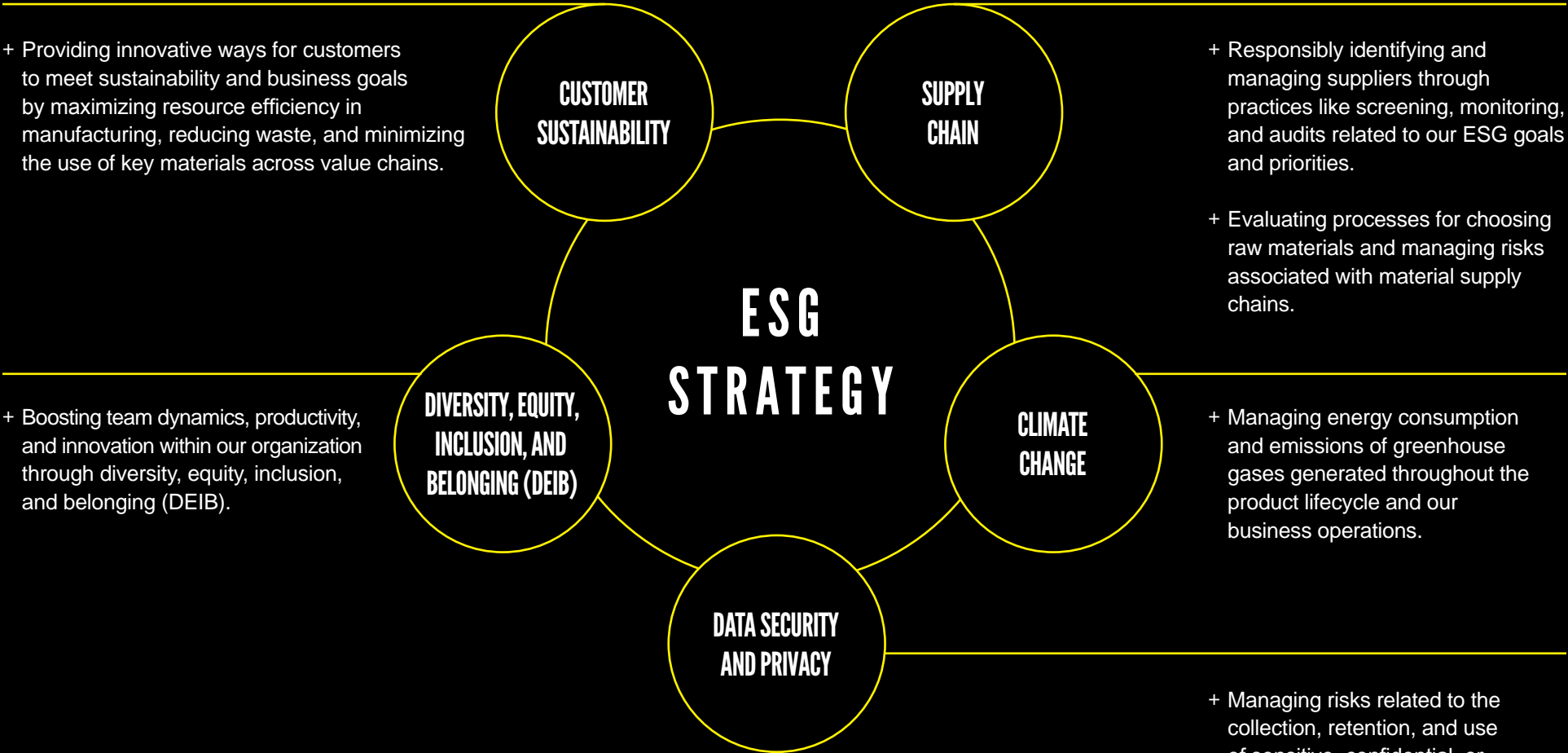
# APPROACH TO SUSTAINABILITY

Cognoids are customer-centric. We believe in excellence, perseverance, and creativity. We are proud of what we do, and the integrity we bring to our work. 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 are continuing to improve our environmental, social, and governance (ESG) priorities, metrics, and progress and our communications around them.

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 peer reports and disclosures, a combination of ESG frameworks, research, Cognex documentation, and stakeholder interviews with employees, customers, suppliers, board members, and shareholders. With

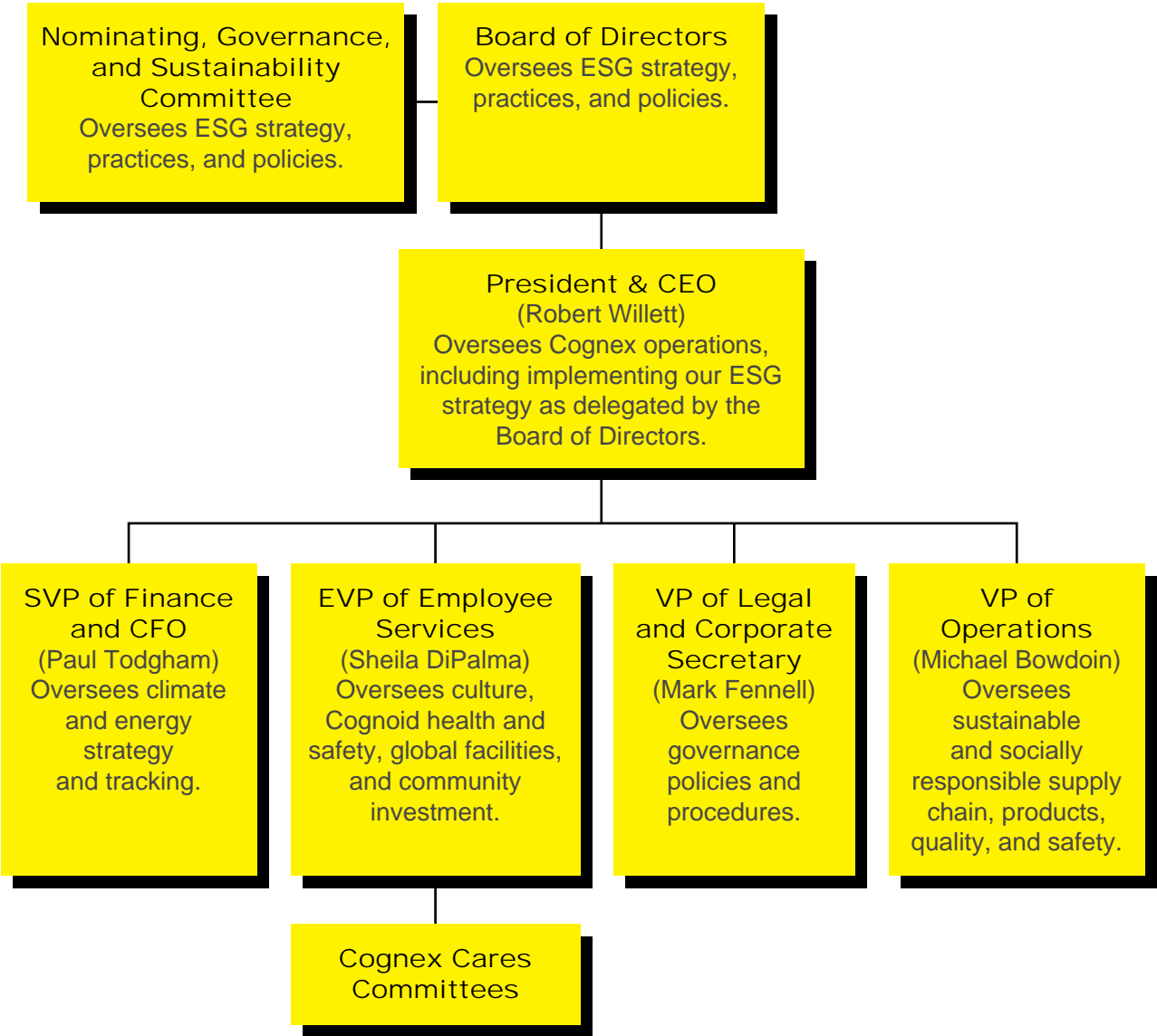
these insights, we were able to prioritize the most material ESG topics for Cognex. Our ESG strategy is reviewed annually with our Board of Directors and Nominating, Governance, and Sustainability Committee. Learn more about our ESG governance and oversight on page 8.





# ESG 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.





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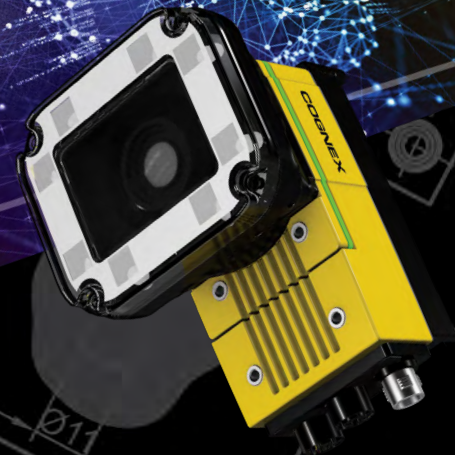


## SUPPORTING A GREENER FUTURE

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 reducing 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.**



# FEATURED STORY

**Customer:** Schneider Electric

**Industry:** Energy Management and Automation

**Solution:** Cognex In-Sight® D900™

## INTRODUCTION

Schneider Electric is in the business of sustainability. In fact, they were ranked as the 2021 Most Sustainable Corporation by Corporate Knights. They create “energy and automation digital solutions for efficiency and sustainability” that are used by customers across the globe. Recently, Schneider Electric announced their six 2025 sustainability commitments which include “be efficient with resources.” As a trusted partner in manufacturing automation, Cognex Corporation is proud to provide Schneider Electric with solutions that help them achieve their efficiency goals by reducing waste in their manufacturing processes.

## WASTE REDUCTION AT BULGARIAN SMART FACTORY

The ongoing trend of the miniaturization of electronic components enables manufacturers like Schneider Electric to build smaller, lighter, faster, and more efficient devices and systems.

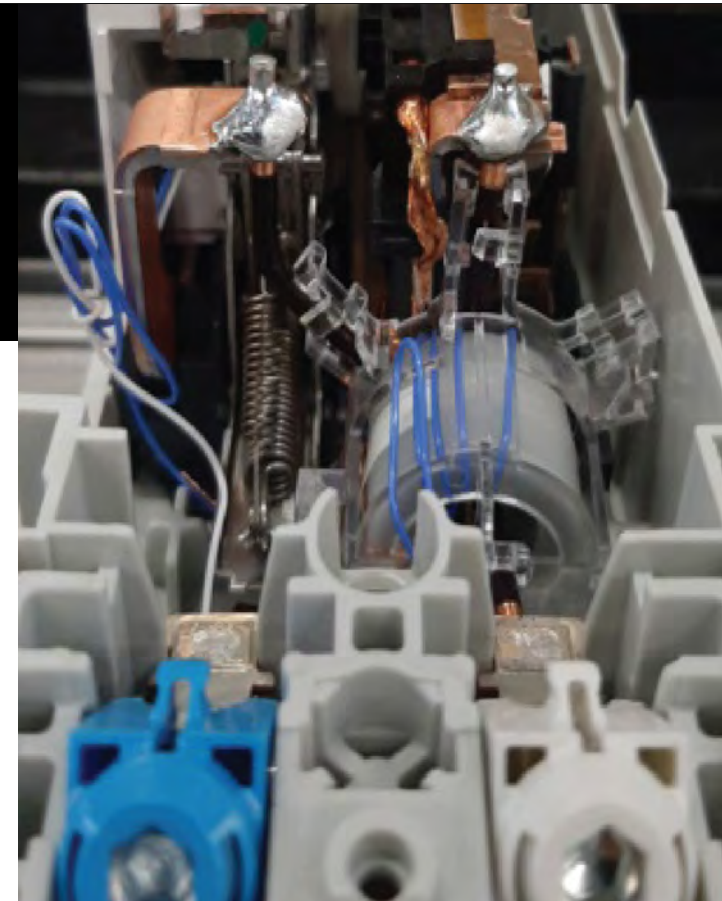
Throughout its Smart Factory in Plovdiv, Bulgaria, the smallest components often play a large role in determining the effectiveness and quality of more than 4 million products produced at the plant per month. But with miniaturized electrical components come various manufacturing challenges. For example, soldering can be a very complicated process that requires precision. The process becomes even more complex when considering the multiple conditions—from temperature to the imprecise placement of components—that can affect the final quality of a solder joint in an electronic device.

Manufacturers observe, measure, and evaluate solders to identify defects through soldering inspection. Machine vision can be utilized in soldering inspection systems to scan through electronics components, enabling manufacturers to see the areas surrounding solder joints and ensure quality.

Schneider Electric turned to Cognex at their Plovdiv plant to improve this inspection process.

“It was important that, together with Schneider Electric applications and Cognex, we created a central solution that helps the effective production in the Plovdiv factory,” says Martin Yordanov, Method and Maintenance manager at Schneider Electric Plovdiv Plant. Cognex’s In-Sight D900 smart camera with integrated deep learning technology helped the plant improve the management of the soldering process by automating the inspection process. Cognex systems can detect defects much more accurately than human inspection, helping to reduce scrap on the production lines and the amount of repetitive work during operation. As a result, the plant saves energy, reduces consumption of raw materials, and improves workforce productivity.

By improving visibility into production lines and automating the inspection process, the Plovdiv factory managed to raise clients’ satisfaction with ready-to-use products and minimize losses throughout the manufacturing process.



**“With Cognex, we managed to develop a few solutions in our process that helped us produce better quality products. We expect to save 40,000 euro and we lowered our waste to insignificant levels.”**

**Martin Yordanov**

Method and Maintenance Manager,  
Schneider Electric Plovdiv Plant



# CLIMATE AND ENERGY

To reduce the Greenhouse Gas (GHG) 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, ventilation and air conditioning (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. In 2022, we converted all of the conference rooms to go into sleep mode when not in use to save energy.

The total energy consumption in our owned offices in 2022 was 5,557 megawatts (18% renewable), a 3% reduction compared with 2020.

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 are also pursuing utility company incentives and considering the purchase of 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 heat waste while maintaining maximum performance.

## EMISSIONS DATA

	Scope 1 (MT CO <sub>2</sub> e)	Scope 2 (MT CO <sub>2</sub> e)	Total (MT CO <sub>2</sub> e)
2022	297	2,763	3,060
2021	293	2,680	2,973
2020	278	2,702	2,980

Energy data and estimated Scope 1 and 2 GHG emissions for Cognex's facilities were aggregated and summarized above. These figures represent Cognex's financially controlled facilities, except where otherwise noted. ISOS Group provided assurance for Cognex GHG calculations.

- Scope 1 (direct emissions) are from natural gas, as this is the only fuel consumed by Cognex's financially controlled facilities. The emissions factors were derived from the U.S. Environmental Protection Agency (US EPA).
- Scope 2 (indirect emissions from power generation) are assumed to be from utility-purchased electricity only. Cognex used emission factors from the U.S. EPA and EIA (Energy Information Administration) to calculate its location-based GHG emissions for electricity consumption.

Our Scope 1 and Scope 2 emissions increased slightly in 2022. This was primarily driven by an increase in our employee base and higher office utilization rates in 2022 as more employees returned to the office after the height of the COVID-19 pandemic.

## RENEWABLE ENERGY DATA

	Renewable Energy (MwH)	Total Energy (MwH)	% Renewable
2022	1,012	5,602	18%
2021	1,017	5,764	18%
2020	1,024	5,742	18%

This data represents Cognex's four owned offices (three in the U.S. and one in Ireland). Cognex's leased facilities were excluded due to the difficulty of isolating renewable energy mix for these offices. Additional facilities will be reconsidered in future years.

	Revenue (\$M)	Carbon Intensity (MT CO <sub>2</sub> e / \$M revenue)
2022	\$1,006	3.04
2021	\$1,037	2.87
2020	\$811	3.67

The slight increase in our carbon intensity in 2022, after reporting a significant improvement in 2021, was primarily driven by a 3% decline in total revenue from 2021 to 2022.

# OUR APPROACH TO WATER MANAGEMENT

The growing global scarcity of water poses a challenge to our operations, our customers and the communities where we conduct business. As a global provider of machine vision products and solutions, water use at our facilities is not a significant component of our environmental impact. However, we recognize the need for clean and accessible water, and water stewardship is an important aspect of our approach to environmental sustainability and community support. The majority of our water footprint occurs at our facilities through potable consumption and sanitation for employees and contractors.

Cognex is continually looking for opportunities to minimize our waste and water footprint. In our owned offices, most of our water is sourced from wells. We prioritize maintenance of our well irrigation system, to minimize the need for drawing from city water. Where possible, we utilize energy-efficient hardware—including low-flow showers and toilets—to limit our water consumption.

As we are not a water-intensive company, our primary focus is to provide safe sanitation and hygiene stations for our employees and ensure access to clean water, toilets and handwashing facilities. In 2022, we saw a 29% increase in water use, which is attributable to an increase in hours worked by our employees on-site compared to 2021. As more employees return to work on site, we will continue to collaborate with our manufacturing facility leaders to identify initiatives to decrease water use.

WATER USAGE	Total Water Usage (CCFs)
2022	989
2021	767

This data represents Cognex's three owned offices in the U.S. Cognex's office in Ireland and all leased facilities are excluded as information is not yet available.

# OUR APPROACH TO WASTE MANAGEMENT

Our waste-related priority is compliance with local, national and global regulations. Although our operations do not generate a significant amount of waste relative to other manufacturers, minimizing waste and diverting it from landfill enables us to reduce our environmental impact.

In 2022, we launched a full cardboard recycling program at our new Americas distribution center as well as our headquarters in Natick, MA. We expect this to increase our waste diversion for manufacturing and household waste going forward.

WASTE	Waste (Tons)	Recycle (Tons)	Total (Tons)	Waste Diverted
2022	224	127	351	36%
2021	345	155	501	31%

This data represents Cognex's four owned offices. All leased facilities are excluded.





# CLIMATE-RELATED RISKS AND OPPORTUNITIES

Cognex recognizes the magnitude of the disruption that climate change is causing. However, as a physical asset-light, approximately 2,400-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. We believe we can respond quickly to changing environments and needs. As the world around Cognex evolves, we will continue to “Move Fast” and adapt 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 diversified 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 2022, 41% of Cognoids were in the Americas, 32% in Asia, and 27% in Europe. We develop our software in engineering centers throughout the world, including in the U.S., South Korea, Germany, and Hungary.

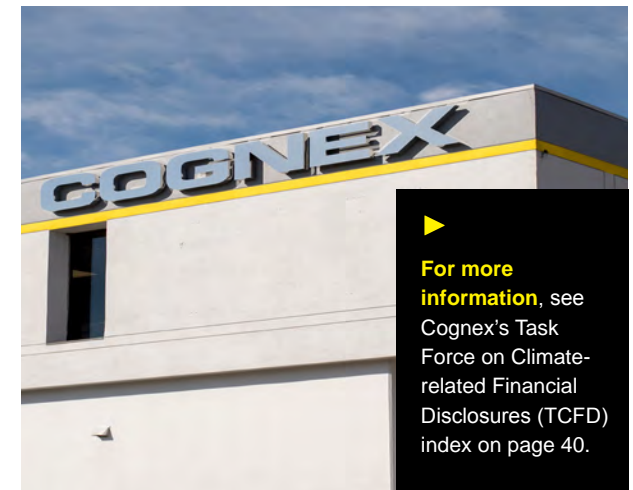
We also continue to diversify our customer base as we grow, and we are expanding internationally. In 2022, the revenue percentage breakdown by geography was 39% from the Americas, 23% from Europe, 23% from Greater China, and 15% from other Asian countries. Our geographically diverse customer base better protects us from climate-related sales disruptions in particular regions.

Cognex recognizes 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.

Therefore, as climate change and warming temperatures challenge specific industries and geographies, opportunities may be created in others. As a nimble software-focused 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 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. In 2022, we added a second contract manufacturer in Malaysia and are working to introduce more contractor manufacturers in 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. Our largest contract manufacturer is a member of the Responsible Business Alliance (RBA) and has adopted the RBA Code of Conduct. Additionally, Cognex-owned distribution centers are ISO 9001:2015 compliant.

## MANAGEMENT OF SUPPLY CHAIN DISRUPTIONS

Given unprecedented global challenges over the last two years—from the COVID-19 pandemic, to natural disasters, to a fire at our primary contract manufacturer—Cognex consistently worked to manage supply chain disruptions, 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 redesign, and discuss supplier expedites and excess inventory purchases.

**Increased inventory by over 100%, or \$60 million from 2020 to 2022** to drive growth and to support our customers' needs with a larger buffer of supply in key products.

**Reducing 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.



**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.





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## COMMITMENT TO COGNOIDS AND COMMUNITY

We are committed to Cognoids and the communities where we work and live because they power our success. That is why our unique “Work Hard, Play Hard, Move Fast” culture is embedded in all we do. We strive to foster an inclusive, non-hierarchical, innovative workplace where great people with a range of backgrounds and experiences can flourish. Fun is a core value at Cognex: we believe it encourages communication and leads to connection, collaboration, and growth. It’s one of the qualities of Cognex that attracts top talent from around the globe.

At Cognex, we invest in development opportunities for Cognoids, provide excellent benefits, and promote safety and well-being. We regularly engage Cognoids through formal surveys and informal connections and use their feedback to make informed and effective decisions. We work hard to positively impact society through our products and our community service, which includes charitable donations, volunteer activities, and efforts to inspire young minds to pursue science, technology, engineering, and mathematics (STEM) educations and careers.

Our culture, mindset, and approach to work drives our positive impact on each other, our communities, and our world.





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



Since our founding over 40 years ago, we have built a culture that inspires Cognoids to think creatively and collaboratively to solve our customers' toughest problems. We are committed to finding the very best talent to accelerate our growth. We believe our culture enables us to attract and retain smart and energetic people. Cognoids fuel innovation and play a key role in our ability to execute our operating plans and strategic initiatives.

## HAVING FUN AND PLAYING HARD

At Cognex, we emphasize opportunities for Cognoids from across the business to collaborate and have fun together. From themed quarterly employee meetings to regular outings—including movie nights, cooking classes, frisbee tournaments, karaoke socials, and our legendary annual Halloween party—Cognoids build strong, trusting relationships and connections across the company that help us move fast in our business.

## RECOGNITION FOR HARD WORK AND PERSEVERANCE

Recognition is a central value at Cognex. We believe in celebrating hard work and the achievements that come from it. Our ReCOGNition Programs like Key COGtributor Awards, President's Awards, Perseverance Awards, and Patent Awards honor the important contributions our Cognoids make around the world. Winners are acknowledged by their peers with champagne toasts and receive cash prizes as part of their recognition. When Cognoids hit five years of service with Cognex, they are rewarded for their perseverance with cash awards to spend on travel anywhere in the world. Travel grants are also awarded to Cognoids at their 10, 15, and 20 and 25-year COGversaries with the 30-year COGversary being celebrated with a charitable donation in the Cognoid's name.

## ENCOURAGING CREATIVITY AND MOVING FAST

We delight in being different and we encourage innovation that streamlines our processes and keeps us moving fast. The "Cognex Cuts the Crap" program—known as C<sup>3</sup>—empowers Cognoids to identify and eliminate anything that might negatively impact productivity. Cognoids are encouraged to submit "crap-cutting" ideas throughout the year and grand prize winners are presented meaningful financial awards. Since implementing C<sup>3</sup>, we've awarded thousands of dollars and cut a lot of "crap." Winning proposals include the creation of an internal message board where Cognoids can list unneeded building and office materials for others to reuse and the elimination of excessive wrapping and packaging of our products, saving Cognoids and our customers time, lowering cost, and reducing waste.





## MINISTERS OF CULTURE (MOCs)

To preserve and enhance Cognex's unique culture, and recognize cultural diversity across and within regions, we have a global team of Cognoids who serve as Ministers of Culture (MOC) in our largest offices worldwide. MOCs receive a quarterly stipend and attend a weeklong Culture Camp each year where they learn how to bring Cognex's culture to life. Our MOCs are led by our Chief Culture Officer, Sheila DiPalma—a named executive officer of Cognex.

## STRONG CULTURE LEADS TO STRONG ENGAGEMENT AND RETENTION

Cognex's dedication to our employees is reflected in our voluntary turnover rate, which at 9% is less than the 18% industry average. Our record of investment in Cognoids is matched by their consistently high engagement. We listen to employees through frequent surveys that measure engagement levels and culture, and provide us with ongoing insight into the perspectives, needs, and experiences of our global workforce. 88% of Cognoids routinely respond to surveys, and 76% are proud to work at Cognex and would recommend it as a great employer.

## LEARNING AND DEVELOPMENT

We prioritize in-house learning and development to build and curate a rich library of instructor-led and on-demand opportunities, including workshops and digital materials. These resources teach skills and coach Cognoids on a variety of topics, including leadership and management development, professional skills development, and collaboration and productivity. We also offer tuition reimbursement, rotational programs, and Workday Learning. In 2022, there were over 4,000 enrollments in eLearning and instructor-led courses with more than

two-thirds of Cognoids participating globally. Cognex also offers learning resources on health and wellness, safety, and inclusion topics, such as guides on effective and inclusive meetings, and how to adjust to the hybrid workplace. Enrollment in these courses grew by more than 70% in 2022.

## 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 2022 was well below the tech industry average worldwide, which according to an industry benchmark was 18% in 2022.**





## CORPORATE GIVING

Supports and encourages the next generation of machine vision innovators through STEM education programs. 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, AND BELONGING

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



# COGNEX CARES

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

In 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.



# DIVERSITY, EQUITY, INCLUSION, AND BELONGING (DEIB)

We are incredibly proud of our culture and are always working to listen, learn, and grow. Diversity fuels innovation, and we are excited to keep building an organization that best reflects the world around us and the varied communities in which we operate.

As a multinational company where over half of Cognoids live outside the U.S., diversity means different things to different groups. We are continuing to develop strategies and plans that will enhance our diversity, equity, inclusion, and belonging initiatives.

Specifically, this evolution is visible through the launch of our DEIB Council. The Council is composed of over 50 Cognoid volunteers representing a broad cross-section of functions, geographies, and backgrounds. The Council is sponsored by Cognex's Chief Culture Officer and includes two employee team leaders.

In 2022, the Council focused on our recruiting efforts, specifically on how we can remove biases in our processes and more effectively source candidates from diverse talent pools. It also developed resources and learning tools for our recruiters to help them broaden outreach efforts.

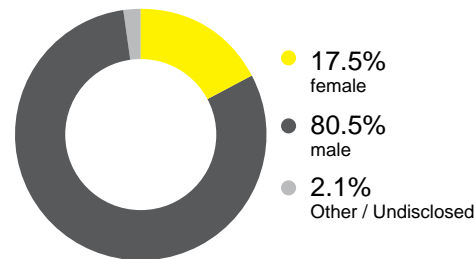
The Council worked to weave DEIB efforts and programming into company "Play Hard" events and other regular gatherings, and created teams to focus on the development of DEIB training and learning needs in each of our regions.

## EMPLOYEE DEMOGRAPHICS – GENDER DATA

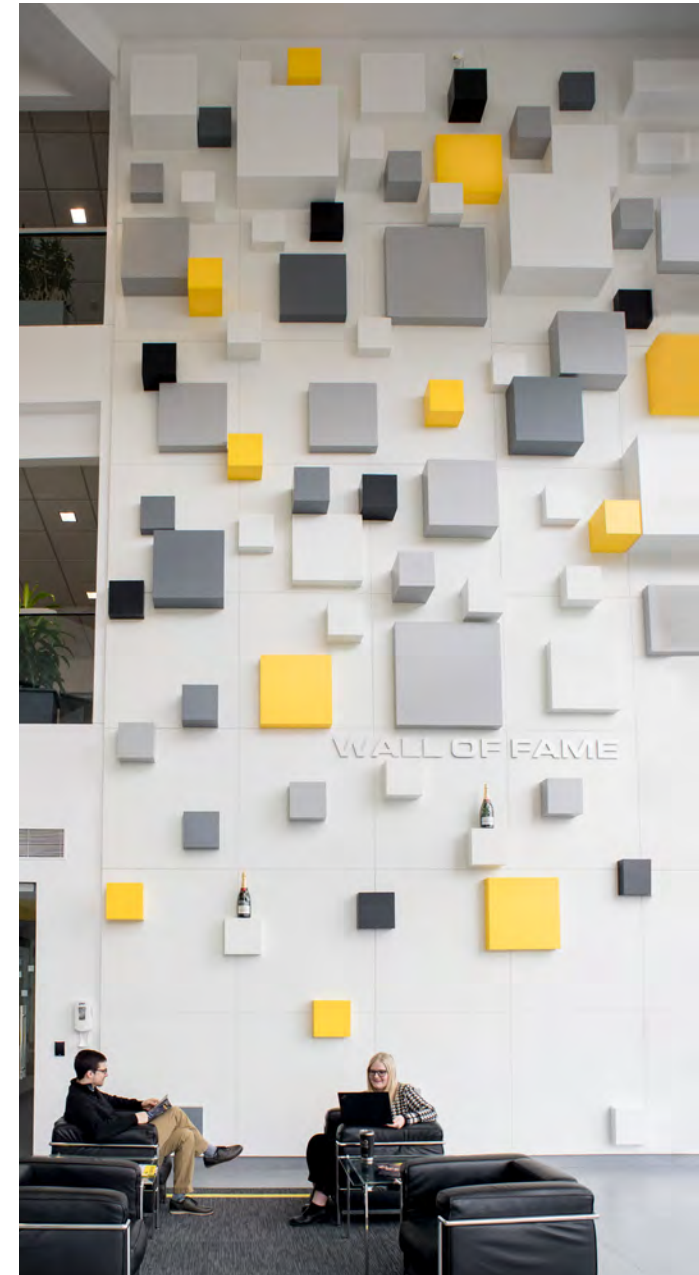
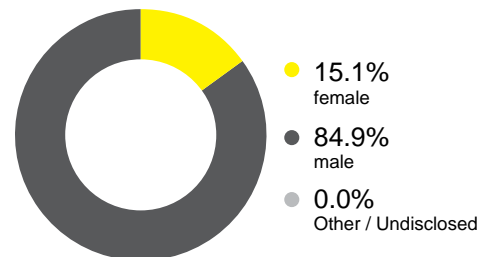
### GENDER (GLOBAL)

#### 2022 PERCENTAGE

Percentage of Global workforce:



Percentage of Global management (Director level & above):



## COMMITMENT TO DEIB

In 2022, the DEIB Council established its mission:

Cognex values a diverse workforce and an inclusive culture where everyone feels appreciated, respected, and heard. The mission of the Diversity, Equity, Inclusion, and Belonging (DEIB) Council aligns with our company philosophy:

We “Work Hard” to make a difference through our commitment to DEIB.

We “Play Hard” to recognize and celebrate what makes everyone unique.

We “Move Fast” while including different ideas and views.

We do this not only because it’s right, but also because it makes Cognex a better company.





# EMPLOYEE HEALTH, WELLNESS, 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 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, an online marketplace where families can connect with caregivers for children, adults, seniors, and pets, and obtain 24/7 support through online content, resources, and trained care specialists.

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

In 2022, we expanded our Employee Assistance Program—which provides work/life resources ranging from stress reduction to legal, financial, and even nutrition and fitness consultation—to include all Cognoids in Europe. In the U.S., we increased our student loan repayment program by 50% and an additional year, offering a benefit of \$150 per month for up to four years. We also made a sizable annual Health Savings Account contribution for employees who select our high-deductible health insurance plan.





# FEATURED STORY

**Customer:** Brainlab (Munich, Germany)

**Industry:** Medical

**Solution:** Cognex 3D-A5060™ Area Scan Camera

## CUSTOMER FIRST: SOCIAL STORIES

### PRECISE CANCER TREATMENT<sup>1</sup>

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:

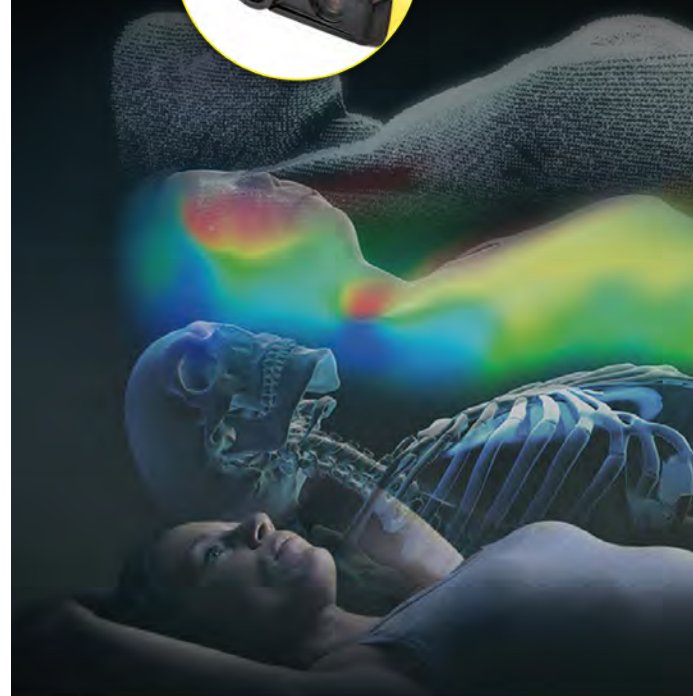
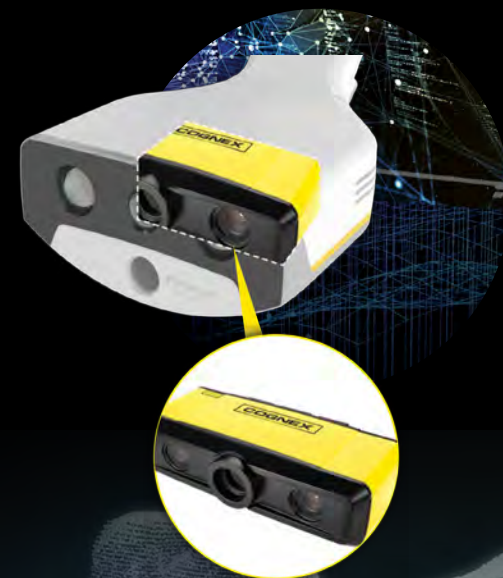
#### + Rapidly capturing images

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.



<sup>1</sup> 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.



# SOCIAL RESPONSIBILITY THROUGH THE SUPPLY CHAIN

Just as we prioritize 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. Cognex and many of our large customers are compliant with the Avetta Safety Compliance and ISNetworld standards to support and track safety management. Our 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 Organization 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).<sup>2</sup> Cognex expects all of our suppliers, including smelters, to have policies and procedures in place to ensure that products sold to Cognex are Democratic Republic of Congo (DRC) conflict-free, which means they must not contain 3TGs that directly or indirectly finance or benefit armed groups in the 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 the CMRT, 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 may seek additional information from a supplier that did not respond, 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](#).



For more information, see our:

- + [Supplier Code of Conduct](#)
- + [2022 Conflict Minerals Report](#)
- + [Statement on CA Proposition 65](#)
- + [Environmental Policies](#)

<sup>2</sup> 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 Securities and Exchange Commission (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.

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 2022, we maintained our component inventory at a level equal to 2021 despite supply disruptions. In addition, we brought on an additional contract manufacturer in 2022 to diversify our manufacturing sources.

To ensure our company is not susceptible to counterfeiting, we buy components from authorized distributors or original manufacturers only. In 2022, we continued to make 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 a vendor selection process, sample inspection/testing, and warranties. In every case, we conduct 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 and X-ray machines. 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 reprocessing 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.

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 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, or 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 one of our 10 core values, and that includes giving back to the community through our Corporate Giving Program. Through this program, Cognex supports important 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 commitment to STEM initiatives and our mission to preserve and enhance vision. Cognex actively seeks to support education, primarily in math and science. Recently, Cognex has supported the organizers of a youth math competition in Budapest, Hungary; the instillation of interactive whiteboards at a school in Cork, Ireland; and a robotics club in Aachen, Germany.

More than 40 Cognoids serve as members of our global Community Engagement Council, which plans and engages in quarterly service initiatives for the local communities in which we operate. Events in the U.S. range from pond cleanups, to clothing drives, to hosting American Thanksgiving dinners for seniors in Utah.



One of the many Community Engagement Council events in 2022 was the donation of more than 80 pounds of clothing to Harriet's Closet, part of the Natick Service Council that provides community members with free seasonal clothing.





# GOVERNANCE

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## 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 important, we have a culture that encourages Cognoids to “Do What’s Right” at all levels of the organization.

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



**For more information,** see Cognex’s [2023 proxy statement](#), [2022 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 current directors (other than our CEO) 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.

Since 2021, we have added four new independent directors with a focus on diversity; executive leadership; public company board, institutional investor, and industry experience (namely in the semiconductor, technology, automotive, packaging machinery, and industrial automation industries); and corporate finance and financial reporting expertise. We remain committed to

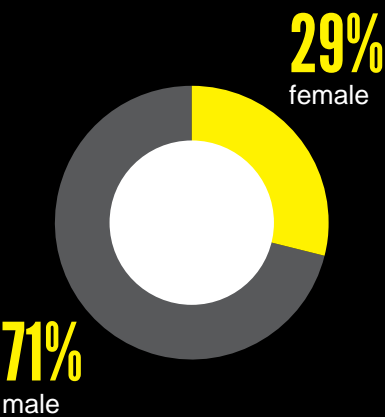
continuing these efforts. Over the last three years, the average age of our directors decreased by ten years, and the average tenure decreased by nine years.



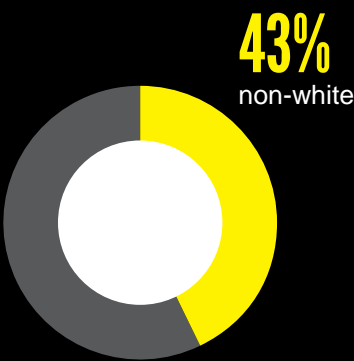
## BOARD DIVERSITY (AS OF JUNE 1, 2023)

TOTAL NUMBER OF DIRECTORS: 7

### GENDER IDENTITY



### DEMOGRAPHIC BACKGROUND



# CORPORATE GOVERNANCE AND ETHICAL BEHAVIOR

As a global business, Cognex pays particular attention to regional compliance needs. We have an active compliance team led by regional legal and 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.

Cognoids and external parties can anonymously report possible ethics and Code of Conduct violations to our Integrity Hotline. The hotline includes a third-party, secure website form, toll-free numbers by jurisdiction, and support in over 200 languages. In addition, 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.

In 2022, we pursued the following compliance initiatives:

- + Delivered trainings on anti-bribery, conflicts of interest, and anti-corruption;
- + Delivered a compliance training and testing program to all of Cognex's Asian sales team;
- + Employed tools and processes to prevent partner pricing and other expense fraud;
- + Enhanced the flow-down of anti-corruption and compliance terms to our suppliers, including requiring our suppliers to comply with legal requirements and meet Cognex's ethical standards relating to:
  - + Bribery and the Foreign Corrupt Practices Act;
  - + Child and forced labor;
  - + Conflict minerals; and
  - + Data privacy.



**For more information** see our:

- + [Code of Business Conduct and Ethics](#)
- + [Supplier Code of Conduct](#)
- + [Terms and Conditions of Purchase](#)
- + [Environmental Policies](#)



# ALIGNMENT OF COGNOID / DIRECTOR AND SHAREHOLDER INTERESTS

## INSIDER TRADING POLICY

Our insider trading policy governs the timing and type of transactions in Cognex stock by our Board and certain Cognoids who have regular access to material non-public information, including our executive officers (collectively, “Insiders”). For example, Insiders are prohibited from trading in Cognex securities during “quiet periods” designated by our CFO. Among other provisions, the policy:

- + Prohibits our directors and any Cognoid from engaging in short sales of Cognex stock (with violators subject to immediate termination);
- + Prohibits our directors and executive officers from trading in exchange-traded options for Cognex stock or any other derivative security designed to hedge or offset risk of a decline in the market value of Cognex stock; and
- + Prohibits our directors and executive officers from pledging Cognex stock as collateral for a loan without the approval of the Compensation/Stock Option Committee of the Board.

## STOCK OWNERSHIP GUIDELINES

In February 2022, the Compensation/Stock Option Committee approved stock ownership guidelines for members of our Board of Directors and named

executive officers based on our belief that stock ownership further aligns their interests with those of our shareholders. These guidelines provide that they are required to accumulate and hold the following number of qualifying shares:

Category	Number of Qualifying Shares
Non-Employee Director	3x annual cash retainer for service on our Board
Employee Director	3x times his or her annual base salary
CEO	3x annual base salary
Named Executive Officers (non-CEO)	2x annual base salary

Our directors and named executive officers have five years from the later of the adoption of these guidelines, their election to our Board, or their hire or promotion (as applicable) to achieve the requisite level of ownership under these guidelines. Compliance is measured on the last day of each fiscal year. The Board believes that all Directors and named executive officers are making satisfactory progress toward compliance with our stock ownership guidelines on or before their applicable deadline. For more information, see Cognex’s [2023 Proxy Statement](#).



# INTELLECTUAL PROPERTY PROTECTION AND COMPETITIVE BEHAVIOR

Cognex engages in RD&E to enhance our existing hardware and software offerings and develop new products and functionality to address market opportunities. Cognex spent 14% of our revenue on RD&E expenses in 2022 and continues to invest in research and development talent and projects.

We use patents, 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 more than 1,100 issued 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.

To date 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; and
- + 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.

We have several directors with public company executive leadership experience who currently direct the cybersecurity policies of the companies they lead.

We are currently pursuing ISO 27001 certification, which we anticipate completing in 2023.

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



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



# APPENDICES

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# SASB INDEX

**Table 1.** Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Category	Unit of Measure	Code	Response
<b>Environmental Footprint of Hardware Infrastructure</b>	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	TC-SI-130a.1	(1) 20,167 CJ (2) 76% (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 <sup>3</sup> ), Percentage (%)	TC-SI-130a.2	<i>2022 Sustainability Report: Environment – Climate and Energy Water-related topics, page 13.</i>
	Discussion of the integration of environmental considerations into strategic planning for data center needs	Discussion and Analysis	n/a	TC-SI-130a.3	<i>2022 Sustainability Report: Environment – Climate and Energy – Climate Related Risks and Opportunities, pages 12-14</i>
<b>Data Privacy &amp; Freedom of Expression</b>	Description of policies and practices relating to behavioral advertising and user privacy	Discussion and Analysis	n/a	TC-SI-220a.1	<i>2022 Sustainability Report: Governance – Data Security and Privacy, page 35</i> <a href="https://www.cognex.com/privacy-policy">https://www.cognex.com/privacy-policy</a>
	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 customer data breaches, leaks, thefts, losses of internal data, or monetary losses as a result of legal proceedings associated with user privacy. <i>2022 Sustainability Report: Governance – Data Security and Privacy, page 35</i>
	(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 customer data breaches, leaks, thefts, losses of internal data, or monetary losses as a result of legal proceedings associated with user privacy.  <i>2022 Sustainability Report: Governance – Data Security and Privacy, page 35</i>
	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	<i>2022 Sustainability Report: Governance – Data Security and Privacy, page 35</i>
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) 61% <i>2022 Form 10-K: Item 1: Business – Human Capital, page 5</i>
	Employee engagement as a percentage	Quantitative	Percentage (%)	TC-SI-330a.2	76% participate in employee surveys.  <i>2022 Sustainability Report: Social – Culture: Employee Recruitment, Development, Engagement, and Well-Being – Strong Culture Leads to Strong Engagement and Retention, page 20</i>
	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	<i>2022 Sustainability Report: Social – Diversity, Equity, Inclusion, and Belonging (DEIB), page 22</i>  <i>2022 Sustainability Report: Social – Board Independence and Diversity, page 31</i>
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.  <i>2022 Sustainability Report: Governance – Intellectual Property Protection and Competitive Behavior, page 34</i>
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	<i>2022 Form 10-K: Item 1A: Risk Factors – General Risk Factors, pages 8 and 13</i>



**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
<b>Governance:</b> Disclose the organization's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	<i>2022 Sustainability Report: Governance – ESG Oversight, page 8</i>
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	<i>2022 Sustainability Report: Governance – ESG Overview, page 8</i>
<b>Strategy:</b> 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.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<i>2022 Sustainability Report: Environment – Climate-Related Risks and Opportunities, page 14</i>  <i>2022 Form 10-K: Item 1A: Risk Factors – General Risk Factors, pages 6, 13</i>
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<i>2022 Sustainability Report: Environment – Climate-Related Risks and Opportunities, page 14</i>
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<i>2022 Sustainability Report: Environment – Climate-Related Risks and Opportunities, page 14</i>
<b>Risk Management:</b> Disclose how the organization identifies, assesses, and manages climate-related risks.	a. Describe the organization's processes for identifying and assessing climate-related risks.	<i>2022 Sustainability Report: Environment – Climate-Related Risks and Opportunities, page 14</i>
	b. Describe the organization's processes for managing climate-related risks.	<i>2022 Sustainability Report: Environment – Climate-Related Risks and Opportunities, page 14</i>
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<i>2022 Sustainability Report: Environment – Climate-Related Risks and Opportunities, page 14</i>
<b>Metrics and Targets:</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<i>2022 Sustainability Report: Environment – Climate-Related Risks and Opportunities, page 14</i>
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<i>2022 Sustainability Report: Environment – Climate and Energy, page 12</i>
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We do not currently have climate targets but are considering developing them for future reporting.





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