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# Audit Committee Charter

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VERSION DATE

Amended on October 28, 2020

APPROVED BY

Board of Directors

## I. PURPOSE

The Audit Committee shall provide assistance to the Board of Directors (Board) in fulfilling its responsibility to the stockholders relating to corporate accounting, financial reporting practices of National Instruments Corporation (NI), and the quality and integrity of the financial reports of NI. The purposes of the Audit Committee of the Board shall include overseeing the accounting and financial reporting processes of NI and the audits of the financial statements and internal controls of NI. It is the responsibility of the Audit Committee to maintain a free and open means of communication between the directors, the independent auditors, the internal auditor, and the financial management of NI.

## II. MEMBERSHIP REQUIREMENTS

The Board shall elect from its members an Audit Committee of at least three members. The Board shall also appoint a Chairman of the Audit Committee. The Audit Committee members must meet the following requirements (as well as any other criteria required by applicable SEC or Nasdaq rules):

### ***2.1 Independence.***

Each member will be an independent director, as defined in (i) Nasdaq Rule 5605, (ii) Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and (iii) the rules and regulations of the SEC. Without limiting the foregoing:

- 2.1.1 Members must not be an employee of NI or any affiliate within the past three years.
- 2.1.2 Members must not be a Family Member (as defined in Nasdaq Rule 5605) of an NI executive officer who currently serves in that role or did so in any of the past three years.
- 2.1.3 Members may not receive compensation (including consulting, advisory or other compensatory fees), other than compensation for Board or Board committee service, benefits under a tax-qualified retirement plan or non-discretionary compensation.
- 2.1.4 Members or their Family Members must not be a partner, controlling shareholder, or executive officer of any for-profit business that receives payments from or makes payments to NI. This applies where the payments, other than solely from the investments in NI's securities, in any of the past three years exceeded the greater of 5% of either organization's consolidated gross revenues for the year or \$200,000.

- 2.1.5 A member or their Family Members must not be an executive of another corporation that has on its compensation committee an NI executive in any of the past three years.

## **2.2 Qualifications.**

Each member must be able to read and understand fundamental financial statements, including a balance sheet, income statement, and cash flow statement. A member must not have participated in the preparation of the financial statements of NI or any current subsidiary of NI at any time during the past three years.

## **2.3 Audit Committee Financial Expert.**

At least one member shall qualify as a financial expert under the Nasdaq and SEC rules and regulations. As more fully defined by applicable SEC requirements, an “audit committee financial expert” shall have all of the following attributes:

- 2.3.1 An understanding of generally accepted accounting principles and financial statements;
- 2.3.2 The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves;
- 2.3.3 Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by NI’s financial statements, or experience actively supervising one or more persons engaged in such activities;
- 2.3.4 An understanding of internal controls and procedures for financial reporting; and
- 2.3.5 An understanding of audit committee functions.

## **III. DUTIES AND RESPONSIBILITIES**

It shall be the duty of the Audit Committee to perform the following duties and responsibilities:

### ***Oversight of the Company’s Relationship with Independent Auditors***

- 3.1 In its sole authority, appoint, compensate, retain and oversee the work of any independent public accountant engaged (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for NI. The independent auditor must report directly to the Audit Committee;
- 3.2 Ensure the receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and NI, consistent with the Public Company Accounting Oversight Board (“PCAOB”) Rule 3526, Communication with Audit Committees Concerning Independence, as it may be modified or supplemented. The Audit Committee is responsible for actively engaging in a dialogue with the independent auditor with respect to any disclosed

relationships or services that may impact auditor objectivity and independence of the independent auditor and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor (including matters related to NI's hiring of any current or former employees of the independent auditor). In making this evaluation of the independence and qualifications of the independent auditor, the Audit Committee will assure the regular rotation of the lead audit partner every five years as required by law;

- 3.3 Administer the engagement of the independent auditor at least annually. The Audit Committee shall routinely review services provided by the independent auditor and pre-approve all audit and non-audit services provided to NI by the independent auditor. In this regard, prior to the engagement of the independent auditor for any audit or non-audit service, the engagement must be either (i) approved by the Audit Committee (or an authorized member of the Audit Committee) or (ii) entered into pursuant to pre-approval policies and procedures established by the Audit Committee, provided the policies and procedures are detailed as to the service, the Audit Committee is informed of each service, and such policies and procedures do not include delegation of the Audit Committee's responsibilities to management;
- 3.4 On an annual basis, discuss with representatives of the independent accounting firm the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees issued by the PCAOB, as such standards may be modified or supplemented.
- 3.5 Review with management any differences of opinion with the independent auditor over a significant accounting issue which has led management to seek a second opinion from another independent public accounting firm;

***Oversight of the Company's Internal Audit Function, Accounting Systems and Internal Controls***

- 3.6 Review the internal audit function of NI including the independence and authority of its reporting obligations, the proposed audit plans for the coming year, and the coordination of such plans with the independent auditor;
- 3.7 Appointing, replacing and setting the compensation of NI's most senior internal audit employee, after consultation with NI's Vice President of Finance as appropriate; NI's internal audit function shall report to the Audit Committee;
- 3.8 Review with the independent auditor, internal auditor and management, the nature and adequacy of NI's accounting system and practices and its systems of internal controls, including any material changes, significant deficiencies or material weaknesses in those controls reported by the independent auditor, internal auditor or management, their respective evaluations of and recommendations on NI's internal controls, and any special audit steps adopted in light of such matters;
- 3.9 Review with the independent auditor, internal auditor and management the adequacy of internal and external audit activities to provide reasonable assurance that material instances of fraud, illegality, errors, and irregularities are detected and appropriately corrected;

- 3.10 Review internal control policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor and the internal auditor;

### ***Financial Statements and Disclosure Matters***

- 3.11 Review the audited financial statements for NI, the reports of the independent auditor on NI's financial statements and internal controls, and the financial statements and supplemental schedule for the National Instruments 401(k) plan with management and the independent auditor including any changes in the audit plan or expansion of audit scope and any disputes and difficulties in the audit. Review the nature and extent of any significant changes in accounting principles or the application thereof, reserves established or adjustments reflected therein;
- 3.12 As applicable, review with the independent auditor their comments, both written and oral, to management regarding the annual examination of NI's financial statements and internal controls and the adequacy of management's response;
- 3.13 Exercise general oversight of NI's financial reporting processes; maintain general familiarity with financial reporting practices and accounting standards and principles followed by NI; review with the independent auditor and management significant developments in accounting and financial reporting standards and requirements and their impact or potential impact upon NI;
- 3.14 Review filings with the SEC containing NI financial information (including reports on Form 10-K and Form 10-Q) and confirm with management whether the information contained in these documents is consistent with the information contained in the financial statements;
- 3.15 Review with management and, as appropriate, the independent auditor and internal audit, the annual and quarterly financial results before they are filed with the SEC;
- 3.16 Designate certain officers and/or employees of the Company as Authorized Traders with respect to foreign exchange transactions, in compliance with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act;
- 3.17 Review financial data and other material information provided to rating agencies, if applicable.
- 3.18 Include the reports and statements required by SEC rules in NI's annual proxy statement;
- 3.19 Provide written confirmation to Nasdaq on audit committee member qualifications and related Board determinations, as well as the review and re-evaluation of this Audit Committee Charter as required by applicable rules;

### ***Ethics, Compliance and Risk Oversight***

- 3.20 Review with management, the internal auditor and the independent auditor, NI's significant financial risk exposures and assess the steps management has taken

to mitigate those exposures, including adequacy of insurance coverage, management of foreign exchange risk, Foreign Corrupt Practices Act compliance risk, and the company's guidelines and policies with respect to risk assessment and risk management;

- 3.21 Review with management, the internal auditor and the independent auditor, cybersecurity and other risks relevant to NI's computerized information system controls and security;
- 3.22 Review, discuss and oversee the process by which NI assesses, manages and reports risk-related matters and actions taken to mitigate such risks, and review and discuss with NI management and the independent auditors those risks that are likely to have a material impact on the Company's financial statements or disclosures;
- 3.23 Monitor compliance with NI's Code of Ethics and review such reports as may be required under such policies or otherwise directed by the Board;
- 3.24 Review with NI's General Counsel, independent auditor, and management litigation and other legal matters and regulatory matters which may be material to NI's financial condition or operations;
- 3.25 Review with NI's management, the reports on compliance with regulatory matters including environmental, equal employment opportunity and SEC regulations;
- 3.26 Review policies relating to avoidance of conflicts of interest and conduct appropriate review and oversight on an ongoing basis of all related party transactions as such term is defined pursuant to SEC Regulation S-K, Item 404;
- 3.27 To the extent required by applicable SEC or Nasdaq rules, establish a policy to promote and protect employee reporting of (i) suspected fraud or wrongdoing relating to accounting, auditing or financial reporting matters and (ii) complaints and concerns regarding a violation of the federal securities laws, including (A) receiving, retaining and addressing complaints received by the Company relating to such matters; (B) enabling employees to submit on a confidential and anonymous basis, any concerns regarding such matters; and (C) protecting reporting employees from retaliation;

### **General**

- 3.28 Maintain free and open communication with the independent auditor, internal auditor and legal counsel; ensure that the independent auditor is instructed to communicate directly with the Audit Committee regarding any matter which, in their judgment, has not been satisfactorily resolved with management; also the independent auditor is to communicate all matters necessary as required by Auditing Standard No. 1301, *Communications with Audit Committees*;
- 3.29 Report the activities of the Audit Committee through its Chairman to the Board following meetings of the Audit Committee;
- 3.30 Meet privately with the independent auditor, internal auditor and management, each of whom shall have unrestricted access to the Audit Committee; and

- 3.31 Review and assess the adequacy of this Audit Committee Charter at least annually.

#### **IV. AUTHORITY AND POWERS**

- 4.1 The Audit Committee shall have and may exercise all the powers and authority of the Board in connection with the performance of its duties and responsibilities, including the authority to call upon NI's officers and employees for such assistance and support as it deems appropriate, and to engage such independent counsel and other advisors as it deems necessary to properly discharge its responsibilities. NI shall provide appropriate funding, as determined by the Audit Committee, for payment of compensation (i) to the independent auditors for the purpose of rendering or issuing audit reports on NI's financial statements and internal controls or performing other audit review or attest services, (ii) to any legal, accounting or other advisors employed by the Audit Committee and (iii) for ordinary administrative expenses of the Audit Committee necessary or appropriate to carry out its duties.
- 4.2 The Audit Committee shall have such additional authority and duties as the Board by resolution shall prescribe.

#### **V. MEETINGS**

The schedule of Audit Committee meetings shall be set at the discretion of the Audit Committee, and the Audit Committee may meet in person, by telephone, or video conference. A majority of the total number of then-serving Audit Committee members constitutes a quorum, and if a quorum is present, a majority of the members of the Audit Committee present is empowered to act on behalf of the Audit Committee. Minutes are kept of each meeting of the Audit Committee, and the Audit Committee must regularly provide reports of its actions to the Board. Authority may be delegated to subcommittees or the Chairman of the Audit Committee when deemed appropriate and in the best interests of NI and when such delegation would not violate applicable law, regulation or Nasdaq or SEC requirements. The Audit Committee has the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of NI's bylaws that are applicable to the Audit Committee. Any action required or permitted to be taken at any meeting of the Audit Committee or any subcommittee thereof may be taken without a meeting, without prior notice and without a vote, if all members of the Audit Committee or subcommittee, as applicable, consent thereto in writing by electronic consent and such consents will be filed with the minutes of the meetings of the Board. Prior to the amendments to this charter on October 28, 2020, the charter has been amended on October 23, 2019, January 23, 2019, April 26, 2017, January 27, 2016, February 27, 2015, February 28, 2014, March 6, 2013, April 25, 2008, December 20, 2006, March 16, 2005, March 24, 2004, March 19, 2003, March 20, 2002, March 24, 1999, March 19, 1998 and was initially adopted by the Board on June 22, 1994.