

National Instruments

# 2008 Citizenship Summary





In Costa Rica, researchers use NI products to better understand the impact of greenhouse gas emissions.

# NI Citizenship

National Instruments is committed to being a responsible corporate citizen to its global communities and four key stakeholders: employees, customers, suppliers, and shareholders. NI consistently innovates to develop new products and services that empower engineers and scientists to improve the world by addressing some of the biggest challenges society faces. In addition, the company works to reduce the environmental footprint of its facilities and product life cycle. NI is proud of its long-standing corporate culture that encourages fun, innovation, and community involvement.



The Pillars of NI Citizenship

## Company Profile

NI transforms the way engineers and scientists around the world design, prototype, and deploy systems for test, control, and embedded design applications. Using NI open graphical programming software and modular hardware, customers simplify development, increase productivity, and dramatically reduce time to market. With this approach, NI empowers customers to more rapidly develop innovative technologies that improve the lives of millions of people.

### CORPORATE FACTS

**Headquarters:** Austin, Texas

**Year Established:** 1976

**Global Operations:** offices in more than 40 countries

**Customer Base:** more than 30,000 companies in 90 countries

**Manufacturing:** more than 1,000 products produced at two facilities

**Employees:** 5,000 worldwide

**R&D Investment:** 16% of revenue

# Statement from the CEO



I am proud to present this summary of our first citizenship report, which outlines our environmental, economic, and social performance in 2008 as well as our commitments for the future.

I have often stated that when we founded National Instruments, I was looking for both a job that I would like as well as a way to help society by improving the productivity of engineers and scientists. Over the last 32 years, National Instruments has established a track record of strong revenue growth and built a reputation as a stable supplier, business partner, employer, and corporate citizen.

With our innovative tools and technologies, we strive to empower and inspire our customers to address pressing global challenges in a wide variety of industries and applications, including the development of more energy-efficient systems, innovative medical devices, improved transportation systems, and breakthrough research in renewable energy. As we highlighted in a campaign we started in 2008, we empower our customers to “Measure It and Fix It.” We are proud of the successes our customers have achieved by using NI products. With the increasing focus on renewable energy, we’re especially pleased to support our customers driving advancements in areas such as wind and solar power, thermal and ocean wave energy, and fusion research. From exploring space to improving automobile safety to discovering the next medical breakthrough, our customers use NI tools to improve everyday life and the world.

We are passionate about the need to engage and motivate students to pursue careers in engineering and science to ensure that the next generation of innovators is equipped to tackle current and future challenges. These efforts reached new milestones in 2008 as we continued our multiyear collaboration with the LEGO® Group where we bring hands-on, project-based development concepts to students as young as the elementary levels. Additionally, the adoption of our NI CompactRIO industrial I/O platform, powered by NI LabVIEW, by the *FIRST* Robotics Competition empowers more than 45,000 high-school students to have fun while solving complex and real-world engineering problems. A significant way our employees around the world support these efforts is by contributing thousands of hours volunteering as mentors in the classroom. They prepare and work with the teachers who are critical to the success and motivation of students to pursue scientific and engineering careers.

In addition to our focus on customer success and educational outreach, we realize that being a good corporate citizen extends to how we operate our business and our interactions with suppliers and partners. In 2008, we made progress toward minimizing the environmental footprint of our products, our operations, and our facilities. We implemented a recycling take-back program, subscribed to a renewable energy program for 10 percent of the total electricity usage at our headquarters, and eliminated all disposable products from cafeterias at our headquarters, resulting in an estimated 50 percent reduction in waste. In addition, 100 percent of our

suppliers signed the NI Supplier Code of Conduct, which expects suppliers to treat workers fairly, provide a safe working environment, conduct their business ethically, and look for ways to minimize their environmental impact. Prompted by an employee-led, grassroots NI Green Team, we have developed a plan to optimize our product packaging and printed documentation to reduce unnecessary waste and expense. We look forward to making progress on this initiative in 2009.

Finally, I realize that being a good corporate citizen would not be possible without the dedication and passion of all National Instruments employees around the globe. I am very pleased to say that we recently celebrated our 10th consecutive year on *FORTUNE* magazine's "100 Best Companies to Work For" list. This landmark achievement in our company's history is a testament to our unique corporate culture where creativity and talent flourish.

Moving forward, we will continue to prioritize our customers' success by maintaining a consistent investment in R&D, thus resulting in a steady stream of new products. In addition, we are continuing to increase our global sales engineering staff despite a challenging economic climate. We believe these long-term strategic investments will ensure future customer success. We will maintain our commitment to being a responsible corporate citizen by continuing our outreach efforts especially involving education and by making further improvements in the way we operate our business. When all is said and done, we hope that you are able to look at our efforts and share in our commitment to "leave things better than we found them."



**Dr. James Truchard**

*President, Chief Executive Officer, and Cofounder, National Instruments*





NI engineers build high-performance autonomous robots to demonstrate the power of NI products.

## People and Culture

The company's greatest and most sustainable long-term competitive advantage is its culture and employees who directly influence the continued success of the company. An important component of the NI culture is the goal to preserve the company's "people advantage." With this strategy, NI meticulously hires the best and brightest employees, nurtures a great work environment, and helps employees optimize their talents and drive their careers through superior development opportunities.

*"NI culture is what initially attracted me to Austin from the University of Wisconsin and it is the culture that keeps me here. I had the opportunity to see the inner workings of the company firsthand during my internship, and when I was asked to work for NI full-time, I was ready to hit the ground running."*

– Jonah Paul, NI employee who transitioned from intern to full-time employee in 2008

# Initiatives

## Hire and Retain the Best and Brightest

NI hires top talent from leading universities and retains employees through meaningful work, a fun environment, and a variety of developmental programs. NI hires not only for aptitude and potential but also for the ability to take initiative and work collaboratively – fundamental components of the NI culture. NI encourages employees to challenge each other by providing an open work environment that supports idea generation and innovation.

## Create a Great Place to Work

People stay at NI because of the culture and core values. The company's leaders and employees model these values and work hard while having fun. NI is a place where employees can brainstorm with top technical minds, reinvent their jobs as skills develop, and join coworkers at the on-site sports courts at the end of the day.

## Provide Superior Employee Development

The NI Superior Employee Development (SED) program offers employees tools and resources to prepare them for successful careers at NI. Helping to align employee talents with business opportunities and continuously grow their skills, the SED program is a key component in developing people who can reach beyond their roles and influence the company's success.

## 2008 Highlights

- Five NI offices were recognized as great places to work by the Great Place to Work Institute, including the corporate headquarters for the 10<sup>th</sup> consecutive year
- NI increased global sales engineering staff by 29 percent to ensure excellent, timely customer service
- Employees received an average of 33 hours of training – more than 172,000 total hours worldwide

## 2008 Challenges

- NI recruiting efforts increasingly are challenged by the declining number of U.S. students graduating with technical degrees
- Women and minorities are underrepresented in the technology field, making it difficult for NI to ensure a diverse workplace
- Health care costs continue to increase rapidly in the U.S., making it more challenging to offer competitive benefit packages

## 2009 Commitments

- Maintain the rate of surveyed NI employees who describe NI as a Great Place to Work at 75 percent or greater
- Maintain employee turnover at 30 percent lower than the U.S. industry average using developmental programs
- Open the NI Health Center, an on-site medical clinic at NI corporate headquarters

# Inspire and Empower Customers

Engineers, scientists, and students worldwide are creating products and technologies to address some of the biggest challenges society faces today. NI empowers its customers to improve the world through a user-defined, software-based approach for developing test, control, and embedded applications. NI customers use this approach in a variety of industries, making critical advancements such as optimizing machinery for pollution reduction and developing innovative, life-changing medical devices.

*“With traditional tools, we could do data processing, but it is tedious and time-consuming. With the LabVIEW graphical programming environment, there is a wide variety of prebuilt toolsets like filters and wavelet tools – the time frame for development is far shorter.”*

– Suraj Kamal, Quark Cybernetics,  
recipient of 2008 NI medical device grant



A device developed with NI LabVIEW and CompactRIO helps premature babies learn to oral feed.

# Initiatives

## Empower Green Engineering

Green engineering applications range from environmental monitoring to retrofitting aging production facilities and machines with new control systems to optimize efficiency. NI enables green engineering by providing tools that empower engineers and scientists to first quantify and understand real-world data and then correct problems for more environmentally friendly designs.

## Improve Everyday Life

For decades, a mission to improve everyday life has inspired NI to play an important role in vastly improving the quality of life for people across the globe by providing innovative products and technologies to engineers and scientists. NI customers are meeting a myriad of challenges from discovering new methods for water desalination to monitoring bridge infrastructures to creating new automobile safety technologies.

## Inspire the Innovators of Tomorrow

The world has no shortage of areas that need further engineering and science innovation. NI believes that today's students must be equipped and prepared to be tomorrow's innovators and works closely with educational organizations and companies such as the LEGO Group to deliver the technology necessary to support hands-on, project-based learning that inspires and engages students.

## 2008 Highlights

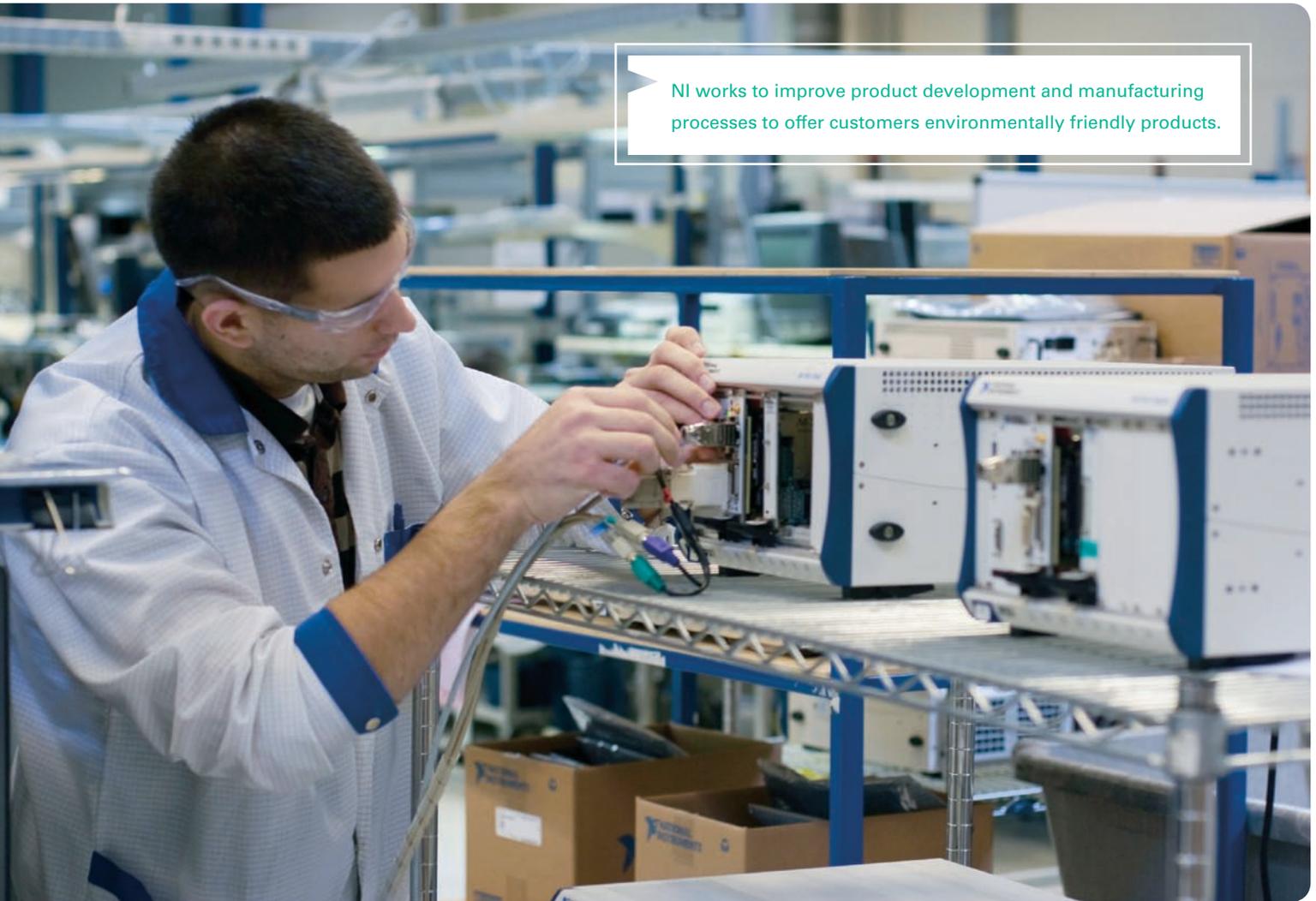
- Launched the NI Medical Device Grant Program, donating \$350,000 USD in software and services
- Invested 16 percent of revenue in R&D, resulting in the release of 180 new products
- Adoption of the CompactRIO industrial I/O platform, powered by LabVIEW, by the *FIRST* Robotics Competition, supporting more than 45,000 high-school students

## 2008 Challenges

- Green engineering practices differ across industries, making it difficult for NI to develop resources and products
- Educational systems and resources vary by region, making it challenging to impact engineering and science education worldwide

## 2009 Commitments

- Continue developing products to further empower advancements in renewable and clean energy and other world-improving technologies
- Expand education efforts into more U.S. high-school classrooms through key partners such as Project Lead The Way (PLTW)
- Provide more than \$350,000 USD in NI products to the EcoCAR Challenge, a green automotive engineering competition



NI works to improve product development and manufacturing processes to offer customers environmentally friendly products.

## Product Life Cycle and Operations

Throughout company facilities and the entire product life cycle, NI works toward a long-term goal to reduce its environmental footprint. NI aims to maximize the positive effects of its business and improve the world through initiatives such as innovative product design, supplier responsibility, and recycling programs.

*“Before NI removed disposables from the cafeteria, I didn’t think about the money NI was spending because of my actions. I’m more conscious now about turning off my computer and lights because those things affect the bottom line and our ability to be a responsible citizen.”*

– April Griffin, NI staff technical writer and member of the NI Green Team

# Initiatives

## Product Design and Life Cycle

Reducing the impact NI has on the environment begins with product design. Throughout the past several years, NI has worked to improve product development and manufacturing processes to offer customers more environmentally friendly products. In addition, NI has taken steps to improve packaging efficiency and has initiated a product recycling program.

## Supply Chain and Manufacturing Operations

To meet the company's environmental commitments, NI partners with suppliers who are equally invested in being responsible corporate citizens. Suppliers sign the NI Supplier Code of Conduct as an acknowledgement of this commitment. Internally, NI maintains an environmental management system that complies with all applicable environmental regulations and is committed to maintaining safe manufacturing operations.

## Facilities and IT

NI continually works to reduce the environmental footprint of its facilities and IT infrastructure. Providing a foundation for this work is the landscape design of NI corporate headquarters, which preserves the natural habitat and minimizes water usage. NI also seeks opportunities to reduce energy consumption and greenhouse gas emissions, conserve water, and increase recycling.

## 2008 Highlights

- Initiated a global take-back program so customers can recycle used NI products
- 100 percent of suppliers signed the NI Supplier Code of Conduct
- Subscribed to a renewable energy program to provide 10 percent of the total electricity usage at NI corporate headquarters

## 2008 Challenges

- Replacement options for certain hazardous substances may have an environmental impact equal to or worse than the original substance
- An audit of the most-shipped NI products found that NI can optimize the amount of packaging used by up to 80 percent
- Due to vendor restrictions, NI cannot measure the nonhazardous waste sent to a landfill from its corporate headquarters

## 2009 Commitments

- Reduce annual water and energy usage by 1 percent and increase the amount of waste recycled annually by 10 percent per employee at NI corporate headquarters
- Reduce waste and costs through redesigned packaging for finished goods, including finding alternatives to foam
- Measure the nonhazardous waste sent to a landfill from NI corporate headquarters

# World-Class Community Engagement

NI employees are passionate about serving the communities in which they work and live. At the more than 40 NI branch offices around the world, the company strives to improve its communities as well as encourage employee philanthropy and volunteerism. Because NI is a technology leader, the cornerstone of its community engagement program is to enhance science, technology, engineering, and math (STEM) education through classroom mentorship, student events, and collaborations.

*“ I didn’t have a lot of motivation to stay in high school, but robotics made me feel like I could do something useful and productive and reach outside the realm of school and do something better. For once, I felt like I could change things for the better. ”*

– FIRST LEGO League student mentored by an NI volunteer



NI employees participate in a Habitat for Humanity deconstruction during the 2008 NI Day of Caring.

# Initiatives

## Mentoring Young Minds

Since the company's founding, NI has taken the position that its support and education of future generations is just as important as the effect its customers have on the world today. The engineers of tomorrow will address the world's most critical issues, so NI fosters strong community outreach that supports technical education efforts.

## Employee Philanthropy and Volunteerism

NI encourages employees to get involved in community issues they are passionate about and provides regular opportunities for them to learn and become involved with organizations through the donation of time, talent, and resources. NI supports these efforts with several continuous education initiatives to keep employees engaged in and educated about community needs.

## Community Collaborations

NI engages in strategic, consistent collaborations with community organizations to help effect positive change and create a steady stream of volunteer opportunities for NI employees. NI collaborates with organizations that strive to maintain and improve the education, health, and well-being of the communities in which NI employees live and serve.

## 2008 Highlights

- As committed, NI donated more than 1 percent of corporate pretax profits
- United Way Capital Area recognized NI corporate headquarters with the 2008 Spirit of Caring Award
- 6 percent of NI headquarters employees each volunteered an average of 95 hours in classrooms, amounting to more than 8,000 mentoring hours

## 2008 Challenges

- Did not meet goal of 20 percent year-over-year increase in employee giving, but did grow 3 percent and exceeded a record \$500,000 USD in donations
- Data for all NI operations worldwide was not available in 2008
- Did not implement a Dollars for Doers program for volunteers to match volunteer hours with a dollar amount

## 2009 Commitments

- Maintain commitment of donating 1 percent of pretax profits
- Implement a global tracking mechanism for philanthropy and volunteerism data to scale all efforts worldwide
- Create an employee funding advisory council as an unbiased group to maintain philanthropic transparency



John Graff, an NI vice president and Austin Children's Museum board member, joins his son in creative problem solving.

# About This Report

The full 2008 NI citizenship report is available on the Web at [ni.com/citizenship](http://ni.com/citizenship).

This report summary highlights key measures of the company's performance across social, economic, and environmental areas, as well as commitments or goals for the future.

NI used the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) to prepare the full report. NI self-declares the report at GRI Application Level C. For the full report including a GRI index and a feedback form for questions and comments, visit [ni.com/citizenship](http://ni.com/citizenship).

## Key NI Performance Indicators

Much of the effort for this inaugural report focused on identifying specific measures of performance. Future reports will include more global data and a self-evaluation of performance.

Impact	Description	2008 Report
Economic	Revenue and operating results	●
	Investment in R&D	●
Environmental	Mitigation of product life-cycle impact	○
	Energy and water used, waste produced	○
Employee	Employee retention	○
	Great Place to Work ratings from employees	●
	Employee training and development programs	○
	Labor policies, including diversity and anticorruption	○
Customer	Customer diversity and impact	●
	New product development, donations, and support	●
Community	STEM education programs	●
	Philanthropy and volunteerism	●

● Reported

○ Partially reported



### U.S. Corporate Headquarters 866 463 5417

**Worldwide Offices** (Please note that these phone numbers do not include their respective country codes): **Andean and Caribbean** 212 503 5310 • **Argentina** 0800 666 0037 • **Australia** 0 2 9491 4000  
**Austria** 0 662 457990 0 • **Belgium** 0 2 757 0020 • **Brazil** 011 3149 3149 • **Canada** 450 510 3056 • **Chile** 0 800 532 951 • **China** 0 21 5050 9800 • **Colombia** 01 800 913 3092 • **Costa Rica** 0 800 052 1749  
**Czech Republic, Slovakia** 420 224 235 774 • **Denmark** 45 76 26 00 • **Dominican Republic** 800 433 3488 • **Ecuador** 1800 999119 (pedir enlace a 1 800 433 3488) • **El Salvador** 800 6271 • **Finland** 0 9 725 72511  
**France** (0) 8 20 20 04 14 • **Germany** 0 89 7413130 • **Guatemala** 2450 1685 • **Honduras** 0 504 3646 • **Hungary** 36 23 448 900 • **India** 0 80 41190000 • **Ireland** 0 1867 4374 • **Israel** 0 972 3 6393737  
**Italy** 02 41309277 • **Japan** 0120 527196 • **Korea** 0 2 3451 3400 • **Lebanon** 0 1 33 28 28 • **Malaysia** 1800 887710 • **Mexico** 01 800 010 0793 • **Netherlands** 0 348 433 466 • **New Zealand** 0800 553 322  
**Norway** 66 90 76 60 • **Panama** 008000 521166 • **Peru** 0 800 50614 • **Philippines** 2 659 1722 • **Poland** 0 22 3289010 • **Portugal** 210 311 210 • **Puerto Rico** 1 800 433 3488 • **Russia** 7 495 783 6851  
**Singapore** 1800 226 5886 • **Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia** 3 425 42 00 • **South Africa** 0 11 805 8197 • **Spain** 91 640 0085 • **Sweden** 0 8 587 895 00  
**Switzerland** 0 56 2005151 • **Taiwan** 2 2377 2222 • **Thailand** 0 2 278 6777 • **Turkey** 0 212 279 3031 • **Uruguay** 0004 055 114 • **U.K.** 0 1635 523545 • **Venezuela** 0 212 503 5310