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# Task Force on Climate-Related Financial Disclosures (TCFD) Scenario Analysis

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March 2023

# Introduction

Climate change will reach all sectors of the economy. As a business, as a society and as individuals we need to be resilient; mitigating the damage while adapting to the change ahead. At NI, we are committed to addressing our role and working boldly to engineer a healthy planet.

We are not alone in our commitment, and many of our stakeholders want to understand our approach and the progress we are making. As the demand for useful decision-making climate-related information from businesses grows, several disclosure standards have grown up to support greater accountability and transparency. The Task Force on Climate-Related Financial Disclosures (TCFD) established a set of 11 disclosures in four themes that provides a useful structure for explaining key risks.

In this report, we describe how various climate-related risks and opportunities in future climate scenarios may impact our business and we outline the various strategies we have in place to mitigate potential impacts and ensure our resilience. We have identified these risks and opportunities by conducting a climate scenario analysis – using models laid out in the International Energy Agency’s World Energy Outlook report. This is our initial analysis using TCFD’s recommendations and represents a first step on our journey. We will take an iterative approach, improving as we go – as our climate strategy evolves, so will our analysis.

# Governance

The urgency of climate change is spurring all responsible businesses into action. At NI, we govern our commitments and public efforts at the highest levels of our company – a reflection of both the impact climate change is having and the role we believe we can play in mitigating it.

While the Board of Directors has general oversight, operational oversight and the day-to-day operations related to climate risks and opportunities are overseen by senior management.

## A) BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

NI's Board of Directors is committed to overseeing the company's strategic priorities. The Audit Committee reviews compliance and environmental regulatory matters, as well as general risks that may have a material impact on NI's financial statements or disclosures.

## B) MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Senior management plays a critical role in evaluating NI's climate-related risks, identifying climate-related opportunities, and establishing climate-related goals and strategies. There are two key management-level committees and roles that guide NI's approach:

### CORPORATE IMPACT COUNCIL

When we launched our 2030 Corporate Impact Goals, NI also created the Corporate Impact Council to provide strategic guidance and accountability to those goals. The Council includes various members of the Executive Leadership Team, representing all parts of the business.

The Council meets quarterly and is tasked with championing corporate impact initiatives while evaluating risks and opportunities. The agenda is set jointly between the Council and the Corporate Impact Team. Appropriate senior management engages via the Corporate Impact Team, and, in the future, via the Sustainability Steering Committee.

### SUSTAINABILITY STEERING COMMITTEE

In mid-2023, NI plans to create a Sustainability Steering Committee. Chaired by the Head of Sustainability and made up of senior-level representatives from across the company, the Sustainability Steering Committee's role will be to provide cross-functional support and decision-making to drive NI's commitment to engineering a healthy planet. Members represent the various

programmatic areas to set short-term targets, evaluate risks, share information, coordinate actions, and review progress.

The Steering Committee will have three associated work groups: Zero Waste, Circular Design, and Climate work groups. These work groups include subject matter experts and decision-makers from various parts of the business focused on specific Healthy Planet goal areas and they report their progress to the Steering Committee.

# Strategy

Climate change and its effects are already being felt around the planet. Our work with customers who are revolutionizing their industries and bringing sustainable solutions to market provides us an opportunity to do well by doing good. Resilience – the ability to adapt and thrive in the face of these changes – is critical.

As a company, we believe in being bold, being kind, and being connectors. These values guide our strategies. In 2022, NI set a new goal to become a climate-neutral company by 2030, with an ongoing commitment to protect biodiversity each year. We define climate neutral to mean Scope 1+2 greenhouse gas emissions as we have direct control over these. While we are committed to reducing our material Scope 3 emissions, we have not yet established a goal – progress on this exercise will be shared in future reporting.

As one part of our strategic planning, we conducted in 2022 a series of assessments with various parts of the business to understand our resilience in the short-, medium-, and long-term.

The outcome of these assessments supported our working thesis: that NI as a company will need to navigate transition risks in the foreseeable future, and that – longer term – we must also plan for physical risks, especially related to the communities we call home.

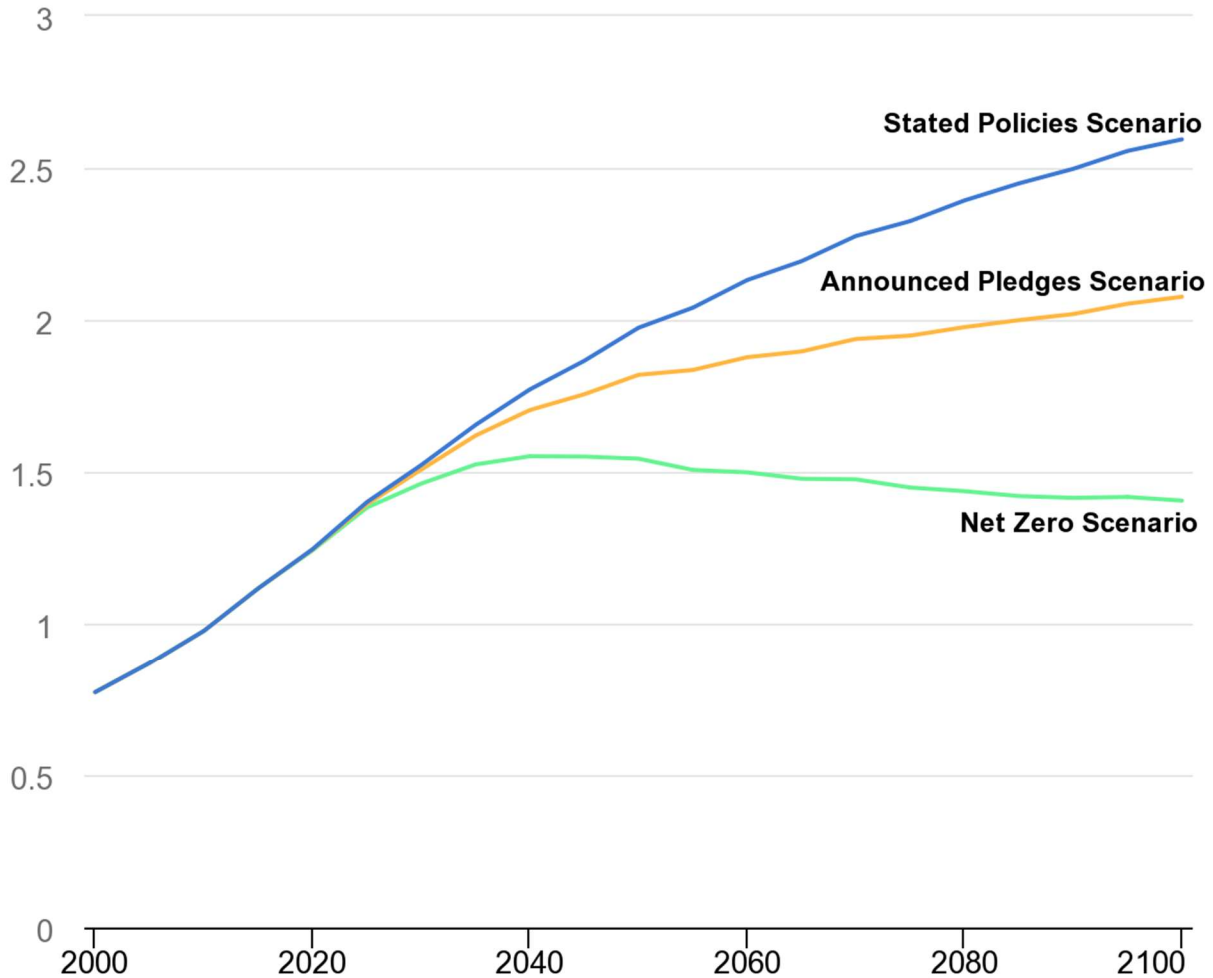
This insight confirms our belief that achieving climate neutrality is a goal we must work toward diligently – all the while enabling the innovations that customers will use as we all work to decarbonize the future.

## METHODOLOGY: CLIMATE SCENARIOS

In order to identify our risks and opportunities, we presented three scenarios created by the International Energy Association and based on the outputs of MAGICC 7+ for their [2022 World Energy Outlook](#):

- **Net Zero Emissions by 2050 Scenario**, which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO<sub>2</sub> emissions by 2050.
- **Announced Pledges Scenario**, which assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, will be met in full and on time.
- **Stated Policies Scenario**, which reflects current policy settings based on a sector-by-sector assessment of the specific policies that are in place, as well as those that have been announced by governments around the world.

## GLOBAL MEDIAN SURFACE TEMPERATURE RISE



IEA Analysis Based on Outputs of MAGICC 7+ ([SOURCE](#))

We evaluated the upstream, direct operations and downstream potential impacts in each of the three scenarios through the lens of our climate-neutral goal, looking at both transition risks and physical risks.

### A) CLIMATE-RELATED RISKS AND OPPORTUNITIES: SHORT, MEDIUM, AND LONG TERM

Our scenario analysis provides a deeper understanding of the potential impact of climate change and how that may affect our company. In each of the sessions, we evaluated our resilience in the

short-term (next 2-3 years), medium-term (through 2030) and long-term (2030 and beyond). For our evaluation, we looked at three categorical risks/opportunities:

Physical	Transition – Market	Transition – Reputation
Acute and chronic weather changes and events	Increased adoption of low-carbon technologies	Increased stakeholder concern over climate action
Realization of acute/chronic weather changes and subsequent events in Penang	Increase in cost to purchase low- and zero-carbon materials and to produce products that use much less energy	Increased stakeholder concern over climate action
Realization of acute/chronic weather changes and subsequent events across our supply chain	Increased adoption of low-carbon technologies	
Realization of acute/chronic weather changes and subsequent events across the marketplace	Increase in production of electric vehicles and battery technologies, sustainable aerospace products, and semiconductors	

## B) IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON BUSINESS STRATEGY AND FINANCIAL PLANNING.

### PHYSICAL RISKS/OPPORTUNITIES

**Risk #1: Realization of acute/chronic weather changes and subsequent events in Penang, Malaysia**

Disruption to productivity in Malaysia is an important climate-related risk facing NI. Our manufacturing facility is one our largest sites in terms of square footage and the number of employees. Under all scenarios, the area faces extreme weather challenges as global temperatures rise.

The monsoon season is starting earlier in the year and flooding is getting noticeably worse and threatens to damage infrastructure and private property. In 2020, for example, flooding caused a partial shutdown of NI’s site as many workers could not get to or from our location. Based on IPCC projections, our factory is projected to be below the flood zone by 2050.

This is all exacerbated by an anticipated rise in temperatures. According to the UCCRN’s Future of Cities Technical Report, Malaysia’s urban areas, which were not at risk from heat stress in 2000, could anticipate as many as 200 days per year with heatwaves in 2050 under the Stated Policies and Adopted Pledges scenarios. Heat waves will likely reduce livability and productivity, challenging our labor force and our ability to hire and retain top talent. The Net Zero scenario should see a somewhat reduced impact, but will still face many of these potential physical risks.

#### ANTICIPATED IMPACT

Financial impacts are expected to be minimal in the short term, increasing as we get to 2050 and beyond in all scenarios. This could include facilities upgrades, higher insurance premiums, impacted employee health and wellbeing, and potential recovery costs after disasters.

Also, while we anticipate the most acute impacts in our existing footprint would occur in Malaysia, we recognize that none of the NI facilities is immune to the impacts from extreme weather events. This currently includes our other three owned facilities (in the UK, Hungary and Austin, TX) as well as major locations in diverse areas around the globe.

#### APPROACH

Today, the impacts are minimal, but not zero. Penang's airport is in a high-risk flood zone and experienced a flooded concourse in September 2022 after flash flooding. Our facilities team actively manages the risks today and has business continuity plans in place, but we need to do additional mitigation and adaptation planning for anticipated long-term impacts.

#### ***Risk #2: Realization of acute/chronic weather changes and subsequent events across our supply chain***

Acute and chronic weather events across NI's global supply chain could cause disruptions in goods and services being delivered, as well as increased costs for those goods and services. Additionally, water scarcity is a risk for some of our suppliers who rely heavily on groundwater draws for processing materials.

These risks are accentuated by the global nature of our supply chain. Impacts felt in one geography often likely will have an effect on other geographies as material scarcity, lost productivity, shut downs, and transportation challenges could delay manufacturing and customer delivery. Any of these could have a material adverse effect on our financial condition.

#### ANTICIPATED IMPACT

We have already seen that extreme weather events can disrupt the efficient flow of goods and services in the supply chain. As these events increase in both number and intensity, we expect delays. The risks and impacts are greater under the Stated Policies and Adopted Pledges scenarios, but the Net Zero scenario likely will still see an increase in instances of acute weather events and long-term shifts in temperature and precipitation. Beyond the disruptions to logistics and productivity, the long-term changes may also affect suppliers who rely heavily on groundwater draws for processing materials.

#### APPROACH

We conduct a risk analysis of our suppliers across multiple categories; these analyses are reviewed regularly. Additionally, we expect our suppliers to adhere to the same environmental standards that NI does, which are designed to mitigate our impact on the environment.



***Opportunity #1: Realization of acute/chronic weather changes and subsequent events across the marketplace***

An increase in global temperatures and climate-related physical risks will likely lead to events that destabilize social order and threaten security. Food insecurity, resource shortages and natural disasters will likely lead to climate migration, civil unrest, and potential conflicts over resources.

These risks may increase the need for countries to defend themselves. Similarly, these risks may also increase the need for countries and other entities to coordinate disaster relief efforts and provide humanitarian aid. The risks scale with time as the effects are compounded and community resilience – particularly among the poorest nations – breaks down.

**ANTICIPATED IMPACT**

While the unrest is a potential risk to our operations and those of our suppliers, there is an inherent opportunity with customers that make products that require extensive test and measurement – geospatial satellites, for example – that provide positioning, imaging, and space-based communications.

**APPROACH**

NI helps enable these technologies needed for a country’s national defense. Military technologies, satellites, and space-based internet connectivity can play a major role in predicting and monitoring climate events as well as coordinating disaster relief efforts.

## **TRANSITION RISKS/OPPORTUNITIES - MARKET**

***Risk #1: Increase in cost to purchase low- and zero-carbon materials and to produce products that use much less energy***

We believe that, as the urgency of climate change increases, so too will the attempts to mitigate the damage. This could lead to regulations dictating material and performance standards as well as increased taxation of various commodities and services. We expect that, across time, incentives to decarbonize the economy will shift to regulation and taxation to impose limits and fund programs.

Under the State Policies scenario, this increase is likely to be minimal – as will be the impact. While the use of low-carbon or recycled-content materials may be rewarded, there would be less urgency for adoption. It would increase with the Announced Pledges scenario, as would costs to source materials with higher recycled content and lower process emissions. In the Net Zero scenario, the extent and effect of regulations that require low- and zero-carbon materials, recycled content and energy-intensity standards would increase dramatically.

**ANTICIPATED IMPACT**

At NI, we purchase a wide variety of materials and supplies, as well as energy, freight, and other services, from across the globe. As climate change intensifies, we expect an increase in cost for commodities and services as regulation puts financial pressure on our suppliers and they pass along potentially significant costs, especially in the Net Zero scenario. Additionally, as regulation drives decarbonization and the need for low-carbon and recycled-content materials, we expect there could be some scarcity of key materials as manufacturers vie for the same sources.

Changes in material use may require new design approaches to accommodate recycled-content materials. Our design teams, too, would be expected (especially in the Net Zero scenario) to meet energy intensity standards for our products. These shifts in design and development would be dependent on the extent of the possible regulation, but could require funding that is not currently planned. Early adoption could mitigate some of the cost increases.

#### APPROACH

NI is already working on ways to deliver test and measurement using less energy. We are also investing in some low-carbon and recycled-content materials for products and packaging and will need to ramp that up in the coming decade. We monitor and work with our suppliers to understand the potential impacts of decarbonization on the cost and availability of materials in the future.

#### ***Risk #2: Increased adoption of low-carbon technologies***

Both regulation and the marketplace continue to drive a transition to low-carbon technologies. Increasing fuel standards, changes in building requirements, and an evolution of consumer demand are driving interest in low- and zero-carbon materials and services. This is matched by expectations from employees that want to work for companies that are leading the way in decarbonizing the future.

Businesses are increasingly expected to adopt these technologies as standard business practices. This leads to additional costs as old fleets are replaced with electric vehicles, buildings are renovated, retrofitted or replaced, and services of all kind are sourced increasingly from low-carbon providers.

#### ANTICIPATED IMPACT

With NI's climate neutral goal in place, we expect this shift will need to happen regardless of scenario and that the cost for NI to move to 100% electric vehicles and zero-carbon buildings, for example, could be significant. In the Stated Policies scenario, we expect minimal financial incentives but also few financial penalties for not making this shift. With the Announced Pledges scenario, there would be additional incentives and eventual penalties that will affect future purchasing as well as decisions about facilities.

In the Net Zero scenario, NI expects increased incentives to eventually give way to taxes and penalties that could be significant. This would force extensive adoption. We believe early investments would provide savings in the form of reduced energy use and fuel consumption and earlier alignment to likely regulations. These investments, however, would mean significant up-front costs to NI's operational and/or capital budgets above current state.

#### APPROACH

NI's climate-neutral goal will help drive our efforts to modernize equipment, invest in efficiency measures, and adopt renewable electricity purchases. Additionally, we have commitments to building (and retrofitting) our owned buildings to LEED and WELL standards. Both are helping us address this risk early while delivering on our goals, and we expect the early adoption to provide a return on the investment. We expect this process to continue through 2030 and beyond.

### ***Opportunity #1: Increase in production of electric vehicles and battery technologies***

As society transitions away from internal combustion engines, the demand for electric and autonomous vehicles is expected to increase significantly. This is creating a “race to the top,” with traditional companies investing heavily in research and development and new companies continuing to enter the marketplace. This transition goes well beyond passenger vehicles and extends to transportation, heavy industry, and military equipment.

This increased demand is creating an associated demand in the marketplace for technologies to support electric vehicles and the overall electrification of the economy – battery storage, charging stations, wireless communications to facilitate automation, and renewable power generation.

#### **ANTICIPATED IMPACT**

We see tremendous growth in this space that is already being realized. We believe that growth will continue as the world expands its preference for electrified transportation and logistics and the need grows for related infrastructure.

The Net Zero scenario would provide the biggest opportunity as rapid, full-scale decarbonization would be required – 60% of global car sales (by 2030) and 50% of heavy trucks (by 2035) would be expected to be electric.

The Stated Policies and Announced Pledges scenarios would still present strong opportunities as many countries have already announced commitments to zero-emission vehicles and several of our customers have committed to EV targets and goals.

#### **APPROACH**

NI's transportation business unit works closely with large vehicle manufacturers to help them test and validate electric and autonomous vehicle technology. This includes helping them modernize their battery test labs. NI has solutions installed at more than 80 OEMs and Tier 1 suppliers, with more than 20,000 battery test channels installed worldwide and decades of success automating test tasks. This helps customers accelerate time to market, reduce costs and optimize their test operations.

### ***Opportunity #2: Increased production of sustainable aerospace technologies***

We owe much of what we know now about climate change to the images and measurements provided by low-earth satellites and their observation capabilities. Their role continues to increase, providing the ability to spot illegal resource extraction, sense and measure greenhouse gas emissions, predict and track extreme weather events, and best situate wind farms or optimize crop yields – among many others.

The ability of these satellites also to provide space-based communication offers a further promise to enable the connectivity needed to facilitate the digital revolution under way. It also provides critical network resources that aid disaster relief coordination and post-disaster needs assessments.

At the same time, it's hard to get anything off the ground without fuel. The aviation industry is seeking breakthrough innovations in sustainable aviation fuels, redesigned highly efficient aircraft, and electric and hydrogen-powered engines. With the number of flights expected to grow by 3-7x by 2050 and aviation already accounting for more than 2% of all emissions, the industry is hard-

pressed to achieve its net zero by 2050 ambitions. This is requiring innovation and re-design that will shape the flight's future in the form of automation, digitization, sustainable materials use, and more.

#### ANTICIPATED IMPACT

The increase in use of NI technologies by aerospace manufacturers to bring more low-carbon and climate change-related products to market is under way. As the industry works to decarbonize and develop new technologies, we have an opportunity to provide test and measurement solutions that bring these products to market quickly.

The Net Zero scenario provides the biggest opportunity for NI to increase revenue, as there will be the greatest push to reduce emissions from aerospace manufacturing and the greatest need for the emissions-related measurement and monitoring and other functions space-based technologies can provide.

#### APPROACH

NI has already helped customers develop and deploy space-based technologies to track temperatures, deforestation, greenhouse gas emissions, and other climate-related measures and events. This is an area of focus for our Aerospace, Defense and Government group. We've also helped test hydrogen-based engines with customers and continue to explore ways to partner with customers and others to drive sustainable solutions.

### ***Opportunity #3: Increase in use of semiconductors as society decarbonizes***

Semiconductors are at the foundation of modern technology. As organizations around the world work to address climate change, semiconductors will continue to enable the acceleration and adoption of sustainable technologies.

Efforts to achieve smaller form factors, greater energy efficiency and sustainable materials use are reducing the greenhouse gas footprint of the semiconductor value chain. These efforts are driven by continual innovation within companies' own manufacturing and materials choices.

#### ANTICIPATED IMPACT

Society is moving towards a more digital world, creating an increased demand for semiconductors – annual sales grew by more than 20 percent, to about \$600 billion in 2021, and it is expected to reach \$11 trillion by 2030. Many manufacturers are already designing with a low-carbon future economy in mind and we expect this to continue to grow. This provides a long-term opportunity for NI to increase revenue from our semiconductor business unit, as well as from the many other businesses that NI serves who use semiconductors extensively, including the automotive and wireless industries.

Additionally, as the semiconductor industry itself looks to decarbonize, it will increasingly look to its suppliers to reduce their greenhouse gas footprint.

#### APPROACH

NI works with the industry to support these new technologies alongside the electrification and digitization of society. Internet of Things (IoT) and the infrastructure to support will be a key driver of

a low-carbon economy, providing excellent opportunities for test and measurement as companies prioritize environmental issues and design in their products.

NI has already committed to net-zero greenhouse gas emissions by 2030 for Scopes 1+2, supporting our own goals while making us a good partner to customers who are looking to reduce the greenhouse gas footprint of their supply chains.

## TRANSITION RISK/OPPORTUNITY – REPUTATIONAL

### ***Risk/Opportunity #1: Increased stakeholder concern over climate action***

Climate change is a global threat. The incidence of extreme weather events is visibly increasing and long-term impacts on biodiversity, ocean health, and livability are coming into sharper focus. The world is increasingly waking up to the realization that promises and goals are not worth much if not backed by action and progress.

As consumer and corporate views on a brand's responsibility to be part of the solution evolve, so too will their purchasing decisions. Companies that are actively addressing climate change with intention and honesty will be rewarded; laggards will face increasing market difficulties.

#### IMPACT

Every year we see more customers asking suppliers to answer questions and make commitments about their emissions. Customers may scrutinize NI's response and choose not to do business with us – or our actions may give us a competitive advantage.

NI's response to climate change could also have positive or negative impacts on our ability to attract and retain a talented workforce. Many people are looking to align their values with their place of employment, and NI's efforts to address climate change will define how those job seekers and current employees look at us.

#### APPROACH

NI is committed to engineering a healthy planet. We have set an ambitious goal to become a climate-neutral company by 2030, operating in a way that produces no net greenhouse gas emissions (Scope 1+2). We believe strongly in the “less net, more zero” concept and are actively working to reduce our footprint through increased efficiency, a switch to electric vehicles and renewable energy, and conversion of heating away from natural gas where possible. Additionally, we are working on reducing the energy intensity of our products and we are committed to circular design strategies to reduce resource needs.

## C) POTENTIAL IMPACT OF DIFFERENT SCENARIOS, INCLUDING A 2°C SCENARIO, ON BUSINESS STRATEGY AND FINANCIAL PLANNING

The analysis above shows that, without taking action, NI faces a moderate risk in terms of both physical and transitional factors. In the short term, the climate-related challenges and opportunities

are minimal, but the actions we (and the rest of the planet) take now will define the road ahead. We continue to evaluate the risks and opportunities and are formulating a long-term climate transition strategy. We already have set a net-zero Scope 1+2 emissions goal for 2030 and encourage all other businesses to join us in setting similar goals.

In the Stated Policies scenario, we would face increasing physical risks that will have a negative impact on our operations, our supply chain, and the marketplace as a whole. In the Announced Policies scenario, we would expect similar though slightly less frequent/severe physical risks with an increase in our transition risks and opportunities. The Net Zero scenario would see the least physical risk while it would greatly increase our transition risks and opportunities. In all scenarios, we expect supply costs to increase, scaling faster in the Stated policies and Announced Pledges scenarios.

# Risk Management

## A) PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Risk management, as a function at NI, is decentralized and integrated into business unit operations. We provide an annual assessment to the Board of Directors that includes any risks related to environmental and social issues.

NI is continuing to refine our risk management processes related to climate change. Our most recent [materiality assessment](#) showed climate issues to be among the top 10 aspects (with clear links to most of the other aspects, including responsible design, human needs and disaster relief, and even economic equality).

In 2022, we conducted a series of assessments with various parts of the business to best understand their view of the risks their part of the business have related to climate change. In addition to continuing such scenario analyses, we plan to stand up a Sustainability Steering Committee. Part of this group's charter will include reviewing, understanding and prioritizing the ongoing and emerging climate risks.

## B) PROCESSES FOR MANAGING CLIMATE-RELATED RISKS

Identified climate risks are prioritized and managed by the business units within NI on an on-going basis. Top enterprise-level risks are communicated to the Board of Directors annually as part of our overall risk management process. Management of these risks occurs at the business unit level, with various teams coordinating responses as necessary.

Acute and chronic physical risks, for example, are managed by our facilities and procurement teams, among others. They have business continuity plans in place in the event of an extreme weather event and work with other teams throughout the company, like communications, manufacturing and HR, to coordinate appropriate responses.

We manage our reputational risks through transparent reporting, meaningful partnerships and a growing culture of sustainability among our employees. Please see NI's most recent [CDP report](#) for more information. Market risks, including changing policies, customer requirements, supply challenges and technological innovation, are closely monitored for appropriate responses by the affected business units.

The Sustainability Steering Committee will play an important role in coordinating the identification, prioritization and mitigation of climate risks once it is established.

## C) PROCESSES FOR IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND HOW THEY ARE INTEGRATED INTO THE ORGANIZATION'S OVERALL RISK MANAGEMENT

NI has integrated climate-related issues into the ongoing, decentralized risk management functions within the business. For example, as part of ISO 14001 certification, we regularly evaluate risks – including climate change – as a part of our management system. NI is evaluating cross-functional governance of sustainability issues through the envisioned Sustainability Steering Committee in 2023, and this would include climate change as a key issue.



# Metrics & Targets

## A) METRICS USED TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES IN LINE WITH STRATEGY AND RISK MANAGEMENT PROCESS

NI provides absolute GHG emissions data for Scopes 1, 2 and select Scope 3 categories, measured in metric tons of CO<sub>2</sub>e and calculated using the Greenhouse Gas Protocol (Revised Edition). We provide both location-based and market-based data for Scope 2. At present, we get 35% of our electricity from renewable sources. All of this data is included in our annual corporate impact report. Additionally, we report our emissions data to CDP.

At present, NI does not measure the amount or percentage of revenue or other business activities vulnerable to climate-related risks or aligned to climate-related opportunities. No executive management remuneration is linked to climate considerations and we do not have an internal price on carbon.

## B) SCOPE 1, SCOPE 2, AND SCOPE 3 GREENHOUSE GAS (GHG) EMISSIONS

Scope/Category	Description	2022 GHG Emissions (MTCO <sub>2</sub> e)
Scope 1	Direct Emissions	906
Scope 2	Indirect Emissions (market-based)	15,458
Scope 3	Indirect Emissions	
Category 1	Purchased Goods & Services	170,601
Category 3	Fuel & Energy (T&D losses)	1,031
Category 5	Waste	356
Category 6	Business Travel	3,381
Category 7	Employee Commuting	3,234
Category 9	Downstream Transportation & Distribution	7,876

## C) TARGETS USED TO MANAGE CLIMATE-RELATED RISKS AND OPPORTUNITIES, AND PERFORMANCE AGAINST TARGETS

NI has a goal to become a climate-neutral company by 2030. We base this ambition on achieving net-zero Scope 1 and Scope 2 greenhouse gas emissions. We are in the process of identifying interim targets, such as for the percentage of renewably sourced electricity. Additionally, we consider Scope 3 emissions to be an important part of our overall footprint and are working toward identifying, measuring and reducing the most material categories.

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This report document contains certain forward-looking statements of NI, including statements about our strategy; what our goals are, how we plan to attain them, and our efforts to attain them; our commitments; and our perceived opportunities. These statements are subject to a number of risks and uncertainties, and actual results may differ materially from any future results expressed or implied by the forward-looking statements. Risks and uncertainties include without limitation: the global shortage of key components; effect of the global economic and geopolitical conditions; our international operations and foreign economies; adverse public health matters, including epidemics and pandemics such as the COVID-19 pandemic; our ability to effectively manage our partners and distribution channels; interruptions in our technology systems or cyber-attacks on our systems; the dependency of our product revenue on certain industries and the risk of contractions in such industries; concentration of credit risk and uncertain conditions in the global financial markets; our ability to compete in markets that are highly competitive; our ability to release successful new products or achieve expected returns; the risk that our manufacturing capacity and a substantial majority of our warehousing and distribution capacity are located outside of the U.S.; our dependence on key suppliers and distributors; longer delivery lead times from our suppliers; risk of product liability claims; dependence on our proprietary rights and risks of intellectual property litigation; the continued service of key management, technical personnel and operational employees; our ability to comply with environmental laws and associated costs; our ability to maintain our website; the risks of bugs, vulnerabilities, errors or design flaws in our products; our restructuring activities; our exposure to large orders; our shift to more system orders; our ability to effectively manage our operating expenses and meet budget; fluctuations in our quarterly results due to factors outside of our control; our outstanding debt; the interest rate risk associated with our variable rate indebtedness; seasonal variation in our revenues; our ability to comply with laws and regulations; changes in tax rates and exposure to additional tax liabilities; our ability to make certain acquisitions or dispositions, integrate the companies we acquire or separate the companies we sold and/or enter into strategic relationships; risks related to currency fluctuations; provisions in charter documents and Delaware law that delay or prevent our acquisition; and risks related to our strategic review process. NI directs readers to its form 10-k for the year ended December 31, 2022, and the other documents it files with the SEC for other risks associated with the company's future performance. These documents contain and identify important factors that could cause our actual results to differ materially from those contained in our forward-looking statements. You should not place undue reliance on any of these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.