



2012

CORPORATE SOCIAL
RESPONSIBILITY

Annual Report



Northern Trust



VOLUNTEERISM. PHILANTHROPY. SOUND BUSINESS PRACTICES AND ETHICS.
AND A CONSERVATION-MINDED APPROACH TO PROTECTING THE ENVIRONMENT.

All are integral to Northern Trust’s culture of caring and form the foundation of our corporate social responsibility (CSR). Our commitment to a culture of caring means that by turning money into good works, we extend a helping hand to those who may be unable to care for themselves. We believe that being a responsible business directly contributes to our financial success, creates value for our global stakeholders, serves as a primary business strategy and strengthens our position as a market leader. We are dedicated to meeting the needs of our clients and shareholders, and serving as a responsible corporate citizen through support for the diverse communities and environments in which we live and work.

TABLE OF CONTENTS

OUR PLATFORM	3
MESSAGE FROM RICK WADDELL	5
MESSAGE FROM CONNIE LINDSEY	6
INTEGRITY IN GOVERNANCE	10
ETHICAL BUSINESS PRACTICES.....	23
RESPONSIBLE FINANCE	31
GLOBAL WORKFORCE.....	38
CONTRIBUTING TO THE COMMUNITY.....	50
ENVIRONMENTAL SUSTAINABILITY.....	60
BASIS FOR THIS REPORT	76
GRI CONTENT INDEX	79

All content, facts and statements in this report relate to Northern Trust's fiscal year 2012 (January 1-December 31), unless otherwise noted.

DRIVING PERFORMANCE RESPONSIBLY

In January 2012, Northern Trust resolved to deliver greater value to our clients and shareholders as we embarked on Driving Performance, a corporate-wide initiative to increase productivity while maintaining our differentiated client service experience. As a result, we generated a financial impact of roughly \$160 million in 2012, giving us confidence that we are on track to reach our overall goal of \$250 million in 2013.

While hitting our immediate financial target is critical, equally important is ensuring that improvements to performance are sustainable. As we look at how we operate, we must ask ourselves how we can further integrate socially responsible features into our practices.

New initiatives emerging from Driving Performance are expected to help advance Northern Trust's environmental stewardship across the organization. For instance, our approach to vendor negotiations incorporates environmental standards for suppliers to ensure that they balance profits with environmental conservation. In another effort, we retired obsolete printers as part of a company-wide undertaking to reduce paper waste and ink usage educating partners how to use the new equipment in more environmentally friendly and cost-effective ways.

By consistently communicating social responsibility expectations for our employees, we strive to engage them in a culture of awareness and education that helps us all realize the impact our actions have on the environment as well as the bottom line. Partners must ask themselves not only how their duties impact productivity in order to drive performance and improve profitability; but also how process improvements to monitor electricity usage, reduce paper, minimize risk and improve efficiency can help us decrease carbon emissions.

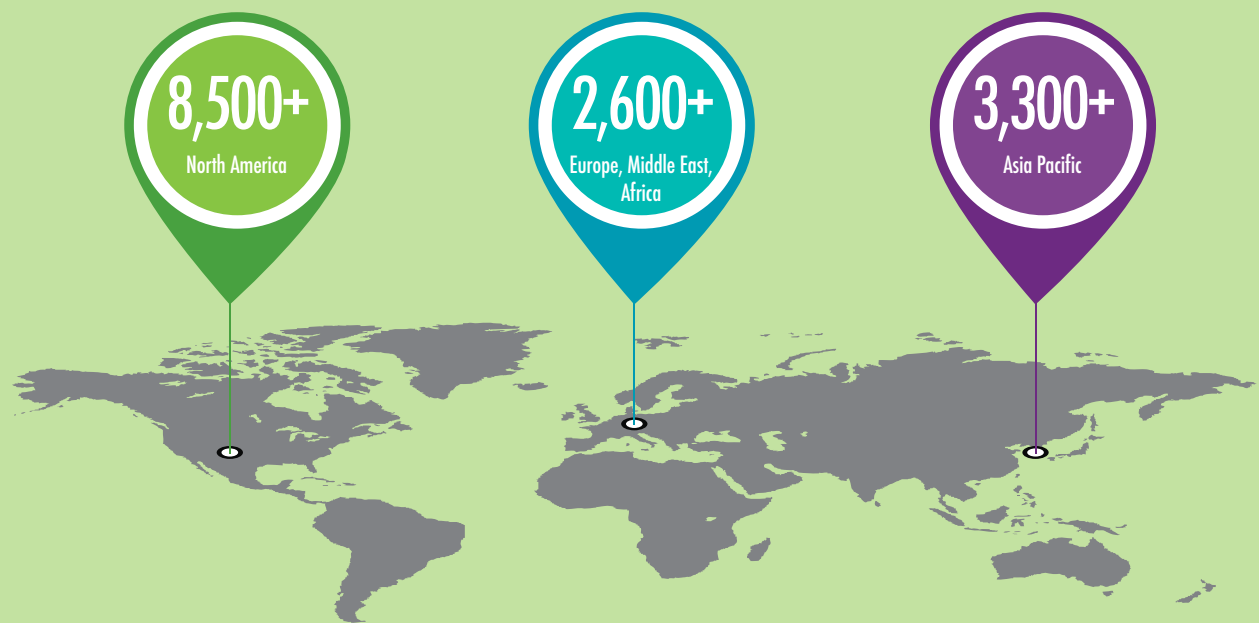
Corporate social responsibility is an integral part of our company's culture. And for our partners, it is important that as we examine how we spend, we focus on methods that not only reduce costs but also enable Northern Trust to continue its long-standing belief in conserving the environment.

NORTHERN TRUST

has earned recognition for being an innovative,
accountable and reliable steward of:



A diverse global workforce with **14,000+** partners, whose career growth, well-being and commitment to volunteering and community service we honor.



BUILDING OUR BUSINESS

Northern Trust's commitment to social responsibility begins with each of our 14,000-plus employees working together around the globe to drive our productivity responsibly. From controlling costs to delivering greater shareholder value to volunteering in the communities we serve – corporate social responsibility is embedded in our founding principles and put into practice daily. In three short years, our CSR practice has brought about substantial progress:

- We continue our membership on three leading indices – FTSE4Good, MSCI World ESG Index and the Dow Jones Sustainability World Index – and remain highly ranked by ESG research providers.
- Northern Trust charitable contributions increased to \$15 million in 2012 and, for the first time, our partners received two paid days off to volunteer in the community.

These accomplishments would not be possible without the engagement of our worldwide staff. Every level of management is committed to excellence in recruiting, retaining and engaging the best and brightest to deliver enhanced long-term value to our shareholders. Innovation is key to our continued development as leaders in CSR. Our CSR Task Group, a global cross-functional team, is leading the way to improve the way we do business. For example:

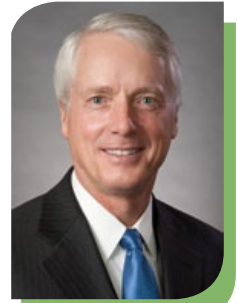
- We have heightened our focus on responsible investing through an agreement with MSCI Environmental, Social and Corporate Governance (ESG) Indices and Research. The agreement broadens our ability to assist clients in meeting their ESG investment objectives as more and more become aware of how these objectives potentially influence a corporation's brand reputation.
- We introduced our Print Smart campaign to increase employee engagement in environmental sustainability and provide partners with a way to reduce paper waste generated by outdated or inefficient business processes.

Northern Trust is a great company with a strong corporate culture, exceptional talent and leadership, and a commitment to lead in CSR. I am proud of our efforts to be a catalyst for positive change in the communities we serve and hope the stories and examples in this report provide further insight into the global impact of our CSR practice.



Frederick H. Waddell

Chairman and CEO



"I'm proud of our efforts to be a catalyst for positive change in the communities we serve."

ENGAGING EMPLOYEES GLOBALLY

The effectiveness of our corporate social responsibility (CSR) strategy stems from the alignment of specific CSR goals with those of Northern Trust's overall business objectives – both powered by the engagement of employees around the globe. This connecting framework features efforts in areas such as sustainable environmental practices, cost management, brand building, stakeholder engagement and our approach to business growth.

In concert with Northern Trust's overall goals, our global CSR Task Group last year focused on ways to increase employee engagement. A survey we conducted revealed that most employees believe our CSR efforts to date have had a moderate to high impact on the regions where they live and work. They also said they wanted to learn more about our CSR practice, current initiatives and ways they can get involved.

Specifically, employees told us they believe our historical emphasis on operating with the highest level of business ethics should continue to be a top CSR priority. They want us to maintain focus on our core values – continuing our legacy of service, expertise and integrity – while we maintain our leadership position as a socially responsible company.

Northern Trust's commitment to remaining a recognized leader in responsible corporate citizenship is reflected by continued investments in our communities, sound environmental practices, sustainable talent management and the strength of our client relationships. For instance, to encourage employees to become more involved, Northern Trust management last year approved two full days of paid time off to volunteer with an approved nonprofit. Employees donated more than 180,000 hours of their personal time to charity in 2012.

Our environmental policy is the foundation of our environmental sustainability program and is at the core of our practices. We reduced greenhouse gas emissions (GHG) by 5.7% per full-time employee (FTE), exceeding our 3% goal. We implemented Utility Insight to manage our global properties and performed energy audits on 36% of our property portfolio. Other long-term CSR goals include reducing water consumption and waste generation, increasing recycling, participating in the water disclosure project and adopting best practices for integrating sustainability into construction, interior cleaning and exterior maintenance of our facilities worldwide.

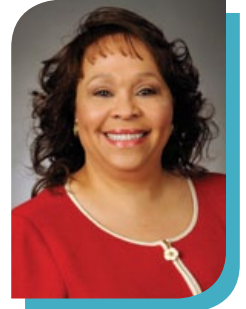
Our CSR efforts will continue to seek ways to integrate policies and efforts that incorporate global employee collaboration, key stakeholder engagement, accountability and excellence in execution. Ultimately, this is how we will help Northern Trust drive performance responsibly.



Connie L. Lindsey

Executive Vice President

Head of Corporate Social Responsibility



“Employees told us they believe our historical emphasis on operating with the highest level of business ethics should continue to be a top CSR priority.”

2012 CSR HONORS

- For the 2011-12 **United Way of Metropolitan Chicago** campaign season, Northern Trust awarded:
 - The Community Spirit Award
 - Tocqueville Support Pillar Award
 - Frances Wisebart Jacobs Award
 - #1 Corporate Citizen
 - #1 Leadership Giving Company
- Northern Trust named to **FTSE4Good Global Index** for 2012; Sixth Consecutive Year



FTSE4Good

- Northern Trust named to **MSCI ESG Indices** for 2012/2013: MSCI World ESG Index, MSCI World SRI Index, and MSCI KLD 400 Social Index



- Northern Trust named to **Dow Jones Sustainability World Index** and the **North America Index** for 2012/2013; Second Consecutive Year



- Northern Trust named to **ECPI® Indices**, ECPI Global Ethical Equity, December 2012



- **One of the World's Most Admired Companies**, *Fortune Magazine*, 2012; Sixth Consecutive Year
- **50 Out Front for Diversity Leadership: Best Places for Diverse Managers**, *Diversity MBA Magazine*, 2012; Fifth Consecutive Year
- Northern Trust achieves a perfect rating of 100 on the **Human Rights Campaign Foundation's Best Places to Work for LGBT Equality**, Corporate Equality Index, November 2012; Seventh Consecutive Year
- **Top 30 Employers for Working Families, Best Organization for Flexible Working Award**, Working Families Organization, October 2012
- **Best Adoption-Friendly Workplaces List**, Dave Thomas Foundation for Adoption, September 2012; Third Consecutive Year
- **100 Best Companies for Working Mothers**, *Working Mother* magazine, September 2012; 21st Year on the List
- **Top Charitable Contributor**, *Boston Business Journal*, September 2012
- **Ranked #39 on Top 50 Safest Global Banks**, *Global Finance Magazine*, August 2012
- **Silver Cradle Award** for adoption-related employee benefits, The Cradle Foundation, June 2012
- **Top 50 Company for Executive Women**, National Association for Female Executives (NAFE), February 2012; Fourth Consecutive Year
- **Best Companies for Multicultural Women**, *Working Mother* magazine, January 2012

2012 INDUSTRY HONORS

- **Best Private Bank in the U.S.**, The Financial Times Group, Fourth Consecutive Year
- **Best Private Bank for Innovation**, The Financial Times Group
- **Best Private Bank for Socially Responsible Investing**, The Financial Times Group
- **Best Private Wealth Manager** (over \$5B), Private Asset Management
- **Best Trust Company**, *Family Office Review*
- **Ranked #2 on the Top 50 Family Offices**, Bloomberg
- **Hedge Fund Administrator of the Year**, Custody Risk Americas Awards
- **Transition Management Provider of the Year**, Custody Risk Americas Awards
- **Transition Management Firm of the Year**, European Pensions Awards
- **Best Custody Specialist in Asia Pacific Region**, The Asset Securities and Fund Services Awards, Fourth Consecutive Year
- **Best Client Servicing** (APAC), Best of the Best Awards, *Asia Asset Management*
- **Best Administrator for UCITS Funds**, *HFMWeek* European Hedge Fund Services Awards
- **Best European ETF Administrator**, *ETF Express* Global Awards
- **Best Offshore Fund Administrator**, *Hedgework* USA Awards
- **IFSC Deal of the Year Award**, *Finance Dublin*
- **Best Service Provider to ETFs in Europe**, Annual Global ETF Awards (joint winner)
- **Custody and Securities Services Provider of the Year**, *Professional Pensions*, UK Pensions Awards, Third Consecutive Year
- **Best European ETF Administrator**, *ETF Express* Global Awards
- Ranked as the **15th largest asset manager** and the **8th largest global custodian** of assets in the world*

*Rankings based on total worldwide assets under management of \$662.9 billion as of December 31, 2011. *Pensions & Investments* 2012 Special Report on Money Managers appeared in the publication's May 28, 2012 issue and online at pionline.com/researchcenter. Ranking information reprinted with permission, *Pensions & Investments*, copyright Crain Communications, Inc.

To see the full list of industry awards received, visit our website at northerntrust.com/awards.

MEMBERSHIPS & ASSOCIATIONS

- Banking Environment Initiative (BEI)
- Bloomberg Maplecroft Climate Innovation Index
- Boston College Center for Corporate Citizenship
- Boston College National Workforce Roundtable
- Catalyst, Inc.
- Chicago Area Gay and Lesbian Chamber of Commerce
- Chicago Minority Supplier Development Council (CMSDC)
- Chicago United
- Chicago Urban League
- City of London CSR Group – ‘Heart of the City’
- City of London Environmental Forum (Steering Group Member)
- CR Group of Chicago
- Diversity Best Practices
- Donors Forum of Chicago
- Dow Jones Sustainability Index, North America and World
- ECPI® Indices
- Employee Assistance Professional Association (EAPA)
- Employee Assistance Roundtable
- Financial Services Roundtable of Supplier Diversity of the NMSDC
- FTSE4Good Index
- Inclusive Employers (UK)
- Institute of Supply Chain Management
- Institutional Investor Group on Climate Change (IIGCC)
- Metropolitan Planning Council
- National Association of Affordable Housing Lenders
- National Minority Supplier Development Council (NMSDC)
- Opportunity Now (UK)
- Race for Opportunity (UK)
- Stonewall (UK) Diversity Champions Program Member
- The Association of Fundraising Professionals
- The Chicago Community Trust
- The Financial Services Corporate Responsibility Group in London
- True Blue Inclusion
- United Nations Environmental Programme Finance Initiative (UNEP FI)
- United Nations Principles for Responsible Investments (UNPRI)
- United Way of Metropolitan Chicago
- U.S. Green Building Council
- Women’s Business Development Center Local Chapter (WBDC)
- Working Families (UK)



INTEGRITY IN GOVERNANCE

In order to manage our business efficiently and provide our clients with exceptional products and services, we must continuously review our processes and business practices. One element of our business operations is our legal structure. We conduct business through various U.S. and non-U.S. subsidiaries including The Northern Trust Company, our flagship bank headquartered in Chicago's financial district. We have a network of more than 65 offices in 18 U.S. states and 16 international locations in North America, Europe, the Middle East and the Asia-Pacific region. Details about each office can be found at northerntrust.com. We will continue to refer informally to all of our offices as "Northern Trust."





As part of Northern Trust's strategic planning process, we continually assess the need to expand our long-term location strategy in support of growing our global footprint. Likewise, as we assess our global portfolio and business strategies, all markets are evaluated annually and offices are consolidated when efficiencies are identified. By doing so, our goal is to further improve our ability to service our clients, while at the same time strive for greater efficiency in global processing and delivery. Northern Trust's international business has grown dramatically over the last decade. For example, some of Northern Trust's largest clients are located in Asia and Australia, which represents a rapidly growing client base for the company. Currently, we have client offices in Beijing, Hong Kong, Melbourne, Singapore and Tokyo.

Some of Northern Trust's largest clients are located in Asia and Australia, which represents a rapidly growing client base for the company.

Over the past year, we have been actively exploring expansion opportunities, and in response to multiple business and operational factors, the decision has been made to expand in Southeast Asia, specifically Manila, Philippines. This new base of operations will supplement (not replace) our existing operating centers in Bangalore, Chicago, Dublin, Limerick and London. This strategy supports our business growth and will enhance our competitive position by providing similar processing capabilities in multiple locations and global time zones.

Business Profile

Northern Trust focuses on servicing and managing client assets in two target market segments: individuals, families and privately held businesses through our Personal Financial Services (PFS) business unit; and institutional investors worldwide through our Corporate and Institutional Services (C&IS) business unit. An important element of this strategy is to provide an array of asset management and related services to PFS and C&IS clients, which are provided primarily by a third business unit, Northern Trust Global Investments (NTGI). In executing this strategy, we emphasize quality through a high level of service complemented by the effective use of technology delivered by a fourth business unit, Operations & Technology (O&T). We employ more than 14,000 partners with approximately 40% located outside the United States. More information about Northern Trust's structure, services offered and markets served is available in our Annual Report located at northerntrust.com/annualreport.

CORPORATE & INSTITUTIONAL SERVICES (C&IS)

Our master trust, master custody and global custody businesses are administered by our C&IS business unit, which is comprised of 28.7% of Northern Trust employees. We began administering directed trust relationships in the 1950s, established our first master trust relationship in 1975 and began providing global custody services in 1981.

As a leader in financial services, we provide asset and fund administration, investment management and information services worldwide to large corporations, investment managers and fund sponsors, insurance companies, foundations, endowments, healthcare systems, public funds, Taft-Hartley funds, government entities, bank trust departments and independent trust companies.



Northern Trust's CSR practice is integrated into our core business strategy in the same way that our "culture of caring" is a part of everyday business operations. Holding ourselves accountable in our practice of diversity and inclusion strengthens partner engagement and allows our staff to deliver their very best to our clients and to each other. Our intense focus on our clients and on our business strategy allows us to continue to build on our solid foundation of financial strength, operational excellence and global growth.

PERSONAL FINANCIAL SERVICES (PFS)

The PFS business unit at Northern Trust serves, among others, approximately 20% of the Forbes 400 wealthiest Americans. We are a premier wealth management firm specializing in goals-based financial advice and offering clients insightful perspectives and creative thinking, backed by innovative technology and a strong fiduciary ethos.

We call our integrated, advisory approach Life Driven Wealth Management™ because it is guided by a client's unique vision for themselves, their families and generations to come. Our collaborative approach allows our clients to have greater confidence they will achieve their financial goals.

Paramount to our heritage is a commitment to Northern Trust's CSR practice. With 19.7% of partners in PFS, social responsibility is ingrained in everything we do – from our inclusive culture to our volunteerism to our resource conservation efforts. We consider social responsibility to be a core element of Northern Trust's commitment to service, expertise and integrity.

NORTHERN TRUST GLOBAL INVESTMENTS (NTGI)

With \$758.9 billion in assets under management across a range of investment strategies, Northern Trust Global Investments (NTGI) is one of the world's largest asset management firms. Our integrated technology platform and processing infrastructure work around the clock and around the globe representing 4.7% of Northern Trust employees. Our investment process combines exhaustive research and vigilant risk management to provide a solid foundation for our clients' investments.

Our corporate social responsibility (CSR) strategy is integrated into our core business strategy. This means we collaborate with our clients and acknowledge our responsibility in supporting sustainable business relationships. During the last few years, a marked trend has emerged where investors, particularly in Europe, are increasing the responsible investing allocations of their portfolios. At Northern Trust, we consult with clients to understand their specific needs and consider which responsible investing factors are important to them. Then we collaborate to design strategies and portfolios aligned with core standards – portfolios designed to mitigate non-financial risk, monitor environmental impact, implement value or mission based objectives and help clients gain desired market exposure.

We continue to develop our capabilities and build on the more than \$20 billion in socially screened mandates that we currently oversee on behalf of clients. We continue to invest in human capital, resources and technology to deliver solutions that meet the evolving responsible investing needs of our clients.



OPERATIONS & TECHNOLOGY (O&T)

Operations & Technology has more than 5,000 professionals worldwide dedicated to enabling both our personal and institutional client businesses with leading-edge technology and operations services. The unique strengths of this integrated organization help to differentiate Northern Trust from competitors in our ability to address client needs. The organization also provides partners with resources they need to be effective in their jobs.

O&T's global reach enables partners to support and participate in Northern Trust's CSR practice worldwide. Whether it's through volunteer opportunities across the globe, supporting our local communities, or taking part in diversity and inclusion initiatives led by the O&T DIAC, we exemplify a strong commitment to social responsibility.

CORPORATE GROUPS

Northern Trust has more than 1,500 partners in staff organizations who provide support to partners across the enterprise. They report up through the finance, auditing, legal, risk management and human resources organizations.

The discipline includes:

- Real Estate, Facilities & Travel
- Community Reinvestment
- Corporate Affairs
- Corporate Marketing
- Financial Management
- Global Business Continuity & Recovery
- Government Affairs
- Human Resources
- Legal
- Privacy Policies and Practices
- Procurement
- Risk Management

The Corporate Groups collectively ensure accountability across all of our CSR initiatives. The involvement of these partners allows Northern Trust to reach for larger and more complex CSR goals year over year. From Real Estate's expertise in environmental sustainability to Procurement's efforts for ensuring women and minority owned businesses are part of our vendor mix, these groups are critical to the current and future success of CSR initiatives.



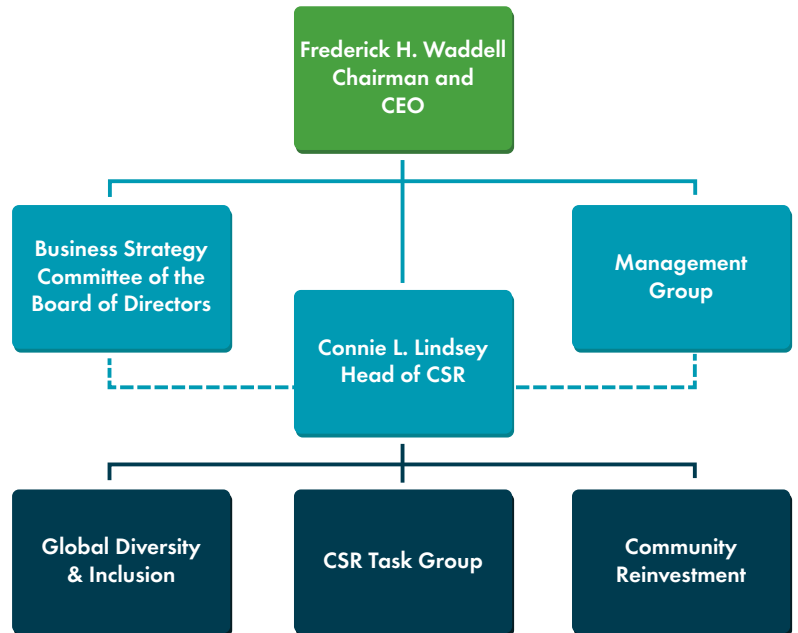
NORTHERN TRUST'S BUSINESS APPROACH

Reflecting on our time-tested risk management practices, we maintain a very strong, conservatively positioned balance sheet. Our securities portfolio is of a very high quality, with 86% of the portfolio invested in U.S. Treasury, government sponsored agency and triple-A rated securities at year-end 2012. Our loan quality also remains sound, with nonperforming assets representing only 0.93%

of our loan portfolio at the end of 2012, compared with our peer group average of 1.67%. Our net charge-offs of 0.09% of average loans and leases are also better than our peer group average of 0.95% for the same period. In considering our capital needs and risk profile, it is important to understand that we do not underwrite mortgage loans to subprime borrowers.

CSR GOVERNANCE

At Northern Trust we involve every level of management in developing our global CSR strategy that maintains strategic alignment of Environmental, Social and Governance (ESG) related indicators within our core businesses. We believe that CEO and executive-level leadership and engagement are critical to integrating CSR imperatives into our five-year strategic plans for each business unit. Connie Lindsey, Executive Vice President and Head of Corporate Social Responsibility, is responsible for the design and execution of the overarching CSR strategy. Our entire Management Group provides oversight and strategic guidance to Connie and also ensures adoption of, adherence to and accountability for global CSR initiatives. Our 21-member cross-functional global CSR Task Group includes 16 Senior Vice Presidents and Directors. The CSR Task Group represents all business units and provides detailed input, analysis and recommendations for developing, monitoring and executing our CSR strategy. In addition, the Head of CSR regularly updates our Board of Directors' Business Strategy Committee on CSR-related matters.





BOARD OF DIRECTORS

Our Board of Directors' leadership structure includes the Chairman and Chief Executive Officer, who is the only non-independent board member, and a lead director that is elected annually by independent directors. Our directors believe that combining the positions of Chairman and CEO is most appropriate at this time since having one person in both posts provides unified leadership and direction to Northern Trust and strengthens the CEO's ability to develop and execute strategic initiatives as well as respond efficiently in crisis situations. On November 10, 2009, our independent directors first designated a lead director. Among other things, the lead director approves meeting agendas for the board and the nature of information sent to the board, may call at any time a special meeting of the board or a special executive session of the independent directors, and presides at all board meetings when the

board chairman is not present. The lead director's duties are described in our Corporate Governance Guidelines available at northerntrust.com. Frederick H. Waddell is our Chairman and CEO, and our lead director is appointed annually in April. More information regarding our approach to board independence can be found in the Corporate Governance section of our annual Proxy Statement.

The board consists of 12 directors, including two women (15%) and four minorities (31%). Other than the Chairman and CEO, all current directors are independent as defined under the listing standards of the NASDAQ stock market. To determine independence, the board has adopted categorical standards of independence found at northerntrust.com and also in the annual Proxy Statement. More information about director independence can be found in the Corporate Governance Guidelines and the annual Proxy Statement located at northerntrust.com.

Stockholder proposals for our annual meeting must be directed to our Corporate Secretary by the deadline specified by Northern Trust to be eligible for inclusion in the annual proxy statement. The proposal must comply in all respects with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and our by-laws. More information can be found in the annual Proxy Statement located at northerntrust.com.

Our executive compensation program is designed to attract, motivate and retain individuals who will contribute to our success and the creation of stockholder value. Total compensation consists principally of base salary, annual cash incentive and equity compensation (stock options, restricted stock units and/or performance stock units). Incentive compensation reflects various financial and non-financial performance criteria determined by the board's Compensation and Benefits Committee and is evaluated, generally, in light of the prevailing economic environment and, particularly, the

BOARD OF DIRECTORS PROFILE

- 12 directors
- 11 independent directors
- 2 directors are women
- 4 directors are ethnic minorities
- 6 board committees:
 - Audit
 - Business Risk
 - Business Strategy
 - Compensation and Benefits
 - Corporate Governance
 - Executive
- Responsible for CSR governance: Business Strategy Committee
- Board of Directors individual profiles and committee charters located at northerntrust.com/governance



environment in the financial services industry. More information can be found in the annual Proxy Statement located at northerntrust.com.

In evaluating director candidates, including persons recommended by stockholders, the Corporate Governance Committee considers the factors specified in our Corporate Governance Guidelines to ensure the board includes a diversity of perspectives and backgrounds. This includes the nature of the expertise and experience required to perform a director's duties

The directors have adopted a Code of Business Conduct and Ethics to promote honest and ethical conduct.

as well as a candidate's relevant business and industry experience, professional background, age, current employment, community service and other board service. The committee also considers the racial, ethnic and gender diversity of the board in assessing candidates. A full listing of the characteristics and qualifications of director candidates is set forth in the Corporate Governance Guidelines located at northerntrust.com.

The directors have adopted a Code of Business Conduct and Ethics ("the Code") to promote honest and ethical conduct. This includes fair dealing and the ethical handling of actual or apparent conflicts of interest. The Code satisfies applicable SEC and NASDAQ requirements and applies to all directors, officers (including the Corporation's principal executive officer, principal financial officer, principal accounting officer and controller) and partners. A copy of the Code is available at northerntrust.com.

Any material transaction or relationship that could reasonably be expected to create a conflict of interest should be discussed in advance with the Code of Ethics Contact Person. Any Northern Trust director, officer or partner who becomes aware of any suspected past, ongoing or potential violation of law, rules or regulations is encouraged to notify the Code of Ethics Contact Person promptly. More information can be found in the Code of Business Conduct and Ethics located at northerntrust.com.

The Board's Corporate Governance Committee, in conjunction with the lead director, leads the Board of Directors in an annual self-evaluation to determine whether the board and committees are functioning effectively and in compliance with our Corporate Governance Guidelines. This evaluation includes a review and assessment of the continuing independence of non-employee directors. The committee and the lead director solicit comments from all directors and report annually to the board on their assessment. More information can be found in the Corporate Governance Guidelines located at northerntrust.com.

Directors conduct their risk-oversight function through the Board's Audit, Business Risk, Business Strategy, and Compensation and Benefits Committees:

- The Audit Committee oversees our management of risks relating to financial reporting and the legal component of compliance risk.
- The Business Strategy Committee oversees our management of strategic risk. It is also responsible for the oversight of ESG practices as stated in section I of its charter: "The purpose of the Committee is to assist the Board in discharging its oversight duties with respect to: (i) the strategic direction of the Corporation; (ii) the strategic initiatives of the business units of the Corporation and its subsidiaries (collectively "Northern Trust"); (iii) the management of strategic risk for Northern



Trust; and (iv) (a) the integration of corporate social responsibility principles related to environmental and social practices into the strategic direction and strategic initiatives of Northern Trust and its business units and (b) the governance of those practices.”

- The Business Risk Committee oversees our management of risks relating to the categories of credit risk, market and liquidity risk, fiduciary risk, operational risk and the regulatory component of compliance risk. The committee has approved a corporate risk appetite statement articulating our expectation that risk is consciously considered as part of strategic decisions and in day-to-day activities. Our business units are expected to manage business activities consistent with the corporate risk appetite statement.
- The Compensation and Benefits Committee oversees our management of risks related to compensations practices at least annually, and conducts reviews of our incentive-compensation arrangements. It assesses the extent to which such arrangements and practices discourage inappropriate risk-taking behavior by participants and are consistent with the Corporation’s safety and soundness. More information regarding the development, review and approval of our named executive officers’ compensation can be found in the Compensation Discussion and Analysis section of our 2012 Proxy Statement.
- The charters for the committees provide that they may meet with the individuals who supervise our day-to-day risk management responsibilities and other members of management, consultants or advisors. More information can be found in the Corporate Governance Guidelines and annual Proxy Statement located at northerntrust.com.

Stakeholder Engagement

Throughout the year we actively engage in dialogue with our stakeholders – clients, partners, shareholders, communities, regulators, suppliers and peers. These stakeholder groups are determined based on our business strategy of servicing corporations, institutions and affluent individuals worldwide. Each stakeholder group affects our reputation, policies and best practices. We believe it is imperative to regularly communicate with these groups through periodic in-person meetings, electronic communication, conferences and other platforms to hear their suggestions and concerns related to our business practices. It also provides us with an opportunity to promptly implement solutions related to stakeholder questions and avoid adversely affecting valued relationships.

The following section provides more detail regarding our approach to engaging these key stakeholder groups.

Delivering superior client service is our hallmark and the ultimate determinant of our long-term success.

CLIENTS

Delivering superior client service is our hallmark and the ultimate determinant of our long-term success. We use a variety of direct and indirect avenues to gain feedback on client satisfaction. Our executive management and client service teams hold meetings with our clients regularly throughout the year to review the health of our overall relationships. Additionally, we engage independent market-research firms to survey our clients worldwide to get feedback from them on an annual and biennial basis.



Our management and client service teams use this feedback and survey data to assess client satisfaction, identify emerging service requirements and pinpoint trends and issues that affect product or relationship development and evaluate our position against our competitors. This information guides us in our continuous efforts to improve the client experience and to assist our client-retention activities.

Results of our latest surveys from each business unit, conducted in 2012, show high levels of client satisfaction. In C&IS, more than 1,300 clients were surveyed and the majority of those that responded stated that Northern Trust met or exceeded their expectations and was well positioned to be their long-term strategic partner. The PFS 2012 Client Satisfaction Survey yielded similar results. Clients indicated a high level of satisfaction, as well as the likelihood to recommend Northern Trust to others and the desire to continue working with us in the future.

Our clients have also requested more information on our CSR activities. They have expressed increased interest in our environmental efforts and the initiatives underway to help us become more environmentally friendly. They have also requested more information on our socially responsible investing products and services. We have responded to these questions throughout this report and are working towards enhancing our engagement methods with clients regarding our social and environmental programs.

We are a member of the Financial Services Corporate Responsibility group and meet in-person on a quarterly basis in London. This group has raised issues such as environmental Request for Proposal (RFP) questions and waste management, which have been addressed in the relevant sections of this report.

Another forum for client stakeholder engagement is the Institutional Investors Group on Climate Change (IIGCC). The IIGCC hold twice yearly meetings looking at topics such as Environmental Policy. Our participation in groups such as the IIGCC and the United Nations Environment Programme Finance Initiative informs our SRI related investment policy, which is detailed further in the SRI section.

We also issue periodic *Wealth Magazine* and *Point of View Magazine* articles that are targeted at wealth management and institutional clients and have included articles to educate and highlight the benefits of responsible investing.

PARTNERS

We call our employees “partners” because they are essential to our success. We strive to engage, train and develop our partners via various platforms consistent with business unit strategies and regional culture. Our Global Workforce section outlines the integrated and proactive approach we take to ensure the satisfaction, retention and advancement of our personnel base.

We call our employees “partners”
because they are essential
to our success.

We employ several approaches to engaging our global workforce, including: quarterly town hall meetings for each business unit; an online productivity portal for partners to submit their ideas and suggestions; Partner Passport®, our internal website that is updated daily with company and partner news stories; bi-annual



performance reviews with their managers; and *Northern News*, our monthly newsletter e-mailed directly to all partners globally. In addition, senior management frequently participates in panel discussions and other events hosted by our Business Resource Councils to assist partners with their understanding of the company’s strategy and culture.

Northern Trust defines engagement as “the extent to which employees are: willing to apply discretionary effort to achieve organizational goals; able to demonstrate agility and productivity in the face of evolving business needs; and energized by their work environment and having a sense of well-being.”

Our commitment to our people includes regularly conducting an employee engagement survey to provide every partner the opportunity to share honest and anonymous feedback about working at Northern Trust. This feedback is instrumental to our ability to continuously evaluate and enhance our partners’ experience throughout the employee lifecycle.

The 2010 employee survey results identified communication and career development as major enterprise focus areas. New approaches, tools and venues for communicating more effectively are now in place, and an online Career Development Center has been created and launched in response. The 2012 survey scores reflect significant improvement resulting from the actions implemented to address those areas.

Various events occur monthly on a rotating basis such as our nGoodHealth wellness initiative and lunchtime seminars on a variety of Wellness & Work/Life balance issues (dependent care, stress management, etc.).

We also use News Center on the intranet and occasionally e-mail partners to remind them of these events and services.

SHAREHOLDERS

We maintain open and transparent communications and disclosures with our shareholders. We actively engage with them throughout the year via multiple platforms including our annual stockholders meeting; our annual report to shareholders; quarterly earnings reports, conference calls and webcasts; SEC filings; and communications through our website.

In addition, we participated in five industry investor conferences and conducted more than 40 investor meetings at those conferences and at our offices. We engaged with investors and analysts to discuss our strategic positioning and financial results. Our approach to incorporating shareholder proposals and feedback into corporate governance policies is reflected in our annual Proxy Statement.

Shareholders and other interested persons may also communicate any concerns about Northern Trust to our

NORTHERN TRUST CORPORATION – Largest Institutional Shareholders, December 31, 2012		
Institutional Shareholder	Shares	Percent of Shares Outstanding
T. Rowe Price Associates, Inc.	21,320,929	8.92
Northern Trust Investments	14,278,516	5.98
SSgA Funds Management, Inc.	10,191,868	4.27
The Vanguard Group, Inc.	9,759,940	4.09
BlackRock Fund Advisors	8,901,471	3.73
Invesco Advisers, Inc.	8,603,141	3.60
American Century Investment Management, Inc.	8,468,738	3.55
State Farm Insurance Co. Asset Management	5,693,350	2.38
Goldman Sachs Asset Management LP	5,273,649	2.21
Veritas Asset Management (UK) Ltd.	4,689,100	1.96

Source: FactSet Research Systems, Inc.



Board of Directors or to any member of the board by writing to them at:

Northern Trust Corporation
Attention: [Board of Directors]/[Board Member]
c/o Corporate Secretary
Northern Trust Corporation
50 South La Salle Street, M-9
Chicago, Illinois 60603

COMMUNITIES

We maintain relationships with a variety of nonprofit community groups worldwide, as well as community-development financial institutions in U.S. communities where our branch offices are located. We select nonprofits with which we partner based on their effectiveness in addressing and servicing unmet needs in underserved communities. We engage in continuous outreach through meetings, events and calls in those communities throughout the year. Our Community Involvement section outlines the programs, initiatives and interactions with which we engaged our communities.

Every three years our Community Affairs department is deployed into communities where we invest, and a needs assessment is undertaken. This work is done with community stakeholders such as local charities, government departments, academic institutions and other thought leaders. The common threads brought to light in these meetings guide the direction of Northern Trust's philanthropic giving.

New organizations applying for funding through the Northern Trust Charitable Trust in Chicago are subject to a site visit conducted by a Program Officer. During this visit a deep analysis of the organization's quality of programs and impact in the community is completed. Information gleaned from these conversations also helps shape our continually evolving philanthropic focus.

Community Affairs leadership meet with the Northern Trust Board of Directors twice a year to inform them about the level of commitment we have in the communities where we do business.

REGULATORS

We support the public goals of economic stability and growth by serving individual and public-sector clients, being involved in regulatory reform and participating in government programs.

To address global financial regulatory changes, Northern Trust established a Global Financial Regulatory Reform Management team to coordinate and monitor our compliance

In our institutional business, our clients include nonprofit foundations, financial institutions, funds, college and university endowments, and retirement plans for corporations, unions and governmental agencies at the local, state and national levels. Our institutional clients provide purchasing power and financial security for millions of people. Through our roles as trustee, custodian, fiduciary, fund administrator, lender, treasury manager and investment manager, we provide essential services to our clients and to the U.S. and global financial markets as a whole. In our personal banking business, our clients include individuals and families who are primarily located in the United States. Personal banking services are relationship driven and are offered as part of a holistic wealth management relationship, including mortgages and personal loans to our clients. We provide



mortgages and other personal loans to our clients and their families in addition to a breadth of financial planning services.

The financial market crisis of 2008-2009 set in motion a myriad of global regulatory requirements that impact our industry. Among them, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), signed into law on July 21, 2010, is the most far-reaching. To address global financial regulatory changes, in August 2010, Northern Trust established a Global Financial Regulatory Reform Management team to coordinate and monitor our compliance with these new rules. The Global Regulatory Reform team, headed by an Executive Vice President, monitors and responds to global financial regulatory change. In the U.S., Dodd-Frank is particularly far-reaching and complex, and we are actively participating in the rulemaking process to understand the impacts to our clients and our business. In the E.U., we are closely monitoring regulatory change, including those that pertain to the Undertakings for Collective Investment in Transferable Securities (UCITS IV and UCITS V), the Alternative Investment Fund Managers Directive (AIFMD) and the European Market Infrastructure Regulation (EMIR) on Over-the-Counter Derivatives, among others. Our intention is to manage regulatory change for our business while helping our clients to do the same.

In addition, Northern Trust partners participate periodically in financial services industry trade organizations, such as the Financial Services Roundtable, the Securities Industry and Financial Markets Association, the Investment Company Institute and others to stay current on various initiatives and related client impact. We also engage regularly with our regulators worldwide. This process provides opportunities to share information, consider supervisory feedback and take any appropriate action.

Our Global Regulatory Reform team is making steady progress by actively participating in the rulemaking process, mainly in the U.S. and the E.U. We have worked independently, as well as with industry groups, and collaborated with peer banks to submit comment letters and meet with regulators, members of the U.S. Congress and the U.S. and U.K. Treasury Departments to understand the intent of proposed rules, prepare business requirements and anticipate client needs.

In order to help partners and clients stay ahead of global regulatory changes, we have delivered several updates and materials to partners to help facilitate their conversations with clients and delivered several presentations to clients to help them understand the impacts to Northern Trust, as well as their own obligations. In addition, members of the Global Regulatory Reform team have participated in several industry conferences as speakers, panelists or attendees to ensure that we stay ahead of regulatory changes so we can help our clients to do the same. We will continue to provide partner and client updates in conjunction with proposed and final rules.

SUPPLIERS

Northern Trust has formal Vendor Management Programs and an established global Procurement Policy that document expectations and criteria for our vendors and suppliers (“vendors”). In addition, Northern Trust has well-documented procedures that outline the oversight of our programs.

We have set clear expectations for our vendors through our Vendor Code of Conduct. In addition to service levels around performance, each vendor is expected to obey the laws of the country of manufacture, sale or distribution. Northern Trust performs initial and ongoing due diligence to assess the level of risk associated with the use of each vendor. The due diligence



requirements will vary based on the service or product the vendor is performing or supplying, including a thorough review of the financial background of each vendor to determine its ability to meet its obligations to Northern Trust; and also includes assessing the vendor operations (e.g. technology centers) and work environments as appropriate. This can be done by a business risk assessment, SSAE16 control reports, on-site audits, vendor calls and vendor meetings. A level of due diligence is also performed on critical sub-service providers of the vendor. Mitigation of risk is a key objective.

We have set clear expectations for our vendors through our Vendor Code of Conduct.

Northern Trust's Vendor Management Programs require ongoing vendor oversight to ensure each vendor continues to meet the performance expectations for which we have contracted.

Northern Trust has a robust list of vendors. Further information about our vendors is available in the Business section. Northern Trust's procurement policy remains closely aligned with our CSR principles. A Global Procurement Council furthers our work in this area by engaging with our offshore employees, forming the framework for future CSR-focused collaborations.

PEERS

We have actively engaged with our peers in the financial services industry to discuss ESG topics as they relate to our sector. Through participation in forums related to environment, responsible investing, employee diversity and other CSR aspects; we are able to uniformly understand and address CSR trends, risks and opportunities.

We are an active member of the Banking Environment Initiative (BEI), which was established in 2010 to identify ways in which banks can contribute to environmentally beneficial activities, including sustainable, low carbon growth, by reallocating capital. Currently, the BEI consists of 11 global banking institutions from Asia, Europe, Latin America and the United States, and the secretariat is provided by the University of Cambridge (CPSL). At the heart of the group's vision lies a simple thesis: banks work for their clients and an initiative like this will only work if it is aligned with their interests and vice versa. The BEI's momentum has grown steadily and collaborative work with corporates is currently focused on the roles of banks in supporting sustainable production of soft commodities as well as the growth of clean energy generation.



ETHICAL BUSINESS PRACTICES

We strive to nurture what we consider to be our first duty – operating with integrity at all times. We value the principles of accountability, honesty and transparency in every aspect of our business. We conduct business in a manner that ensures we employ ethical business practices throughout our operations. We enforce that policy with a broad program that includes a Code of Business Conduct and Ethics for our partners and a Code of Vendor Conduct for our suppliers.





KEY PERFORMANCE INDICATORS

2012 GOALS	2012 RESULTS
Reduce data security risks through automation of processes.	Automation of processes implemented on multiple fronts including regularly scheduled vulnerability scans to mitigate existing Information Security Risks and proactively address emerging threats.
Install Information Loss blocking feature to help ensure outgoing e-mails are aligned with E-mail Standards policy.	Information Loss Prevention (ILP) tool utilized to detect and/or prevent confidential company and client information from being sent externally without encryption.
Enhance Global Ethics Program and promote partner awareness.	Global Ethics Program initiatives included enhancing content in global procedures, and purchasing an automated Ethics Incident Management tool.
Conduct review of Human Rights standards for critical and key vendors.	Conducted a survey on 4 of 6 critical vendors and 7 of 14 key vendors. Each vendor provided us with a signed Vendor Code of Conduct and full view into their businesses' CSR policies where available.
Deploy global Vendor Management program for critical and key vendors.	Completed vendor tiering for critical and key vendors as a first step to implementation of a more robust vendor management program.
Include Vendor Code of Conduct and Human Rights Survey in the master agreement template.	The Vendor Code of Conduct and Human Rights Survey included in the Master Agreement template. All new contracts must contain the Vendor Code of Conduct and the CSR Vendor Survey.
2013 GOALS	3-TO-5 YEAR GOALS
<ul style="list-style-type: none"> Expand Information Security Training and Awareness program activities to Northern Trust's client base to further assist their understanding of information security best practices; including Phishing avoidance and Social Engineering Awareness. Create Privacy and Ethics Incident Review Team that will summarize the findings of an investigation and track remediation. Install ILP Endpoint Agent on all desktops and laptops to identify when sensitive information is posted, printed, or saved. Continue the implementation of the Vendor Management Program, develop training documentation and review and prioritize the standard vendors. 	<ul style="list-style-type: none"> Enhance client Passport® application file cabinet functionality to minimize e-mail transmission of client data. Apply enterprise-wide monitoring and, where appropriate, blocking of sensitive client names. Expand current Information Security Training initiatives to include targeted, role-based training throughout the organization. Continue to evolve processes and technologies to protect the privacy of client and company information, including client accounting operational controls, ILP Solution Enhancements, and expanded Training & Awareness. Enhance vendor management tools and systems to support the vendor management process. Enhance vendor website registration process and deployment of registered vendors to internal buyers.

Code of Business Conduct and Ethics

To fulfill its commitment to the highest standards of integrity, ethics and honesty, the Board of Directors of Northern Trust Corporation has adopted the Northern Trust Code of Business Conduct and Ethics (“the Code”). The Code applies to all Northern Trust directors, officers and partners worldwide. The Code establishes a number of basic principles to be followed in all dealings within Northern Trust and with our clients, suppliers, shareholders and regulatory agencies worldwide. In addition to basic principles, the Code provides guidance on how to deal with difficult ethical issues. The Code also outlines how to raise questions about the Code and how to report



suspected Code violations, criminal conduct and regulatory violations. All Northern Trust directors, officers and partners are expected to be familiar with the Code and to adhere to all of the Code's applicable principles and procedures. More detailed policies and procedures, which are not part of the Code, also apply to some or all of Northern Trust's directors, officers and partners. References to "Northern Trust" include Northern Trust Corporation and all entities directly or indirectly under its control. The full text of the Code can be found at northerntrust.com.

Anti-Corruption Policies

Northern Trust affirms a continuing commitment to comply with all anti-corruption laws that apply to Northern Trust and all of its operations worldwide. Many jurisdictions have anti-bribery laws under which it is unlawful for any Northern Trust director, officer or employee directly or indirectly (including through an agent) to solicit, demand or accept any gifts or other items of value (including meals and entertainment) intended to influence or reward that person in connection with any aspect of Northern Trust business.

Northern Trust affirms a continuing commitment to comply with all anti-corruption laws that apply to Northern Trust and all of its operations worldwide.

Similarly, under the laws of numerous jurisdictions where Northern Trust does business, including the U.S., no Northern Trust director, officer or employee may directly or indirectly (including through an agent) give a bribe, kickback or other payment, consideration or benefit to foreign officials/government officials

(including meals and entertainment) in order to obtain business for Northern Trust or secure an improper advantage. For example, under the U.S. Foreign Corrupt Practices Act ("FCPA") it is a crime for a Northern Trust director, officer or employee or any agent, representative or business partner of or consultant for Northern Trust — wherever that person is located worldwide — to give or offer to give money or anything of value with the intent to improperly influence the business decisions of officials or employees of a foreign government or its entities who have discretionary authority, including officials of public international organizations. Providing gifts, travel, entertainment or other items of value (for example, favorable loan terms or debt forgiveness), or directing business directly or indirectly to particular vendors (for example, when specifically directed to do so by a foreign government) may constitute FCPA violations.

Northern Trust is also committed to complying with applicable AML laws and regulations of all countries in which it does business, as well as applicable U.S. government sanctions laws, including orders and regulations issued by the U.S. Treasury's Office of Foreign Assets Control, and all other applicable government sanctions laws and regulations of the jurisdictions in which Northern Trust does business. In order to maintain a strong global AML compliance program, the Corporation has adopted the Global Anti-Money Laundering and Economic Sanctions Program.

It is Northern Trust policy that all directors, officers and partners shall at all times comply with applicable anti-corruption laws, rules, codes and regulations wherever Northern Trust does business. No bribe, kickback or other improper payment may be made or received by or on behalf of Northern Trust, whether directly or indirectly, in connection with any of its business. All of our directors, officers and



employees are expected to adhere to local law and the Northern Trust Global Anti-Bribery and Corruption Policy, always conforming to the most stringent requirement where multiple laws may apply.

No person who, in good faith, reports any concern, complaint or information of suspected violations will be subject to retaliation. This includes discrimination in the terms and conditions of employment or other adverse action of any kind solely as a result of making a report. If an employee doesn't feel comfortable discussing the problem directly with a Northern Trust representative, they may report the matter anonymously on an independent organization's secure website, the partner hotline (sometimes called The Network). Employees can contact The Network via a website or toll-free phone number, both of which are communicated to employees periodically throughout the year by e-mail and intranet news stories.

All of our global partners are expected to adhere to and uphold our core values, exercise the highest ethical judgment and comply with laws that apply to their duties.

Anti-Corruption Programs

All business units are analyzed for risks related to corruption. We conduct an anti-bribery and corruption risk assessment to determine the inherent compliance, operational and reputation risks associated with Northern Trust's adherence to the anti-bribery and corruption laws and regulations in effect in locations where Northern Trust does business. In addition, our policy requires independent testing to be conducted by internal audit

and testing teams. Reviews are risk-based and evaluate the quality of risk management and compliance with the policy, and with applicable laws and regulations.

All of our global partners are expected to adhere to and uphold our core values, exercise the highest ethical judgment and comply with laws that apply to their duties. Partners also must follow all national laws and regulations and avoid any situation that may trigger a conflict of interest. We expect partners to respect any confidential bank information; breaches of that confidentiality may bring disciplinary action. Here is what we require of our partners:

- All partners are required to certify their compliance with certain policies, which includes the Code of Business Conduct and Ethics. The last certification process began in late 2011 and completed in early 2012; as of first quarter 2012, 99.2% are in compliance.
- Annual anti-corruption training is required for client-facing personnel, as well as marketing, finance, audit, legal and compliance professionals.
- All partners are required to take three courses: Global Anti-Money Laundering (AML) & Sanctions, Information Security at Northern Trust and the Standards of Conduct Policy.
- We maintain more than 35 additional compliance courses for partners, including International Anti-Bribery, Consumer Banking Compliance, Basel II, Managing Operational Risk and Reporting Elder Financial Abuse. Requirements for these courses are based on location and job function.
- The Compliance and Ethics Program and other Compliance Policies of broad applicability are communicated to all partners by the Chief Compliance and Ethics Officer, the Legal Department or the Human Resources Department via posting on our intranet site. Certain Compliance



Policies require annual certification and sign-off by affected partners.

- Business unit heads, in conjunction with the Senior Compliance Officers and supported by the Human Resources Department, communicate the compliance and legal requirements that apply to personnel within their units. Global Compliance has established standards for developing curricula, reporting on training completion and ensuring that mandatory training is completed.
- Partners are encouraged to report suspected Code violations, criminal conduct and regulatory violations. We have a partner hotline (sometimes called The Network) for such reporting, which can be made anonymously by telephone or Internet, and the Corporate Secretary's office publicizes the hotline information monthly.

Privacy & Information Security

We recognize our clients' expectations of privacy and security with regard to their nonpublic corporate and personal information, and preserving the trust of our clients is one of the core values of our organization. We strive to comply with all applicable laws, rules and regulations relating to bank privacy and information security and have instituted guidelines for the responsible use and protection of our clients' nonpublic personal information by partners.

Protecting Northern Trust's information from unauthorized access and accidental disclosure is a top priority. Northern Trust pursues information security with the same commitment to excellence that we apply to understanding our client's financial needs. Northern Trust utilizes a variety of technical and procedural controls to mitigate existing technology risks and proactively address emerging threats. A comprehensive Training and Awareness program ensures our partners understand and follow industry best practices for the protection of information, and key technology controls are identified, prioritized, monitored and tested to

ensure our networks and applications are configured in a secure manner. Regularly scheduled scans of the existing Northern Trust technical environment detect, track and resolve vulnerabilities in a timely fashion. In addition, to reduce the risk of external Cyber Threats, including Malware and other viruses, we have implemented an ongoing DDoS protection and process for strengthening e-mail, as well as testing against external penetration and vulnerability.

The Bank has implemented a Security Breach Response Procedure to address situations that could result in sensitive client information being compromised or breached.

Further, Northern Trust's Audit Services Department conducts periodic reviews of our compliance with the procedures established pursuant to our Customer Privacy Policy. The Bank has implemented a Security Breach Response Procedure to address situations that could result in sensitive client information being compromised or breached.

Risk Management Approach

Risk Management is an integral part of Northern Trust's overarching goals of protecting and growing the franchise. To achieve these goals Northern Trust has developed a Risk Management Framework that supports our corporate and business unit strategy for the benefit of employees, clients and shareholders.

The Framework provides a methodology to identify, measure and manage both internal and external risks to Northern Trust business and considers external factors such as environmental and systemic risks. The Framework includes defined risks and a risk management process supported by people and



systems. The defined risks are: credit, market and liquidity, operational, fiduciary, compliance and strategic. The risk management processes includes setting risk appetite and strategy; assessment of risks; risk management embedding; and risk reporting, review and communication. Fundamental to the people and systems is the risk organization and governance, culture and tone at the top, models and methodologies and data and technology.

The most senior governance body at the corporate level is the Board of Directors. The Board provides oversight of risk management through its Audit, Business Strategy, Compensation and Benefits, and Business Risk Committees. The Audit Committee provides oversight with respect to risks relating to financial reporting and the legal component of compliance risk. The Business Strategy Committee provides oversight with respect to strategic risk for the Corporation and its subsidiaries. The Compensation and Benefits Committee reviews all compensation arrangements and practices and assesses the extent to which such arrangements and practices appropriately balance risks taken with related incentives. The Business Risk Committee provides oversight with respect to risks inherent in Northern Trust's businesses: credit risk, market and liquidity risk, fiduciary risk, operational risk and the regulatory component of compliance risk.

The Business Risk Committee has approved a Corporate Risk Appetite Statement articulating Northern Trust's expectation that risk is consciously considered as part of strategic decisions and in day-to-day activities. Northern Trust's business units are expected to manage business activities consistent with the Corporate Risk Appetite Statement. Risk tolerances are further detailed in separate strategic, credit, operational, market, fiduciary and compliance risk policies and appetite statements. Various corporate committees and oversight entities have been established to review and approve

risk management strategies, standards, management practices and tolerance levels. These committees and entities monitor and provide periodic reporting to the respective committees of the Board on risk performance and effectiveness of risk management processes.

Northern Trust's team of risk professionals identifies and manages existing and emerging risks and trends, and proactively assesses liquidity and capital adequacy requirements. The high-level objectives are to embed Risk Management in the ongoing business; optimize risk/return trade-offs and deploy resources effectively; and continue to evolve the organization structure to further foster accountability, productivity and client service.

Northern Trust has dedicated substantial resources toward building and evolving the global Risk Management function.

Northern Trust has dedicated substantial resources toward building and evolving the global Risk Management function. Its enterprise-wide Risk Management Framework provides for a consistent understanding of risk management throughout the organization and acts as a source of reference for key stakeholders on how the various components of the Framework are defined, aligned, linked to capital adequacy, risk appetites and tolerances. This Risk Management approach supports our goal of being the financial services provider of choice to our clients, the employer of choice to our partners and the investment of choice to our shareholders.



Global Procurement

Our Global Procurement department is led by a senior-level manager, the Global Head of Procurement, who drives the strategy and sets policies worldwide. Northern Trust expects vendors to employ high standards of recycling and waste-management governance and conduct business in an ethical, legal and socially responsible manner. We specify these terms and conditions in our procurement policy and review it during the vendor evaluations.

Northern Trust is committed to making progress toward integrating ethical, social and environmental factors into our Global Procurement Policy. In 2011, we performed a CSR analysis through a survey of our top 50 vendors based on spending levels with Northern Trust. In 2012, we conducted a survey on 4 of 6 critical vendors and 7 of 14 key vendors. Each vendor provided us with a signed Vendor Code of Conduct and full view into their businesses' CSR policies where available. We check our vendors against the U.S. Office of Foreign Asset Control to ensure we comply with any economic and trade sanctions. Other aspects of our global procurement program include:

- As part of Northern Trust's due diligence process, any vendor providing goods and/or services outside of the U.S. to Northern Trust shall complete the Anti-Bribery Vendor Questionnaire. Risk assessment accuracy and truthfulness are reviewed by Global Procurement and Global Compliance to determine whether business may continue with the company.
- At minimum, vendors with whom we conduct business are expected to obey the laws of the country of manufacture, sale or distribution.
- Our top 100 vendors comprise more than 62% of our total U.S. spending.
- In 2012, a Vendor Management Program was created to monitor performance and promote continuous improvement activities for just over 100 vendors.

The goals of the Vendor Management Program are:

- Provide and implement the framework for the monitoring and management of vendors.
- Determine the activities necessary to manage the vendor relationship.
- Ensure consistency and compliance with regulatory guidance.
- Establish a continuous improvement philosophy into the vendor relationship.
- Ensure compliance with contractual terms and conditions.

The Vendor Management Process will include:

- Utilizing vendor segmentation.
- Applying a governance model appropriate for the vendor's designated segment.
- Administering jointly developed Key Performance Indicators (KPIs).
- Developing and implementing a vendor management plan.
- Assigning vendor managers with the responsibility for specific activities required by the segmentation.
- Monitoring and reporting on the status of open vendor issues.
- Establishing performance improvement goals for ongoing vendor relationships, as needed.
- Conducting regular vendor business review meetings.

Our procurement policy promotes a fair and objective bidding process by neither requiring the use of local suppliers, those that are based in the location of the office procuring the product or service, nor specifically measuring our spending with local or regional suppliers.

Supplier Diversity

Supplier Diversity is an essential part of developing a world-class Global Procurement organization and is also led by a senior-level manager, the Director of Supplier



Diversity. Northern Trust considers supplier diversity a corporate strategy supported by senior management through our procurement professionals. Our commitment to – and passion for – developing and supporting diverse business owners is reflected daily in how and with whom we do business. Diverse suppliers who work with us as partners contribute to our bottom line and foster increased competition and innovation as well as enhance our ability to provide clients with excellence in service.

Our commitment to – and passion for – developing and supporting diverse business owners is reflected daily in how and with whom we do business.

In 2012, inclusion of diverse suppliers was an integral part in creating category sourcing roadmaps in order to find suppliers who have the right capabilities and characteristics to meet our needs. Working with one of our primary suppliers, we developed and mentored a diverse supplier, which resulted in providing them with their first contract as a Tier I vendor to Northern Trust. We also assisted them in expanding their business, by providing referrals to local corporations to continue building a stronger regional economy. In addition, we increased our underwriting strategic alliance revenues by 95% with diverse investment banks, funded our Emerging Managers Program with \$5 billion, and at least one minority broker remains in the top-10 counterparty in the Bank's investment portfolio activities.

We spent approximately \$53 million with minority-owned and women-owned companies, and firms owned by individuals with disabilities, a 10% increase from 2011. Northern Trust continues to bring diverse suppliers into our supply chain despite the ongoing challenges in the economy.

To continue assisting minority business owners with educational sessions to enhance business opportunities, we held a Technology Innovation Summit focused on sustaining Main Street through innovation. The summit brought together over 100 experts in the fields of municipal technology, business innovation and community development to discuss the Municipal Management Model and community development through citizen engagement in technology.

We collaborate with various organizations to focus on economic development, growth and learning, including the Chicago Minority Supplier Development Council, Women's Business Development Center, Chicago United, and Chicago Area Gay and Lesbian Chamber of Commerce (CGLCC), among others. Northern Trust is an active member of the Financial Services Roundtable of Supplier Diversity for the National Minority Supplier Development Council (NMSDC), a networking group of financial services companies.



RESPONSIBLE FINANCE

Northern Trust's Responsible Finance practice is a combination of socially responsible investing and lending practices that meet client needs, drive revenue and support a sustainable market.





Responsible investing (RI) is an investment strategy that explicitly integrates non-financial factors into the investment strategy. It also is known as socially responsible, ethical or sustainable investing. Investors interested in RI pursue these strategies for a variety of reasons. Some investors approach these strategies from a moral perspective. Others follow this strategy in an attempt to reduce risk or create financial outperformance. Some topics popular with RI investors include identifying companies whose corporate practices promote environmental stewardship, social justice, human rights, diversity, consumer protection or corporate governance. It is generally recognized that RI pioneers are religious investors who use negative screening techniques – excluding companies from their portfolios such as tobacco or arms manufacturers.

Our lending principles support the needs of our clients while adhering to traditional lending guidelines by experienced banking and lending staff. Through them, Northern Trust adheres to all regulatory requirements related to extending credit. Northern Trust supports the credit needs of our clients through two business units, Personal Financial Services and Corporate & Institutional Services. Both groups extend credit to address a range of financing needs, including projects focused on sustainability. Each request is reviewed on an individual basis and includes a complete financial assessment. This includes the risks and mitigants inherent in each borrower’s enterprise including but not limited to social, environmental, financial, regulatory and economic factors inherent in the enterprise, sector and economies they operate in. Our goal is to meet our clients’ lending needs within our risk appetite and in a responsible way.

KEY PERFORMANCE INDICATORS

2012 GOALS	2012 RESULTS
Introduce broader array of RI solutions through multi-manager solutions platform.	The Multi-Manager Solutions platform maintains a roster of over 80 external managers who offer sustainable, ESG, and SRI strategies
Complete ESG index provider assessment and introduce suite of passive solutions to clients and prospects.	Licensed MSCI suite of over 79 ESG/SRI indices and completed due diligence of ESG research vendors.
Dedicate additional resources specifically focused on RI capabilities.	Formal business case developed inclusive of recommendation to dedicate additional resources.

2013 GOALS	3-TO-5 YEAR GOALS
<ul style="list-style-type: none"> ■ Generate meaningful AUM, AUA and Revenue by assessing and enhancing proprietary and multi-manager investment capabilities. ■ Develop RI brand leadership through marketing campaigns and sponsorship of two RI conferences. ■ Continue to develop in-house intellectual capital. 	<ul style="list-style-type: none"> ■ Further integration of United Nations Principles for Responsible Investment as a framework for responsible ownership practices. ■ Increase participation with external organizations regarding sustainable investment trends and opportunities. ■ Increase adoption and implementation of responsible investing principles and practices among Northern Trust partners, clients and vendors globally.



Responsible Investing (RI) Practice

Northern Trust Global Investments (NTGI) has more than 25 years of experience managing socially screened portfolios and approximately \$20.9 billion globally in a diverse set of socially screened strategies. NTGI is committed to providing clients with sophisticated investment solutions to meet the specific needs, values and preferences of investors.

We anticipate growing demand and increasing allocation to RI strategies in the years ahead; RI's continuing proliferation among the global investment community represents an opportunity for Northern Trust to offer differentiating products and services. Consistent with this belief, NTGI:

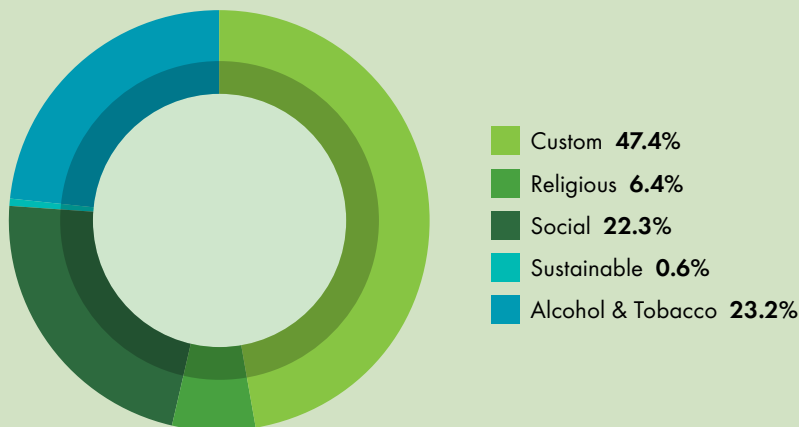
- Manages more than 81 socially screened funds and portfolios.
- Maintains a roster of external managers offering sustainability, ESG and SRI strategies.
- Maintains full connectivity with the leading ESG and SRI data providers such as Trucost, MSCI, ECPI, Sustainalytics, FTSE, etc.

RI Products and Services

To meet the diverse motivations behind RI, we offer an extensive suite of investment capabilities and customization options for investors. At the end of 2012, NTGI managed more than 81 pooled funds separately managed accounts using RI screening techniques or related indices. The issues most important to our clients are listed below.

Many of our traditional investment capabilities, including index management, active management and multi-manager solutions, can be paired with RI strategies. Depending on the sophistication of the RI strategy we leverage our relationships with leading ESG research providers, such as Sustainalytics, MSCI ESG Research, Institutional Shareholder Services and FTSE Responsible Investment to create customized screens or weightings. To further our capabilities in this space, we partnered with MSCI to license access to an entire suite of ESG & SRI indices ranging from best-in-class to values-based to environmental. We also partnered with MSCI to develop an ESG risk assessment framework that assists clients in identifying and monitoring ESG exposures in their portfolios.

SOCIALLY SCREENED ASSETS BY STRATEGY – 12/31/12





One of our flagship RI products is the Northern Trust Global Sustainability Index Fund (Ticker: NSRIX), which is the first mutual fund to track a global sustainability index. This index includes companies that rate favorably in ESG management performance based on analysis and research from MSCI's ESG research team. Standard & Poor's Equity Research awarded our Global Sustainability Index Fund the Gold award in its first-ever U.S. Mutual Fund Excellence Awards Program, for which approximately 19,000 mutual funds were analyzed.

In addition to our investment solutions, Northern Trust has environmental risk and reporting capabilities. As governments worldwide impose taxes and regulation on corporate emissions, investors are increasingly conscious of how the environmental efficiency of an organization may have a financial impact on future corporate earnings. We therefore have partnered with an external data provider to offer environmental emission analytics. This arrangement allows us to measure how corporate environmental performance affects financial performance, enabling investors to effectively measure the carbon footprint of their portfolios. Using our analytics tools, in addition to the emissions data, clients may reduce investment risk from carbon and other environmental impact costs, while maintaining their overall investment strategy and financial performance.

2012 Accomplishments

Reflecting our continuing commitment to RI strategies, we broadened our capabilities and the client experience as follows:

RESEARCH, MARKETING AND ADVOCACY

- Authored and published multiple articles on RI and featured RI as part of Northern Trust's 2012 media day.
- Conducted a survey of private client service teams to educate and assess RI demand.
- Sponsored and participated in multiple conferences and roundtables including the CERES Climate Change Conference, Responsible Investor ESG Europe Conference, DePaul University Sustainability Conference, Responsible Investor/MSCI Roundtable Seminar, SRI in the Rockies Conference and the Banking Environment Initiative.
- Hosted an internal education seminar entitled "Themes, Trends and Intellectual Capital Driving Responsible Investing" in combination with the NTGI Diversity and Inclusion Advisory Council.

PRODUCT DEVELOPMENT AND BUSINESS POLICY

- Licensed MSCI suite of over 79 ESG and SRI indices.
- Launched one SRI CCF fund (the second will be launched in 2013).
- Completed due diligence of ESG research vendors.
- Compiled data on ESG capabilities for approximately 100 external managers.
- Completed preliminary PRI assessment of Northern Trust's investment business.



Client Engagement

In addition to offering RI products and services, Northern Trust is an active member in the dialogue around the evolution of RI strategies. We hold regular meetings with asset-owner clients to give us an opportunity to assess clients' needs for RI products and services. We also sponsor events, such as the Responsible Investor ESG Europe Conference, where clients can learn about RI trends, current events and new opportunities. We also took part in the 2012 Banking & Environment Initiative. The BEI collaborates with groups of major corporate clients who share strategic priorities for creating sustainable economic systems but face challenges in delivering them – challenges that could be addressed by banks. By expanding our partnerships with key environmental advocacy organizations, we actively engage with our peers in the financial services industry to discuss environmental risks, trends and future opportunities as they relate to our sector.

Partner Engagement

The head of CSR attends periodic meetings with client-facing partners to provide updates about our environment, social and governance policies and procedures. In 2013, we plan to increase the number of meetings and informational training sessions with all of our partners, specifically those in client-facing roles. Keeping partners informed helps ensure that we keep our clients familiar with our ability to service their RI needs.

RI Principles

In situations where our clients do not have a specific RI mandate, we are guided by our own RI principles. The foundation of those principles, as with our entire decision making process, is that we will act in a manner to protect our client's financial well-being throughout the time period and strategy they have set forth.

Northern Trust is an advocate of the highest Environmental, Social and Governance standards. We fully acknowledge that the long-term financial success

of our clients and shareholders is dependent upon a healthy global environment, a stable society and well-functioning companies. In our daily operations and strategic planning, we strive to mitigate our environmental impact and improve our social and governance procedures. As a leading investment manager and financial service provider, we recognize our additional influence and responsibility. We are committed to:

- Expanding our understanding of ESG concepts and their impact on economic value.
- Integrating ESG analysis into investment decisions as appropriate.
- Encouraging companies we invest in to pursue and disclose sustainable business practices.
- Voting proxies consistent with these principles as appropriate.

We view the above principles as consistent with our role as a fiduciary and essential to protecting our client's financial interests.

NTGI is a signatory to the United Nations' Principles for Responsible Investment (UNPRI) based on our shared principles and support of the United Nation's approach to responsible investment. We believe the UNPRI's overarching themes of transparency, accountability and continuous improvement align with our own values. We also believe it is important to be part of a community that is working to establish a common language and best practices around these issues. In fact, NTGI contributed to case studies to promote acceptance and understanding of the UNPRI principles in passive management. Internally we use the UNPRI as a framework to formalize our RI principles and set priorities.



Lending Approach

Northern Trust supports the credit needs of our clients through two business units, Personal Financial Services and Corporate & Institutional Services. Both groups have similar credit approval processes within their business units. These require that all loans be presented to a Credit Policy Committee. Voting members include management representatives of the business unit, a Credit Policy Officer and a Credit Policy representative. The Credit Policy Officer has the ability to recommend any loan be presented to the Senior Credit Policy Group for approval in addition to loans meeting predefined criteria. Unanimous approval of all members is also required for any loan presented.

Loans are then assessed to determine how they impact the prospective borrower's creditworthiness. Northern Trust adheres to all regulatory requirements related to extending credit. There are no policies prohibiting lending to any industries. However, the financial/regulatory impacts and credit worthiness of borrowers in industries such as gambling, tobacco and others are strongly considered when considering credit requests. Northern Trust would not knowingly lend to businesses involved in pornography or countries with known human rights violations. Our goal is to meet our clients' lending needs within our risk appetite and in a responsible way.

Personal Financial Services (PFS)

PFS provides services to meet the financial and wealth management needs of individuals, families, foundations and endowments, and privately held businesses. In addition to servicing and managing client assets, Northern Trust provides banking and lending services as part of a holistic wealth management relationship.

The PFS business unit is committed to lending practices not only broadly, but also with regard to sustainability and community development efforts.

With numerous locations around the world, the PFS business unit is committed to lending practices not only broadly, but also with regard to sustainability and community development efforts. For example:

- In Miami, we provided construction financing for an established, local nonprofit that has provided humanitarian services to the homeless across a wide continuum of care for the past 50 years. This financing will allow them to expand their campus and provide services to over 3,000 individuals annually.
- In Chicago, we provided financing for a local nonprofit Community Development Financial Institution to restore and renovate affordable housing along with the U.S. Department of Housing and Urban Development. Since its inception, this nonprofit has rehabbed over 46,000 housing units.



Corporate & Institutional Services (C&IS)

C&IS provides a range of services to meet the asset servicing, investment and banking needs of clients globally. Banking generally consists of credit and payment processing services delivered to U.S. clients, including public and privately owned corporations, insurance companies, hospitals, educational institutions, broker dealers and investment firms. Credit is extended to support the needs of clients approved through Northern Trust's decision-making processes. A few examples of how we incorporate CSR into our lending approach include:

- As a result of a request and guarantee from a client, Northern Trust participated in a multi-bank financing transaction in Michigan to develop property formerly used for manufacturing. Located in an economically depressed part of the state the financing is being used for the redevelopment of the land for residential housing and recreational purposes.
- Lease financing was provided to four clients, including corporations and municipalities, in multiple U.S. locations to invest in solar generating technology. The solar generating technology will be a lower cost, eco-friendly alternative for a portion of their electricity needs.

Proxy Voting Policy

In proxy voting, we seek to ensure that we vote shares in the best interests of clients/beneficiaries and protect the value of their investments. Our custom proxy voting guidelines outline our positions on this. Generally, we support the position of a company's board of directors when voting shareholder-initiated social and environmental proposals. This position reflects the belief that, in most cases, a company's management group and elected directors are best positioned to make corporate decisions on these sorts of proposals.

While this core belief remains unchanged, we have concluded from recent events that a more nuanced approach is advisable. These events include revised SEC interpretations of rules that control the types of issues a company's management can and cannot exclude from corporate proxy ballots, and a proliferation in the types of issues being voted upon. We are working with our proxy voting vendor to identify specific types of proposals that may merit our support.

We are working with our proxy voting vendor to identify specific types of proposals that may merit our support.

We generally vote for proposals that advocate for the elimination of workplace discrimination based on sexual orientation or gender identity; request more disclosure about the environmental impact of a company's operations, products and initiatives; and request that companies issue reports about their energy-efficiency plans.

These changes can be found in Section XII of the Northern Trust Proxy Voting Guidelines, a copy of which is available at northerntrust.com.



GLOBAL WORKFORCE

Northern Trust enforces a workforce policy that does not tolerate discrimination based on race, ethnicity, gender, gender identity, sexual orientation, physical or mental disability, religious choice and many other personal characteristics. In addition, we do not tolerate forced labor, child labor or violating the rights of indigenous people. Northern Trust's guiding principles embrace inclusion and diversity of culture, thought, experience and other attributes of individuals' backgrounds and hold in highest regard the dignity of, and respect for, all partners in our workplace. We support the principles set forth by the United Nations' Universal Declaration of Human Rights and strive to treat all individuals equally.





Human Rights and Workforce Principles

Our human rights and workforce principles apply to all of our global company operations and clearly state our support for the protection of minority groups’ rights, women’s rights and workers’ rights. They expressly reference our conformance with International Labour Organization standards, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and other public policies. While we don’t have a specific policy in place regarding collective bargaining and trade agreements, staff members in any of our locations are permitted to exercise freedom of association as permitted by applicable regional laws.

A component of our human rights principles applies these standards to our suppliers/vendors as well as our partners who receive training on anti-discrimination, diversity and inclusion and sexual harassment. In addition we provide training specifically on Cultural Change, which is especially helpful for expatriates and partners on short-term assignments abroad and global relocation. The principles also encompass stakeholder involvement, public reporting, auditing, third-party auditing and quantifiable targets or goals.

A number of senior-level company officers are responsible for the execution of our human rights and workforce standards, and several partners work to implement them. These beliefs commit us to providing fair and equal wages to partners regardless of gender, as well as competitive compensation and benefits to our workforce.

KEY PERFORMANCE INDICATORS

2012 GOALS	2012 RESULTS
Conduct Employee Engagement survey.	‘Your Voice: the 2012 Employee Engagement Survey’ was launched in 2012, and new marketing approach led to highest participation rate ever.
Conduct Diversity & Inclusion Assessment and develop strategy for APAC Region.	APAC Region Diversity & Inclusion Assessment completed. Established recommendations and appointment of a Chief Diversity & inclusion Officer for region.
Implement regional Diversity & Inclusion Council in EMEA region.	EMEA Diversity & Inclusion Council established. Mandate has been issued to set region strategy agenda and accountability to the European Management Committee.
Increase U.S. population of ethnic minorities at Senior Management level.	Minority representation increased by 6.25% in promotions to Senior Vice President+Executive Vice President.
Increase global female population at Senior Management level.	Global female population at Senior Management level increased 8%.
Further embed and enhance Employee Journey programs and increase focus on Manager Training.	Increased management effectiveness score on the Employee Engagement survey to 81% from the 2010 survey score of 72%.
2013 GOALS	3-TO-5 YEAR GOALS
<ul style="list-style-type: none"> Administer first ‘pulse check’ survey to measure progress against goal of improving enterprise scores on the 2014 Employee Engagement Survey and use results to guide any necessary enhancement of action plans. Continue reinforcing and communicating Northern Trust’s commitment to ongoing action that supports our long-term, 3-5 year engagement strategy. 	<ul style="list-style-type: none"> Consistently improve enterprise scores on the engagement index of the Employee Engagement Survey. Achieve increased compliance on all aspects of the performance management process. Increase U.S. population of ethnic minorities at Mid-Level Manager ranks. Increase global female population at Mid-Level Manager ranks.



Composition of Global Workforce

GLOBAL WORKFORCE BY REGION*			
Region	FTE	PTE	TOTAL
Asia-Pacific	3,290	1	3,291
Europe, Middle East, Africa	2,358	167	2,525
North America	8,254	179	8,433
Grand Totals	13,902	347	14,249

*Staff count does not reflect contractors or temporary employees.

GLOBAL WORKFORCE BY GENDER & ETHNICITY*									
Job Categories	White (Not Hispanic)	Black (Not Hispanic)	Hispanic	Asian	Native American	2 or More Races	Hawaiian	TOTAL	Female
Senior Managers	370	26	21	15	1	1	0	434	181
1st / Mid-Level Managers	838	113	91	62	1	6	0	1,111	830
Professionals	4,010	872	624	536	8	61	16	6,127	5,017
Administrative	319	149	113	38	1	0	0	628	673
Other	29	24	21	3	0	8	0	77	23
Grand Totals	5,566	1,184	870	654	11	76	16	8,377	6,724

* Ethnicity statistics refer to U.S. locations only. All locations are included in the gender statistics.

Talent Recruitment and Retention

Northern Trust partners are critical to our success and we take our search for and retention of top talent very seriously. Our talent identification, sourcing and recruiting strategies generally are targeted for specific locations using a variety of channels that include job boards, colleges, networks, associations and online social networks. Although we actively recruit from the local community, we do not have a global policy in place for granting preference to local residents when hiring in significant locations of operation. Hiring decisions are based on a variety of factors, including educational background, relevant experience, past accomplishments, professional licensing where required, and strong evidence of integrity and ethical behavior. Recruiting plays a vital role in creating and maintaining a diverse workforce. Our goal at Northern Trust is to continue fostering diversity

at all levels of our organization, since it ultimately contributes to our ability to deliver unrivaled client satisfaction and quality. If there are operational changes that lead to job elimination, we meet or exceed the notification requirements of applicable laws but also make every effort to help partners find alternative positions within the company.

Employee Benefits

Over the past 123 years, we have become known for the progressive nature of our innovative employee benefits. Nearly a century ago, we were among the very first organizations to provide employees with life insurance and a pension. We have provided a daycare center at our headquarters for more than 20 years. We were one of the first financial institutions to provide benefits to domestic partners. Benefits vary with work location and



employment status, and we provide programs relevant to each geographic location. Our U.S. partners participate in defined benefit pension plans and a 401(k), which includes a company match. In most other countries, partners participate in a defined-contribution program. Other benefits include life insurance, health care/medical insurance, disability/critical illness insurance, generous time-off policies including paid vacation and sick days, maternity, paternity and adoption paid leaves of absences, education benefits and work/life services. Not all are provided in each country, and in certain locations benefit provision is through statutory plans. Where it is market practice to do so, company funded benefits may also be supplemented by company facilitated partner funded voluntary benefit plans to provide greater flexibility for partners.

A wide array of available benefits and employee service offerings also depends on local requirements, regional differences, competitive practices and what we feel is the right thing to do as an organization. In the United States, benefits and employee services include but are not limited to financial and legal assistance and employee discounts; back-up dependent care; adoption assistance*; adoption and paternity leave*; lactation program for new mothers returning to work; unpaid family and medical leave*; paid vacation; unpaid personal leave*; flexible work schedules; retirement planning; medical, dental and vision plans*; life insurance*; disability*; and medical/health care spending accounts*.

In 2012, there were 244 adoptions, paternity and family/medical leaves taken by 216 partners. Of the leaves taken, 43% were by women and 57% were by men. The retention rate for women was 46% and the retention rate for men was 54%. Our overall parental retention rate was 98%.

Retirement administrators guide our partners as they approach the end of their careers. Detailed information regarding pension plan payments and other retirement

benefits are included in the internal retirement plans *Sourcebooks*, which are updated on a regular basis and available online to United States partners.

In the United States and most of Europe, the Middle East and the Asia-Pacific region, our partners can access, review and update most of their work-related materials via MyPlace, our internal Web-based portal that also includes career-related materials and other information. Our teamwork and collaboration reach around the globe through Regional HR Service Centers, HR Relationship Managers and Centers of Expertise in an effort to achieve common goals while fostering an environment of mutual respect.

Our teamwork and collaboration reach around the globe to achieve common goals while fostering an environment of mutual respect.

Our benefit programs are a core element of our total reward package and our strategy to attract and retain partners. Our benefits continue to be supportive of our partners' health and welfare, and their ongoing wellbeing while also being sustainable in terms of cost.

Career Development

We introduced Web-based Career Development Planning tools housed in the MyPlace Web portal to further assist partners with strategic career planning. It allows partners to assess their strengths and interests and work collaboratively with their manager to confirm performance expectations and identify opportunities in their career development to align projects, assignments and training to strengthen their capabilities and better prepare them for future opportunities. In 2012, there were more than 23,250 visits to the site.

* Available to partners who are scheduled to work 20 or more hours per week.



The performance management process emphasizes coaching and feedback during formal appraisals as well as throughout the year so that partners are enabled to do their best work. The process also includes automated, globally consistent multi-rater feedback whereby partners request feedback from dotted-line managers, direct reports, partners and internal clients relative to management expectations (if applicable) and organizational behaviors. By year-end, 95,209 feedback requests were generated and 57% were completed, down 13% from 2011. All partners are provided with

Over 1,040 instructor-led courses are offered globally and hundreds more offered through three main online libraries in Learning & Development.

tools located in MyPlace to help with each step of the performance management process. Each year, managers conduct formal, annual performance discussions with partners. In 2012, 96% of our partners received performance reviews, in addition to mid-year reviews; this is unchanged from 2011.

Northern Trust recognizes the value of training and developing our partners, providing them with dozens of continuing education opportunities. This year, more than 267,000 hours of training were conducted an average of 18.5 hours per partner. Over 1,040 instructor-led courses are offered globally and hundreds more offered through three main online libraries in Learning and Development (L&D): Element K for professional skills courses; Intuition, which offers dozens of courses pertaining to financial markets and products; and Harvard Manage Mentor, which is available to managers to up-skill key managerial skill sets.

Managers are prepared to be a key developer of talent with courses and performance support emphasizing employee engagement, productivity, talent identification and career planning. The hours of training taken per manager equals 5.6 in 2012.

We have a tiered training structure with a corporate L&D team responsible for global learning solutions including but not limited to: new employee orientation, competency training, client servicing/sales, and management and leadership development. There are 14 dedicated partners in the L&D team located in Bangalore, London and Chicago including managers, training consultants, eLearning developers and performance consultants. There is also a central Compliance Training organization responsible for implementing mandatory training to manage risk and stay compliant as a global financial services organization. At the business unit level, there are several formal training organizations supporting business-unit and job-specific training, including process, system and role-based learning solutions with a total headcount of 55. The business units also have professional education budgets to support continuing education including seminars, conferences and advanced certifications. The business resource councils (BRCs), in partnership with L&D, offer knowledge shares and group forums on leadership and career development, book forums and speaker series.

Learning solutions are offered in myriad forms to meet business needs and optimize the value of the content. Delivery vehicles include classroom training, computer-based training (CBT) and knowledge shares/speaker series. There are additional development opportunities located on our internal Career Development site, launched in 2011, including but not limited to global mentoring, targeted assignments and recommended white papers and books.

The formal training organizations have experienced learning professionals including instructional designers, facilitators and organizational consultants. These



individuals work closely with business and HR leaders and partners to assess needs and develop learning solutions that align to strategic goals and enhance employee engagement.

Northern Trust has a single system platform for learning management (LMS) that is utilized by all the training organizations. Partners around the world can access, search and enroll for courses on the same system. L&D launched a new portal that overlays the LMS providing a user-intuitive interface that will allow for more innovative learning solutions like user-created video clips, social learning and instant feedback.

Partner Engagement

The 2010 employee survey results identified communication and career development as major enterprise focus areas. New approaches, tools and venues for communicating more effectively are now in place, and an online Career Development Center has been created and launched in response. Associated scores from the 2012 employee survey reflect significant improvement in these areas.

The 2012 employee engagement survey results were very positive with the overall engagement score of 81% surpassing 2010's 72% result.

The long-term, 3 to 5 year engagement strategy was thoroughly refreshed in 2012, and a new marketing and communication campaign resulted in our highest completion rate ever (87%). The 2012 results also serve as a benchmark for measuring progress against the goal of increasing workforce engagement over the next three years to drive higher levels of business performance.

To support that goal, comprehensive review of the survey realigned and concentrated questions in key areas such as the Driving Performance initiative and highlighted our focus on the areas showing greatest potential for both short- and long-term positive impact on engagement. A complete survey will now occur every second year, and new 'pulse check' surveys will be administered in alternate years to provide checkpoints on progress.

The 2012 employee engagement survey results were very positive with the overall engagement score of 81% surpassing 2010's 72% result. Thorough analysis of both quantitative and qualitative data identified enterprise-level priority action items and pinpointed region or business unit specific results for local action. A newly developed planning structure maximizes limited resources by aligning all action plans with the high-level corporate priorities, while retaining the flexibility to address immediate local needs.

The 2012 results guided leadership's decision to prioritize the following as corporate priorities:

- Work environment & processes
- Performance & results
- Manager effectiveness

Dedicated 'Engagement Leads' and 'Change Agents' are partnering in creating and implementing relevant and actionable plans, cascading plans across the organization, aligning activity for greatest impact, and tracking and measuring progress.

Employee Health & Safety

Our wellness program, "nGood Health," encourages and supports partners and their families to embrace a healthy lifestyle. It also works to foster an effective, active and healthy workplace. The program includes health-risk assessments, wellness screening, incentives for healthy lifestyle practices, healthier food choices in our cafeterias, frequent healthy lifestyle information and webinars.



Globally, our Employee Assistance Program supports partners and their families in dealing with a variety of personal and professional challenges, such as stress, serious diseases, mental health issues, elder care and dealing with grief. In the United States, our partners and family members with serious conditions also can access a disease-management program at no cost.

Lost days, rates of injury, occupational diseases and work-related fatalities are not concepts normally associated with the financial services industry.

Northern Trust has a Life Safety program that provides clients, partners and visitors with the leadership, knowledge and means to safely address emergency situations that may occur at any of our facilities worldwide. The program provides a framework that allows us to respond proactively to emergency situations, thus minimizing the risk of serious injury.

The Life Safety program is part of our Global Business Continuity and Recovery Services group. This group of 12 dedicated staff oversees the following functions for the entire enterprise: Business Continuity (BC), Disaster Recovery (DR) and Life Safety (LS). This allows for a consistent global approach and methodology to address these important functions. The Director of Life Safety, a senior-level manager, works with various internal groups (among them Human Resources, Corporate Real Estate and Global Physical Security Services) as well as emergency first responders (local fire and police departments) to develop and implement life safety procedures for the enterprise. The Director of Life Safety also works with a team of Life Safety volunteers (more than 20% of our partners) to ensure life safety procedures are performed per guidelines and provide organized assistance to partners during an emergency. The actual number of volunteers tends to vary based on: organizational changes, partner relocations within our buildings, and normal staff movement such as new hires, terminations and transfers.

Business continuity and disaster recovery preparedness is an essential component of Northern Trust's service commitment to our clients. As an industry leader in security and preparedness, we have always placed a high priority on providing a secure and resilient environment. We regularly assess systems, critical functions and disaster recovery processes to further develop and maintain global continuity plans, which are designed to effectively deal with events that might cause serious business interruption.

Northern Trust's Business Continuity philosophy and ongoing review efforts emphasize disaster prevention, mitigation and recovery. Northern Trust's work environment is regularly reviewed to identify potential sources of risk and the means to avoid and or minimize the likelihood of significant interruptions in our service capabilities. Staff and automatic electronic sensing equipment monitor critical support systems 24 hours a day, 7 days a week, 365 days a year. In the event of a disaster at one of our Corporate Data Centers, the other data center is equipped to recover critical processing within 12 hours or less. Additionally, various techniques are in place to provide for no or minimal loss of data to maximize our recovery capabilities.

In the last decade, disaster challenges have grown exponentially, occur more frequently and are more wide-ranging and demanding, which greatly complicates the ability to quickly resume normal services. During this time, we have had to plan for and respond to a variety of events such as electrical outages that spanned nearly half the United States, worldwide terrorist events (the September 11, 2001, attacks in the U.S.; the July 2005 transportation bombings in London), transportation strikes, civil disruption and a continuing stream of natural disasters (hurricanes, typhoons, snow/ice, earthquakes, tsunamis). Client data storage requirements have continued to increase over the past several years. Clients are located in virtually all time zones worldwide,



creating the need to provide services as close to “continuous availability” as possible.

Northern Trust addresses these challenges daily. In the event of a disaster, Northern Trust has plans in place to respond effectively and efficiently. These plans have been successfully used to respond to the potentially disastrous situations mentioned above. Periodic global events have reinforced clients’ interest in business continuity and disaster recovery.

In the event of a disaster, Northern Trust has plans in place to respond effectively and efficiently.

Business continuity plans are required for all business units and disaster recovery plans are required for all technology platforms and software environments pursuant to corporate standards. At a minimum, plans are reviewed, updated and tested on an annual basis, as corporate policy and standards require testing of plans as part of the overall business continuity preparedness process.

All business continuity plans are required to identify an alternate work location for critical staff to resume normal business operations. Alternate work locations could include one or more of the following: proprietary resiliency centers; contracted recovery space; another Northern Trust office location; or provisions to work from home.

Northern Trust has several proprietary business resiliency centers that provide alternate workspace for critical staff to quickly resume business processing after an emergency event. To insulate them from being affected by the same emergency event, these resiliency centers are located some distance from the primary business location they serve, but close enough to allow

staff to relocate in a reasonable timeframe to resume business processing. All Northern Trust offices are eligible to participate in Northern Trust’s Business Resiliency – work-from-home (BR-wfh) program. The BR-wfh program is a global sustainable work-from-home capability to enable previously identified and certified staff to continue business processes from their home during a business interruption. Use of these proprietary and work-from-home alternate locations is actively exercised throughout the year by staff relocating to work from these locations during a regular (non-disaster) working day.

Global Diversity & Inclusion

Our global diversity and inclusion strategy and programs are led by the Chief Diversity & Inclusion Officer, a senior position. An annual Diversity & Inclusion update is provided to the Board of Directors for evaluation. We also utilize scorecards to measure the accountability of our enterprise and individual management group members on diversity and inclusion issues.

We currently sponsor 10 global business resource councils (BRCs) and actively seek to enhance BRC members’ professional networks through attendance at external events and programs:

- Advancing Professionals Resource Council (APRC)
- Asian Leadership Business Resource Council (ALBRC)
- Black Business Resource Council (BBRC)
- Disability Business Resource Council (DBRC)
- Experienced Professionals Business Resource Council (EPBRC)
- Latin Heritage Leadership Council (LHLC)
- Lesbian, Gay, Bisexual, Transgender Business Resource Council (LGBTBRC)
- Military Appreciation & Assistance Resource Council (MAARC)
- Women in Leadership Business Resource Council (WILBRC)
- Working Families Business Resource Council (WFBRC)



BRC PARTNER CASE STUDIES

Advancing Professionals Resource Council (APRC)



Brad Boman

Personal Financial Services, Wealth Advisory Associate Relationship Manager

“In 2010, I first learned about the Advancing Professionals Resource Council (APRC). It was described to me as an internal affinity group working to connect and engage Northern Trust partners interested in developing themselves, both professionally and personally. Intrigued by the concept, I joined the APRC and took advantage of an open committee position responsible for United Way fundraising.

It was here that I began to really see the benefits of the APRC. Through the various events and activities, I was able to connect with partners across different business units; an opportunity I didn’t often receive in my position at the time. This drastically improved my Northern Trust savvy, and gave me a lot more confidence when speaking about our capabilities as a company.

For the past two years, I have been involved in planning APRC community outreach activities and professional development opportunities for our members. A lot of thought and preparation goes into coordinating these events to ensure their success. This collaborative effort with fellow partners has been a fantastic experience and an excellent way to demonstrate my professional capabilities. The strong network of professional contacts I’ve been able to develop through the APRC gave me the opportunity to learn more about

Personal Financial Services, and ultimately, instrumental in my decision to pursue an excellent opportunity in Wealthy Advisory as an Associate Relationship Manager.

The APRC has given me a myriad of opportunities that I am very fortunate to have been a part of. During my time in the APRC, I have fostered many relationships with people I now consider friends. I’m proud of the work I’ve done with the APRC, and look forward to providing this same experience for other partners at Northern Trust.”

Disability Business Resource Council (DBRC)



Julia Granum

Personal Financial Services, Marketing Senior Vice President

“Northern Trust’s BRCs support our global business strategy and are proving to be the most effective career development opportunity I have seen implemented in my 30-year career. I first joined a small suburban office where senior managers actively cultivated employees based on their personal knowledge of each partner’s capabilities. When I was offered a position at our corporate office one of the concerns people expressed to me was the lack of career advancement opportunities. I faced the old adage of being ‘a small fish in a big pond.’

Today, when I see the passionate engagement of senior leaders in the BRCs and their eagerness to meet with and support the members in their Council’s mission, I’m inspired. The pond may be big, but it is filled with opportunity.



In addition, the ability for any partner globally to join a BRC provides members with exposure to partners from every business unit and numerous positions giving everyone insight into career options.

While these are powerful benefits for members, the company is benefiting as well. Partner retention, development and the inclusive environment these Councils create are essential to the success of our business strategy. Each Council’s focus and work on recruiting, community involvement and business development will be powerful contributions that ensure a bright future for Northern Trust. I feel blessed to have my company’s full support to be an active member of the Disability Business Resource Council providing so many benefits to our members and Northern Trust.”

Working Families Business Resource Council (WFBRC)



David Rodriguez
Corporate Financial Management,
Sr. Financial Analyst, Officer

I was interested in the Working Family BRC because it seemed to be a good fit for me. To be more specific, I have three sons ranging from 4 to 10 years old and I am always looking for ways to be a better Dad. Since I signed up to be a member, the WFBRC has put on some great workshops from advice on cooking to helping teach kids about money.

I enjoyed the activities so much that I was excited to volunteer when the Treasurer position on the board

opened up. I thought this would be a great way to share some of my financial management expertise with the WFBRC. Thus far I have been able to use the budgeting, forecasting and planning skills that I acquired in my current role at Northern Trust and apply it to the WFBRC.

It was nice to be able to take that knowledge and apply it to a completely different function and I feel that this will help me advance my career. Volunteering has been such a great experience because it has given me to opportunity to work with partners across the organization.”

Asian Leadership Business Resource Council (ALBRC)



Lydia Song
Operations & Technology, Client Operational
& Reporting Solutions EMEA, Vice President

“I have been chairperson of the EMEA division of the ALBRC for the past two years. Our goal is to identify one core initiative each year that will have a lasting impact and resonate with our members as well as other partners in the region. This year we focused on using ALBRC as a forum to link Northern Trust’s business expansion in the Asia-Pacific region to partners’ professional development. I developed a speaker series to discuss the various cultural norms in the Asian-Pacific countries where Northern Trust has a presence.



Instead of inviting external speakers, I encouraged the ALBRC-EMEA members and internal partners to speak, which helped them to develop public speaking skills. The speakers shared their perspectives of Asian culture in the country in which they were born as well as highlighting Northern Trust's business developments in that country. This speaker series allowed partners to learn from individuals native to the region and provided our members an opportunity to enhance their presentation and leadership skills."

DIAC CASE STUDIES PARTNER ENGAGEMENT

Northern Trust sponsors five (one per business unit) Global Diversity & Inclusion Advisory Councils (DIACs), which provide a wide array of activities for their respective members.

Corporate & Institutional Services (C&IS) DIAC

The C&IS DIAC hosted a diversity and inclusion discussion in our Chicago office led by the Head of CSR, Connie L. Lindsey. The idea to host the event emerged during the group's 2012 strategy discussion with its executive sponsor, C&IS President Steve Fradkin.

"Diversity is an essential topic for both moral compass and what we want Northern Trust to be as a firm. Finding different ways to showcase the importance of diversity and engage in the conversation is not easy. I think the C&IS DIAC did a great job with this event in coming at it in a different way. Congratulations to the whole team and thank you for the special efforts that you had to put in...beyond your day jobs. Very well done."

Steve Fradkin, C&IS President

The group decided that a book review would spark candid conversation and engage employees from all levels. A book was selected that would allow the group to partner directly with the author, who is also the head of diversity for a key client. The group obtained commitments from C&IS senior-level managers to participate and partners representing nearly all divisions globally registered for the event, resulting in a lively and interactive dialogue followed by a Q&A session where attendees shared experiences and best practices. The event was also duplicated in our Bangalore office where the C&IS DIAC Bangalore team partnered with the Bangalore Women In Leadership Business Resource Council. The Bangalore team provided copies to all members and also invited a professor from Indian Institute of Management to review the book. The C&IS DIAC group has found a format that allows the business unit to strengthen and leverage client relationships while engaging partners at all levels and will continue the book review discussions well into the future.

Personal Financial Services (PFS) DIAC

The PFS Diversity & Inclusion Advisory Council is focused on fostering an environment of diversity, inclusion, creativity and innovation that sustains a competitive advantage, fuels growth and achieves superior performance within PFS. The PFS DIAC has built core values based on the cornerstones of our partners, clients, suppliers and the communities in which we operate. They have become an integral part of Northern Trust's corporate culture that will continue to reach diverse markets and talent, embrace employee ideas, exceed client expectations and increase supplier opportunities.

Among various annual events held in 2012, one of the most significant was a Professional Development Seminar for PFS partners across the company. The event featured a Diversity & Inclusion consulting professional who addressed more than 100 employees and executives,



each with an opportunity to learn more about fostering an inclusive work environment and career building through diversity councils. The seminar also shared insight into global, profitable and sustainable diversity practices within Fortune 500 companies across the U.S.

Northern Trust Global Investments (NTGI) DIAC

A well-informed staff is central to meeting client demands for responsible investing (RI) strategies. To educate and inform Northern Trust partners worldwide on RI issues, the NTGI DIAC hosted a session titled “Themes, Trends and Intellectual Capital Driving Responsible Investing,” featuring industry leaders from US SIF and MSCI Environmental, Social and Governance (ESG) Strategies. The objective of this event was to provide a forum for dialogue around Environmental, Social, and Governance (ESG) and Socially Responsible Investing (SRI), to promote awareness around Northern Trust’s ESG and SRI capabilities, and to develop and deepen relationships with key influencers in the investment industry. External experts explained the growing investor interest in using investment guidelines to address social causes. The market acceptance in Europe was highlighted, and is a point of growth for the NTGI investment management business.

Operations & Technology (O&T) DIAC

The mission of the O&T DIAC is to champion an inclusive environment that celebrates diversity. For nearly four years, through interactive sessions on how to Take Charge of Your Career and Personal Branding Workshops, as well as the broader Northern Trust Do One Thing campaign and Diversity Fair, the O&T DIAC’s goal through all of these initiatives is to promote the importance of diversity & inclusion in both the workplace and in our personal lives.

In 2012, the O&T DIAC held interactive sessions called Take Charge of Your Career 2.0 – Navigating Change. These were based on similar seminars that

were held in 2010, which were widely attended. The sessions are designed to educate attendees on Northern Trust’s philosophy on managing one’s career; provide tools participants can utilize to create a general career direction; and help attendees have more effective career discussions with their managers. Employees also benefit from hearing executive guest speakers talk about how they’ve navigated change in their careers.

Three sessions were held in North America, with an average of 70+ employees in attendance either in-person or via WebEx. Additional sessions are planned for North America, EMEA and APAC in 2013.

Corporate Groups DIAC

In November 2010, the Corporate Groups DIAC sponsored the “Taste of the Corporate Groups,” which provided a glimpse into how each group contributes to the overall framework of Northern Trust, as well as how these groups interrelate to one another. Four hundred partners participated globally and the feedback received was extremely positive, sending the message that partners wanted a “deeper dive” into each of the Corporate Groups – what they do and how they integrate diversity into their daily operations. The “Dive into Diversity” series evolved from this first event. In 2011, Global Marketing kicked off the series, followed by Corporate Risk Management. The journey continued in 2012 with events featuring Human Resources and Finance professionals. The purpose of the Dive into Diversity events has been threefold: 1) educate Northern Trust partners about the strategic goals and people within a particular division within the Corporate Groups; 2) provide an understanding of how the respective division supports Diversity & Inclusion opportunities as well as handles its challenges; and 3) network with partners to grow personally and professionally.



CONTRIBUTING TO THE COMMUNITY

Community involvement is deeply rooted in the Northern Trust culture, impacting the way we do business globally. Since our founding in 1889, Northern Trust has actively advanced a culture of caring and a commitment to invest responsibly in the communities we serve worldwide. This philosophy continues today through progressive community lending efforts; contributions to service and community organizations; partner volunteerism; gifts in-kind such as donations of meeting space, catering, supplies and other knowledge services; and directorship guidance to charitable and civic boards.





KEY PERFORMANCE INDICATORS

2012 GOALS	2012 RESULTS
Continue extensive planning for the creation of an integrated global giving platform.	Global giving platform approved in 2012; formation and funding anticipated for 2013-15. Continued international grantmaking to support global business units and employee engagement activities.
Gain approval and deploy comprehensive global employee engagement program including training for board positions (limited geographic footprint), recognition program and paid time-off program.	Engagement program, Northern Trust Community Partners, received management approval and was launched globally. Program to include two days paid-time-off for volunteering; board member training for employees; and community volunteer awards.
Collect data and report ROI for each region where philanthropic resources are deployed.	Shifted focus from ROI to ROO (return on objectives), with new metrics to more closely align philanthropic resources with core strategic priorities as identified by business unit CEOs.

2013 GOALS	3-TO-5 YEAR GOALS
<ul style="list-style-type: none"> ■ Maintain positive brand reputation in established markets and grow awareness in newer markets through sponsorships, global giving and increased communication. ■ Increase Strategic Philanthropy program alignment across the company by working with leadership to increase their interaction and allocate resources to specific target audiences relevant to corporate strategy. ■ Promote employee engagement through the new Northern Trust Community Partners program. ■ Develop formal stakeholder engagement covering the 18 U.S. states where bank branches are located to identify community needs, opportunities for community investment and create partnerships through direct investment. 	<ul style="list-style-type: none"> ■ Integrate philanthropy into new market entry and business development strategies. ■ Shift focus of Community Affairs to consultative model offering expertise in international grantmaking, market development, impact measurement and talent development. ■ Expand the Northern Trust Community Partners Program by developing online and interactive in-person training to be leveraged internationally. ■ Formalize and standardize the tracking of social and economic impacts created through community investment originated using IRIS or similar standards where possible.

Community Impact Strategy

Northern Trust’s holistic approach to corporate philanthropy takes into account the overall impact on our clients, shareholders, partners and communities we serve as each activity is executed with these priorities in mind. Our scope of community involvement provides direct benefits to the company in the following ways:

- **Corporate Alignment:** With Northern Trust’s recent approval of Wholesale CRA designation, we are able to more fully align the bank’s business strategy with our Community Reinvestment strategy. The Wholesale designation allows for the concentration of efforts and resources in direct investments which create sustainable community impact.
- **Brand Awareness:** Northern Trust’s brand strength relies heavily on community involvement through sponsorships and alignment with highly respected nonprofit institutions. A key component to our marketing strategy, Northern Trust’s charitable grants, event sponsorships, charitable and civic board representation and employee volunteerism all contribute to raising brand awareness and brand equity in target markets around the world.



- **Business Development:** Our strategic philanthropy program allows us to work directly with each of our business units to identify opportunities for charitable support related to key marketing and client relationship efforts. Given the nature of our client base, community involvement has proven to be an effective business development tool providing access to key clients, prospects and influencers.
- **Talent Acquisition & Development:** Volunteerism and matching gift programs continue to be a competitive advantage in recruiting and partner satisfaction. In fact, employees ranked Community Involvement as the second most important component (out of five) to our CSR strategy. Employee volunteerism was strong in 2012 and is a consistent priority among college graduates when considering future employment. Nonprofit and civic board involvement is integral to talent development as it provides partners with leadership and networking opportunities beyond the scope of their responsibilities at Northern Trust.
- **Our Communities:** A driver of our community involvement is the belief that stronger communities lead to stronger businesses. For example, knowing that today's students make up our future workforce, we have participated in extensive conversations with local government and public school systems to identify key issues in education. These meetings led directly to amendments in our Charitable Trust guidelines, including one which increased our focus on teacher development. Our inclusion in these efforts helps us stay abreast of important socio-economic issues that impact our business and allows us to support the community more effectively. We also work with Community Development Financial Institutions to help identify financing gaps that can be addressed with direct investment of capital, used to create sustainable impacts such as affordable

housing, job creation, access to financial services, access to social services and innovative community programs such as healthy foods and reclaiming foreclosed housing.

Total Annual Contributions Summary*

The table on the next page outlines charitable contributions associated with Northern Trust over the last five years:

- **Corporate Philanthropy** includes all cash donations made by the company in the reporting year.
- **Employee Contributions** includes all donations made by Northern Trust partners through our matching gift program and annual United Way campaign.
- **Community Investments** includes donations of event space, goods and services (in-kind contributions); and direct investments in Community Development Financial Institutions, Community Development Funds, Small Business Investment Companies, New Market Tax Credits and Low-Income Housing Tax Credits.

Please continue reading to learn more about each of our core areas of community involvement.

Corporate Philanthropy

Our global corporate philanthropy program awarded \$14.9 million in cash contributions to local and international civic and charitable organizations in 2012. In the last five years, corporate philanthropy has contributed more than \$70 million in support of nonprofit organizations worldwide.

Our Northern Trust Charitable Trust (“the Charitable Trust”), Guernsey Charitable Trust and corporate giving programs support organizations that are operating in the communities where we do business. The Charitable Trust was established in 1966 to support Chicago and Cook County’s neighborhoods of greatest need, while other corporate giving includes our strategic



CATEGORY	2008	2009	2010	2011	2012
United Way Corporate Gift	\$1,000,000	\$1,000,000	\$1,000,000	\$1,100,000	\$1,000,000
Northern Trust Charitable Trust	2,109,000	2,452,000	2,586,000	2,900,996	2,199,996
Corporate Matching Gifts Nationally	746,000	675,000	630,000	549,996	552,958
Sponsorships and Other Corporate Philanthropy	10,589,000	8,546,000	10,050,000	9,347,137	11,158,804
Corporate Philanthropy Total	14,444,000	12,673,000	14,266,000	13,898,129	14,911,758
% of Pre-Tax Profit	1.10%	1.04%	1.43%	1.57%	1.50%
United Way Employee Contributions	2,600,000	2,500,000	2,400,000	2,000,000	2,559,624
Employee Matching Gifts Contributions	750,000	953,000	776,000	925,294	956,636
Employee Contributions Total	3,350,000	3,453,000	3,176,000	2,925,294	3,516,260
In-Kind Contributions of Products and Services	253,000	190,000	240,000	249,551	184,837
Community Development Investments	133,000,000	80,000,000	112,300,000	76,600,000	72,800,000
Corporate Investments/Contributions Total	133,253,000	80,190,000	112,540,000	76,849,551	72,984,837
EMPLOYEE & CORPORATE GRAND TOTAL	\$151,047,000	\$96,316,000	\$129,982,000	\$93,672,974	\$91,412,855

*More information on corporate giving can be found in the Charitable Trust Annual Report located at northerntrust.com/csr

philanthropy, executive sponsorship and employee engagement programs worldwide. Our grants primarily assist programs and agencies that focus on advancing the well-being of disadvantaged women, children and people with disabilities in one of four core areas:

- **Enriching Neighbors:** The Charitable Trust supports organizations that strive to measurably improve the quality of life in our focus communities. Mental and physical health, supportive housing, workforce development, basic human needs and community development programs provide invaluable assistance to people facing obstacles that impede their full participation in society.
- **Preserving the Environment:** To help strengthen the stewardship efforts of organizations that work to preserve the environment, the Charitable Trust supports programs that incorporate elements of green construction into affordable housing initiatives and that create green job-training programs for disadvantaged women and people with disabilities.
- **Supporting Education:** Reflecting our view that education is the cornerstone of future success, the Charitable Trust supports organizations that



bring innovative, comprehensive and exemplary programs to local public schools. Through our efforts to augment the priorities and goals of local public school systems, students in our communities gain additional tools to enhance their academic achievement and develop leadership skills. The Charitable Trust gives priority to organizations that improve student achievement through innovative programming, developing the talent of teachers and principals, and preparing students to compete globally.

- **Sharing the Arts:** Arts and cultural programs contribute to developing vibrant and healthy communities. The Charitable Trust supports organizations that bring arts opportunities to our focus neighborhoods. It also supports organizations that create forums for social interaction celebrating our diversity. Specifically, the Charitable Trust supports organizations that open access to the city’s rich cultural life and integrate the arts into education and other community outreach initiatives.

Employee Contributions

Northern Trust Community Partners, a program created by a working group in the United Kingdom, was launched globally in 2012. The Community Partners program helps local teams of employees to identify, engage and develop relationships with charities in their respective regions. These relationships include financial support and volunteer support from staff. In support of this program, Northern Trust management passed an initiative to include two full days of paid-time-off for partners to spend volunteering with an approved nonprofit. In addition to the Community Partners program, Northern Trust facilitates board placement on charitable and civic boards and has laid the groundwork for a board governance training program that will pilot in 2013. In addition to these activities sponsored by

Northern Trust, employees also give of their personal time to charity – more than 180,000 (actual 184,404) hours were reported through the Northern Trust Volunteer Survey in 2012.

“I am very grateful to Northern Trust for having been given this opportunity to volunteer in the local community. It’s a great opportunity to meet people from across our own organisation, as well as individuals outside my normal line of work. I think volunteering is a huge confidence builder for many Northern Trust staff and helps develop skills that I can bring back to my day job such as relationship building and project management”

Jenny Barrett,
GOLD Programme, London UK

Corporate Investments (CRA)

The Northern Trust Company carries an “Outstanding” CRA rating. With the approval of Wholesale CRA designation in late 2012, Northern Trust no longer makes consumer loans to the general public. The CRA activities and ratings are based upon direct investment in communities rather than consumer mortgage and small business loans. This change aligns Northern Trust’s business strategy with the CRA designation to maximize impacts created with dollars invested in communities. New CRA investments originated totaled \$72.8 million. Our directors receive an annual CRA and Fair Lending report and have approved our policy related to community reinvestment. As of December 31, 2012, the portfolio of community investments totaled \$455.1 million. These investments meet the following community needs:

- Education and Social Services: \$59.5 million outstanding. Provide long-term capital and equity



for the development of community and education facilities such as charter schools, health clinics and day care centers by nonprofit partners.

- Affordable Housing: \$370.8 million outstanding. Support the creation and retention of affordable rental housing and affordable homeownership in partnership with nonprofit lenders and developers.
- Job Creation: \$10.7 million in asset value. Support nonprofit micro loan origination programs and the expansion of businesses and job creation through private equity funds.
- Wealth Accumulation: \$14.1 million in asset value. Equity investments and certificates of deposits in community development banks provide capital needed for the development of products and services to meet the needs of the unbanked, underbanked and underserved members of our communities.

These community partnership investments are longer-term debt investments at low interest rates, equity investments, tax credit investments, subordinated debt investments that carry equity-like terms or marketable securities with a community development purpose.

Community Impact Case Studies

To achieve maximum impact from our contributions, we believe there often is an opportunity to go beyond cash donations by surrounding a cause with human and intellectual capital as well. The following case studies exemplify how we not only are making grants, but building lasting community partnerships worldwide:

KIDS COMPANY – LONDON, UK

“Northern Trust’s support has been fantastic and makes such a difference to the children. With so many schools under-resourced, these activities provide essential one-on-one time and positive adult interactions for children who might not otherwise receive that kind of attention, which is absolutely priceless. It’s great for building their confidence and helping them to learn new skills – as well as to just have fun!”

Emma Watts, Corporate Relationship Manager at Kids Company

Throughout 2012, Northern Trust committed nearly \$15,000 in sponsorship of various projects through the Kids Company Schools Programme, which organizes workshops, activities and school trips that aim to support and empower some of London’s most vulnerable and at-risk youth. In fact, teachers have reported educational improvements in 83% of children as a result of their participation. Employees in London leveraged the company’s financial contributions by generously donating their time to attend seven volunteer events, impacting over 1,100 students.

INDIAN RIVER HABITAT FOR HUMANITY – FLORIDA

Northern Trust has a long and deep partnership with Indian River Habitat for Humanity that includes not only leverage of financial resources but also dedicated partners who volunteer expertise and time to help low-income families become homeowners. Earl Morgan, Senior Vice President and a Florida Managing Director, has been a Habitat board member since 2009 and has



served as the Board Chairman since January 2012. He has participated in the annual volunteer appreciation night musical production and was a volunteer in the 2012 Global Village Everest Build as part of the Indian River Habitat Team, which joined some 400 other volunteers from around the world to build 40 houses in a small village in the Himalayan foothills of Nepal.

Northern Trust has provided financial leverage with lines of credit that bridge funding gaps between acquisition, construction and homeownership for Habitat clients with the first \$1 million of the line provided at 0% interest. Since 2008, Northern Trust has provided direct mortgage funding totaling \$2.97 million for 56 Habitat homeowners. An additional 57 Habitat mortgage loans totaling \$2.8 million were purchased by Northern Trust since 2007, with eight mortgage loans purchased in 2011 totaling \$576,500. The direct origination and purchase of Habitat mortgages provides cash to Indian River Habitat, which it then uses to purchase, build and rehab additional home for more low-income families.

BOX OF HOPE – HONG KONG

“For most of these children, our boxes are the only gifts they receive all year and some have never received one at all. The gifts provide an opportunity for these orphaned children to own something in a place where everything else is shared. We are thrilled to have Northern Trust’s support for the third year in a row and look forward to continuing our work with the Hong Kong partners in 2013.”

Nicole Woolhouse,
Founder and Director at Box of Hope

For the third consecutive year, Northern Trust’s Hong Kong office supported Box of Hope, a Hong Kong-based charity that collects supplies and gifts from local schools and organizations to send to underprivileged children throughout Asia. This year in addition to its employee volunteers, Northern Trust issued a grant in sponsorship of an orphanage in Baiwan, a small town outside of Guangzhou, Guangdong, China. Then, during the 2012 holiday season our Hong Kong partners helped to pack some of the 17,000 boxes that the charity shipped to needy children, making sure they each contained a fun toy as well as an educational item.

UNITED WAY CAMPAIGN – UNITED STATES

In August 2012, Northern Trust launched its annual giving campaign through United Way of Metropolitan Chicago and its affiliate locations throughout the U.S. As a result of increased involvement and visibility around the campaign, 2012 marked a banner year for this relationship on many fronts.

In Chicago, Chairman Rick Waddell completed his role as the 2011-12 Community Impact Chair; raising in excess of \$50 million from corporations in the Chicago area during United Way’s fiscal year. To support his involvement, a special Blue Ribbon Committee of partners with experience chairing Northern Trust’s internal efforts provided insight and best practices for successful employee campaigns, and lent their expertise to the creation of United Way of Metropolitan Chicago’s Campaign Leader’s Guide, a primer for all new corporations running campaigns in the Chicago area. Awards received for our efforts around this campaign include:

- **Community Spirit Award** – Pays tribute to the company that best exemplifies the spirit of caring for the community through leadership, generosity and volunteerism.



- **Frances Wisebard Jacobs Award** – The Northern Trust Leadership Committee, comprised of partners from all business units, was recognized for educating and inspiring employees to invest in their community through the United Way.
- **Tocqueville Society Pillar** – Recognizes the company whose employees demonstrate extraordinary generosity by contributing Tocqueville gifts (\$10,000+) to United Way of Metropolitan Chicago.
- **Top 25 Corporate Citizens** – Honors organizations that are leaders in their industry and make giving back to the community a top priority.

Employee participation in Northern Trust’s 2012 campaign reached a record-breaking response rate of 94%, up from 63% just five years ago in 2008. Together, we also achieved a campaign total of over \$3.0 million in Chicago, with \$2.03 million in employee contributions and a \$1 million corporate gift to United Way of Metropolitan Chicago. Additionally, Northern Trust partners outside Chicago raised a record \$522,000 for regional United Way locations across the U.S.

NORTHERN OPERATING SERVICES – BANGALORE, INDIA

“On behalf of the nearly 3,000 partners at Northern Operating Services, I am honored to represent Northern Trust in actively supporting a number of CSR initiatives in India. From funding to volunteering, we are proud to help those who are less fortunate.”

Brian Ovaert, Operations & Technology NOS Chief Executive Officer, Hong Kong Country Head

Northern Operating Services’ (NOS) CSR group held its second sapling plantation drive in association with Habitat for Humanity in Bangalore. A team of environmental enthusiasts from NOS planted over 100 saplings in front of houses built for the under-served by Habitat for Humanity. These saplings, sponsored by 36 Northern Trust partners, were procured from the Association of People with Disability’s (APD) horticultural initiative, enabling members of APD to derive a sustainable source of income. While purchasing plants from APD helped the organization generate funds, NOS also ensured a greener environment for future residents and beneficiaries of Habitat for Humanity’s efforts. NOS volunteers learned about the different aspects of sapling plantation and how these initiatives can positively impact our environment.

URBAN PARTNERSHIP BANK – CHICAGO

“We are pleased that Northern Trust is helping us to extend our reach and impact in Chicago. This transaction reflects our commitment to our customers and communities and will help us fulfill our mission. We look forward to providing access to the financial services necessary to grow small businesses, renovate and acquire properties and strengthen nonprofits.”

William Farrow, President and CEO of Urban Partnership Bank

A community development bank and community development financial institution, Urban Partnership Bank was created to carry on the mission of bringing financial services to underserved communities started by one of the original community development banks – Shorebank. An original investor in Urban



Partnership Bank, Northern Trust expanded its relationship and increased its investment with the sale of its Chicago State Street Branch in 2012. In addition to the continued access to financial services and products, the community will benefit from the creation of a Centers for Working Families and Smart Communities Center created in partnership with Greater Auburn Gresham Development Center and Northern Trust, which will provide job training, financial planning and computer training and access. The Northern Trust Community Room located within the Urban Partnership branch will continue to host community meetings and events. “Northern Trust is proud to work with Urban Partnership Bank and to broaden our joint efforts to support community development,” Northern Trust Chairman and Chief Executive Officer Frederick H. Waddell said. “Together, we will have an ongoing role in fostering economic development for residents and businesses on Chicago’s South Side.”

HURRICANE SANDY DISASTER RELIEF – NORTHEASTERN UNITED STATES

Northern Trust responds to both domestic and global emergencies by supporting nongovernmental agencies that provide immediate and effective disaster relief. A key element of our corporate philanthropy strategy lies in evaluating specific factors to assess the impact of each emergency situation.

In November 2012, we made an immediate designation of \$150,000 towards Hurricane Sandy relief efforts through the American Red Cross. We also implemented a company match for employee donations worldwide through American Red Cross, British Red Cross and the International Federation of Red Cross and Crescent Societies, raising an additional \$54,000 (\$30,000 from employees and \$24,000 from Northern Trust). Partners in our Stamford, Connecticut location helped supplement our financial contributions by providing healthy meals and snacks to Fairfield County’s

Shelter for the Homeless, which had gone without power for several days following the storm.

Northern Trust’s ongoing relationship with American Red Cross goes beyond emergency response to include support of local programs and events throughout the U.S., and a history of executive leadership through board involvement. Our sponsorship of events like the Tiffany Circle Society of Leaders Summit in Washington, DC; annual Heroes Breakfast in Chicago; and Star Struck gala in Fort Myers, Florida help provide general funding for the organization’s lifesaving mission. In 2012, the following Northern Trust executives volunteered their time and expertise as directors:

- Aileen Blake, Executive Vice President – Director, American Red Cross of Greater Chicago
- Edward J. Joyce, Regional Managing Director – Vice Chair, American Red Cross South Florida Region
- Larry Hebb, Senior Vice President – Vice Chair and Finance Chair, American Red Cross Silicon Valley
- Jeffrey Leedy, Vice President – Director, American Red Cross Florida’s Southern Gulf Region

MELBOURNE PHILANTHROPIC COMMITTEE – MELBOURNE, AUSTRALIA

“The Melbourne Philanthropic Committee was created in 2010 in response to the need for a clear philanthropic and community involvement vision. Since then, we have developed meaningful relationships with organizations like FareShare, which help the committee offer opportunities that resonate with staff.”

Sally Surgeon,
Corporate & Institutional Services
Relationship Manager and Senior Vice
President, Chair of Northern Trust’s
Melbourne Philanthropic Committee



In Australia, the Melbourne Philanthropic Committee (MPC), part of the Northern Trust Community Partners Program, continued its active work with local charities. The eight-member committee plans and executes volunteer and fundraising activities for local employees. In 2012, the committee planned two and a half days of volunteer activity for its employees in the region and raised a total of \$2,356 in employee contributions for education and human services programs. The MPC works strategically to deepen relationships in the community, including the organization FareShare. Since 2001, FareShare has rescued food from disposal and delivered healthy, nutritious meals to the hungry and homeless in Victoria, using food donated by businesses. In saving food from landfill, FareShare also helps the planet by cutting waste and methane pollution while reducing demand for new food products. In 2012, partners volunteered to prepare and deliver food to community members in need, helping FareShare give away more than 19,000 meals.

FLORIDA COMMUNITY LOAN FUND AND CAMILLUS HOUSE

The Florida Community Loan Fund (FCLF) was founded in 1994 to provide a statewide source of flexible financing for delivering capital to low-income communities to support community development projects for non-profit organizations. To date it has made more than 160 loans totaling over \$100 million to 70-plus organizations to improve social and economic conditions in communities all across Florida. One of its projects, Camillus House, has provided services to homeless and at risk clients in Miami-Dade for 50 years. Northern Trust provided \$5.9 million in equity through the purchase of New Market Tax Credits from FCLF to help finance the relocation of and expansion of existing Camillus House programs, which include temporary transitional housing, job readiness, meals and mental health services. Camillus estimates they will reach 3,000

new clients annually through the relocation. In addition to creating 100 new permanent jobs, 300 temporary jobs and retaining 50 jobs, this project is being constructed on a site that has been empty for many years creating a revitalization of underused space.

U.S. GREEN BUILDING COUNCIL – CHICAGO

“Through the support of Northern Trust, the U.S. Green Building Council – Illinois Chapter is actively working to increase access to the training and certifications that are essential to building green and healthy affordable housing in many of Chicago’s underserved communities.”

Katie Kaluzny,
Interim Executive Director at USGBC – Illinois Chapter

In 2012, the Northern Trust Charitable Trust entered into its second year funding the U.S. Green Building Council through a \$10,000 grant in support of its Green Affordable Housing Training Series. The program’s inaugural phase allowed for training and development of 25 affordable housing developers from Chicago’s underserved south and west side neighborhoods. The program will expand to 50 trainees in its second year, promoting green building capacity, additional LEED credentials, professional networking and ongoing support for surrounding developers and community-based organizations.



ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL STATEMENT:

Northern Trust recognizes that the long-term viability of our business – and that of our clients – is tied to the health and well-being of our planet. We therefore commit to protecting and preserving the environment through the services we provide, and to eliminating or mitigating any negative environmental impacts resulting from our operations. We make this effort in order to align our business with the fundamental principle of sustainability, which is to meet the needs of the present generation without compromising the ability of future generations to meet their own needs. We do this by integrating environmental considerations into our decision-making process at every level of our business, through our commitment to the continual improvement of our business practices and ultimately by delivering tangible, positive results as they relate to the environment.





We realize that our commitment to financial and environmental health cannot stand alone, but must be supported with a robust, clear and actionable program in order to be credible. With that in mind, we have developed a comprehensive environmental management system (EMS) to plan for, act upon and monitor our environmental impacts. Our EMS consists of three main components: a long-term organizational sustainability strategy; a variety of business initiatives aimed at turning our goals into reality, and a data management system designed to monitor our performance. Taken together, these elements ensure we live up to our environmental commitments.

KEY PERFORMANCE INDICATORS

2012 GOALS	2012 RESULTS
Reduce paper consumption by 25%.	Paper consumption reduced by 19.3% in North America; 16.2% in APAC; and 15.1% in EMEA for an average reduction of 16.8% across all regions (10.7% absolute reduction). See Print Smart: Honorable Mentions for individual offices meeting the 25% paper spend reduction goal.
Increase environmental sustainability themed volunteer days.	Three environmentally themed volunteer days held in 2012: Lake Michigan beach clean-up in Chicago; Friends of Chicago River clean-up and Thames River canoe litter pick-up in London.
Analyze electricity usage to determine best methods for additional Scope 2 reductions.	Energy audits performed at 9 properties representing 36% of our portfolio. The energy conservation measures identified could save up to 5.2 million kWh/yr.
Reduce GHG emissions by 3% per FTE based on 2011 baseline.	This goal was achieved with GHG emissions reduced by 5.7%/FTE
Install a comprehensive data management system to monitor and measure environmental performance of our buildings.	Implemented Utility Insight system to manage global properties.
2013 GOALS	3-TO-5 YEAR GOALS
<ul style="list-style-type: none"> ■ Improve capture of environmental data and roll out enhanced environmental metrics. ■ Declare a new carbon emissions reduction goal and adopt specific tactics for meeting that goal. ■ Begin implementation of the energy conservation measures identified in the 2012 audits of seven major properties and evaluate the need for additional audits. ■ Establish baselines for water consumption, waste generation and recycling across portfolio for the purpose of goal setting and establishing reduction tactics. 	<ul style="list-style-type: none"> ■ Adopt best practices for integrating sustainability into construction, interior cleaning and exterior maintenance. ■ Reduce both energy consumption and energy intensity (normalized kWh/SF) through the adoption of energy management best practices and investment in cost effective energy conservation measures. ■ Set goals for reduction of water consumption and waste generation while increasing recycling. ■ Participate in the Water Disclosure Project.



STRATEGY

The scope of our environmental program is defined in our Environmental Policy, which guides our long-term planning and, in turn, our day-to-day initiatives. This section details our policy, principles and areas of strategic focus.

Environmental Policy

We are committed to managing environmental matters as an integral part of our business and will achieve our goals by adhering to the following principles:

■ Regulatory Compliance

- We will comply with all laws and regulations and will maintain programs and procedures to monitor compliance.
- We will adhere to the requirements of all voluntary initiatives into which we enter and conduct our third-party relationships in a way that best aligns our long-term strategic goals with internationally accepted standards.

■ Governance

- We will hold periodic reviews of our environmental strategy, actions and achievements with the Executive Management Group, which includes the CEO and business unit Presidents, as well as the Business Strategy Committee of the Board of Directors and the CSR Task Group led by the Head of CSR.

■ Risk Mitigation

- We will employ management systems and procedures specifically designed to prevent activities and/or conditions that pose a threat to the environment.
- We will consider climate change-related risks to our operations in our management systems, and empower our Business Resiliency team to take action on those challenges.

■ Resource Conservation

- We will minimize the adverse environmental impacts of our real estate by integrating environmental management best practices and procedures, including internationally recognized green buildings systems, into the design and construction of new buildings.

- We will employ techniques such as recycling and composting in order to divert waste away from landfills and promote the recovery of valuable resources.
- We will establish resource conservation targets, implement programs as necessary to achieve those targets and measure our progress on a regular basis.

■ Products and Services

- We will consider the environmental impacts our operations have in developing and supporting our products and services.

■ Supply Chain

- We will detail environmental expectations of our vendors by providing them with our Vendor Code of Conduct.
- We will consider vendors' sustainable practices as part of our selection criteria.
- We will regularly review vendors' adherence to the Vendor Code of Conduct and pursue corrective measures when necessary as noted in our Global Procurement Policy.

■ Communication and Transparency

- We will communicate our environmental performance to our employees, clients, vendors, peers and other stakeholders to solicit their input on our environmental goals.
- We will ensure our environmental programs are adequately communicated to employees at all levels of the organization and support mechanisms to facilitate employee feedback.
- We will publicly disclose annually our actions on matters of environmental sustainability and report progress towards our targets and other outcomes in these disclosures.



■ Employee Engagement

- We will empower our Partners Think Green Champions to educate our employees on environmentally sustainable behaviors both at work and at home.
- We will include all levels of the organization in the review of our environmental objectives.



Climate Change

The goal of our approach to climate change is to lead by example. That means minimizing the use of precious resources such as energy, water and materials in our global operations, as well as reducing emissions from the transport of our people. In doing so, we hope to propel a continual reduction in emissions and preserve natural resources. But our responsibility extends beyond our operations to include communicating our principles to our vendors with the expectation that they also take proactive measures to decrease their environmental impact, and to our clients for whom we provide products and services that help them analyze the environmental impacts and risks of their portfolios. Finally, by engaging with our stakeholders we can incorporate their interests and concerns into our environmental programs. Taken together these efforts span all aspects of our business. Only in this way can we address the very real risks presented by climate change.

Northern Trust has embedded climate change activities throughout our organization in the following ways: our Partners Think Green employee task force, which helps to create new initiatives for environmental improvement; our Corporate Group Services, which manages our real estate portfolio, procurement procedures and facilities services; our Technology department in its design and specification of efficient equipment and servers; and our CSR Task Group, which includes more than 21 members who manage various components of our CSR practice. Collectively these

groups facilitate strategy and implementation as they relate to climate change activities and are the engine behind our various environmental programs.

One example of this model at work comes from our role as a large financial services provider. Northern Trust understands the responsibilities that come with acting as our clients' fiduciary and considers environmental matters to be part and parcel to these responsibilities.

Northern Trust understands the responsibilities that come with acting as our clients' fiduciary and considers environmental matters to be part and parcel to these responsibilities.

This means that, to the extent environmental matters can impact the value of the funds entrusted with us, we have a duty to assess and act on those impacts. Government regulation of carbon emissions and building energy disclosure requirements are just two examples of regulatory events that impact our fiduciary role in this way. Accordingly, our research and advisory teams include risk associated with environmental regulation in their analysis and client discussions.

Another example of the way Northern Trust responds to climate change is in its assessment of financial and operational risks. Overseeing this business risk strategy is our Board of Directors' Business Risk Committee. They are complimented in their work by our Operational Risk Committee, which includes various senior officers and oversees issues including business-continuity risks associated with hurricanes, floods and other weather-related events that can impact our physical infrastructure.



Ultimately, Northern Trust understands our ability to attract and retain clientele rests upon our reputation, key drivers of which are integrity and transparency. So we take seriously the reputational risk that arises from failing to maintain the quality and clarity of our environmental programs and have engaged NGOs, advocacy groups and other stakeholders such as the Institutional Investors Group on Climate Change (IIGCC) to help us understand the full scope of our impacts and ensure we address the entirety of our client's interests.

These are just a few examples of the results that come from embedding environmental sustainability into our operating structure. As we continue to improve our response to climate change we are mindful that, relative to our business operations, our brand and service offering have an outsize influence on the mainstream discussion of, and action on, climate change. This is why we strive to not only mitigate the environmental impacts of our own operations but to do the same for our clients by delivering products and services that enable them to understand and therefore reduce their own impacts. In this way we believe we can make the most meaningful contribution towards the serious issue of climate change.

Long-Term Strategy

At the end of 2012 we completed an exhaustive review of our environmental management system. This process incorporated trusted outside advisors and stakeholders in an effort to enhance the depth, breadth and quality of our environmental programs and processes. The result was a reinvigoration of our commitment to environmental sustainability and the establishment of a new multi-year goal: to be recognized as having a best in class environmental sustainability program among our peer group. We plan to achieve this goal through a combination of improved administrative processes, more

aggressive tactical programs and targets, and even deeper collaboration with our stakeholders in the following areas:

Resource Conservation:

- Establish new KPIs related to waste, water, energy and GHG emissions to reflect a broader scope of our environmental impacts.
- Adopt energy management best practices and invest in cost-effective energy conservation measures wherever possible in order to further reduce our overall energy consumption.
- Quantify the merit of adding new purchases of renewable energy and make additional investments where justified in order to further reduce the carbon content of our energy supply.
- Benchmark all water consumption, waste generation and recycling at sites where Northern Trust has operational control as part of our effort to identify savings opportunities and better measure performance.
- Review our construction standards for both tenant improvement and new facility projects to ensure they include cost-effective sustainability components and conform wherever possible to green building best practices.
- Review our facility cleaning standards and explore the costs and benefits of applying green cleaning standards consistent with those of Green Seal and the U.S. EPA's Environmentally Preferable Purchasing (EPP) standards.
- Review exterior maintenance practices and determine the feasibility, cost and benefit of instituting a low-impact, exterior site maintenance program including green landscape management practices, smart irrigation controllers and an integrated pest control program.



- Develop a Global Transport Program focused on tracking GHG emissions related to corporate travel and identifying new ways to reduce those emissions.

Governance:

- Review our governance structures and reorganize as necessary to best align the strategic and tactical components of our sustainability program.
- Review our business processes to make sure sustainability objectives are fully integrated throughout our organization.
- Analyze the costs, benefits and appropriate scope of ISO 14001 certification for our organization as a means of broadening and adding greater rigor to our environmental management system.

Communications, Transparency and Stakeholder Engagement:

- Expand our Global Reporting Initiative (GRI) disclosures to include additional environmental indicators as part of our effort to be more inclusive and transparent in our environmental reporting.
- Improve transparency around water use by participating in the Carbon Disclosure Project's water disclosure report.
- Develop a vendor environmental review program that will establish clear environmental criteria to be used during evaluation of our service providers.
- Strive to make sustainability something our employees do every day as part of their normal job function and to improve employee participation and feedback in our sustainability programs.

Improvement in our performance will be measured by internal metrics and Key Performance Indicators and compared against a 2012 performance baseline to track our progress towards our goal of being “best in class.”



PROGRAMS

The following sections detail the many specific actions Northern Trust has taken to reduce our environmental impact.

Energy, Water and Waste

In addition to our commitment to LEED, we have taken aggressive steps to reduce energy consumption by focusing on our data centers. These buildings consume roughly 21% of our energy and generate a roughly commensurate amount of our greenhouse gas emissions, so they are a key part of our effort to reduce emissions overall. Our efforts to reduce these emissions involve an ongoing program to continuously fine tune our operating practices including server consolidation and virtualization, life cycling older equipment to more energy efficient devices, raising air conditioning set points and optimizing under-floor airflow management. Each of these practices can yield significant reductions in energy consumption and therefore reduce GHG emissions. We have seen these benefits in the PUE (power usage effectiveness) average at our two North America data centers that improved their PUE from 1.72 in 2011 to 1.65 in 2012. PUE has become the leading metric for tracking the energy efficiency of data centers. For example, the average PUE rating for data centers is 1.8 according to a survey of more than 500 data centers conducted by the Uptime Institute. As we continually review and refine our operating strategies to reduce and control PUE, we expect to see further benefits.

Energy consumption in our offices is also being addressed in a variety of ways. Seventeen of our facilities implemented lighting energy control projects in 2012 including occupancy sensors, energy efficient ballasts, reduced illumination levels and retrofit of CFL and LED technology. Several of our facilities took additional energy conservation steps including installation of variable frequency drives, changing space temperature set points, increasing chilled water temperature and

increasing economizer use. In part because of these efforts, our 2012 Scope 1 and 2 greenhouse gas emissions were 4.1% less than 2011. Looking to the future, in 2012 we commissioned energy audits on nine of our major buildings that represent 36% of the portfolio. The energy conservation measures identified in these audits have provided us with a roadmap of how to achieve an additional 5.2 million kWh in energy savings.

In 2012 we also continued our water conservation efforts with several facilities adding motion sensors to faucets and flush valves.

In 2012, 36% of our global portfolio reported recycling figures and achieved an average recycling rate of 50%.

Greenhouse Gas Emissions

For all our offices we are using raw data when available and assumptions where we cannot get meter readings. In addition to reporting on our 2012 emissions we are also restating our 2011 emissions for four reasons:

- Our 2008 to 2011 data previously excluded the contributions of Methane (CH₄) and Nitrous Oxide (N₂O) to our greenhouse gas emissions. The 2011 data has been restated and now provides accurate CO₂e values.
- Consumption at our Diehl Road (USA/Illinois) business resiliency center was previously estimated using the same methodology as a data center. Upon further review, it was determined that this location and its consumption profile is much less than a standard office property because it is only occupied in the event of an emergency.



- We have restated the 2011 information to account for the renewable energy purchased that year for the 50 Bank Street (UK), Harlow (UK) and Luxemburg sites.
- In order to maintain consistency in the emission factors between our base year (2011) and the reporting year (2012), the base year data was recalculated using the same emission factors as 2012 (eGRID2012 Version 1.0 State File and WRI Emissions Factors From Cross-Sector Tools August 2012).

We are not reporting on NOx and SOx because emissions of these compounds are not significant for a financial services firm.

In 2012, we set a target of reducing carbon emissions by 3%, per full-time employee (FTE) by the end of 2012 (on a 2011 baseline). We exceeded this goal and decreased our overall emissions by 5.7% per FTE compared to 2011 (5.9% absolute decrease).

- Scope 1 emissions decreased by 34.2% per FTE (34.3% absolute decrease).
- Scope 2 emissions decreased by 3.8% per FTE (3.9% absolute decrease).
- Scope 3 emissions decreased by 4.9% per FTE (5.0% absolute decrease).

The reduction in our Scope 1 and 2 emissions was driven by a combination of the energy efficiency measures we have undertaken and a 7.2% reduction in portfolio size while headcount remained flat. Most of the reduction in the portfolio occurred in North America (300,000 SF) but APAC and EMEA also saw minor reductions. One of the most impactful changes was the closure in late 2011 of the large Technology Building in Chicago. This facility alone accounted for 23% of natural gas generated CO₂e in North America in 2011. Absolute energy consumption decreased across the portfolio falling 1% in office facilities and 28% in data centers.

Each year we calculate our business travel and transport emissions based on our partner's use of trains, rental cars, hotel rooms, flights and shuttle bus services. The total Scope 3 absolute reduction of 5.0% in 2012 was driven by a 4.2% reduction in total kilometers travelled. Rail travel increased by approximately 69,000 kilometers however this was more than offset by reductions in shuttle bus services (1.2 million kilometers), air (2.4 million kilometers) and car (54,000 kilometers) travel. The overall reduction was due to several factors including:

- The efforts we undertook to incorporate more efficient multiple drop-off locations into the Bangalore shuttle bus service routes
- Promoting the use of videoconference when possible,
- Making all requests for travel subject to business justification for approval, and
- Encouraging partners to consider renting lower carbon emitting vehicles from our global corporate car rental partners, all of whom have branded schemes for low emission options.

We have participated in the Carbon Disclosure Project (CDP) since 2006, publicly reporting on our progress towards reducing emissions and will continue to do so going forward. Between the CDP and our annual CSR report, stakeholders will be able to review our progress towards reducing our emissions.

Green Building

We are a member (Organizational Level) of the U.S. Green Building Council, whose LEED® (Leadership in Energy and Environmental Design) certification system assesses the energy efficiency and sustainability characteristics of buildings. LEED is an internationally recognized green building certification system, providing third-party verification that a building or community



was designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality and stewardship of resources and sensitivity to their impacts.

We have embraced LEED as the optimal standard for our facilities and our LEED successes to date include two Platinum buildings (the highest possible level), six Gold, one Silver and one LEED Certified. We've earned at least LEED Gold certification for all of our most recent and significant worldwide building projects including the three renovated floors at 181 West Madison Street in Chicago and the initial phase of our Bangalore office, which stands as the first project to receive LEED for Commercial Interiors certification in Bangalore. Subsequent phases of our Bangalore project earned LEED Platinum based upon their cost-effective building operation, reduced environmental footprint and healthy and productive work environment. Last year we added the newest LEED building to our portfolio – a LEED certified office project in Seattle – bringing our total to ten LEED certified buildings. Our global commitment to LEED is a hallmark of our efforts to be an environmentally responsible corporation and we are excited to add to our portfolio of LEED properties with the expected Gold certification of our first LEED project in China in 2013.

Platinum certification indicates a project earned over 80 out of a possible 100 points across 48 competencies on the LEED checklist. These buildings utilize a range of water-saving devices and systems such as flow limiters and sensor-based equipment, which reduce overall water

LEED Buildings Portfolio

BUILDING	CITY	COUNTRY	LEED CERTIFICATION
7969 Summerlin Lakes Dr.	Ft Myers	USA	Gold
Manyata Phase 1	Bangalore	India	Gold
Manyata Phase 2	Bangalore	India	Platinum
Manyata Phase 3	Bangalore	India	Platinum
WPC	Rochelle	USA	Gold
181 Madison - M21	Chicago	USA	Gold
181 Madison - M22	Chicago	USA	Gold
181 Madison - M17	Chicago	USA	Gold
595 Biltmore Way	Coral Gables	USA	Silver
19/F, 2 Pacific Place 88	Hong Kong	China	Underway
1301 Second Ave.	Seattle	USA	Certified

usage by up to 42% compared to a standard building. The interiors use renewable and recycled materials such as carpets, green seal certified chemicals and low volatile organic compound paints. These buildings also have educational signage to educate occupants on green initiatives and fully involve them in the sustainability endeavour. Other accomplishments at these sites include:

- Green Guard Certified environmentally friendly furniture
- Automatic Temperature Control System
- All equipment and appliances rated ENERGY STAR to save energy consumption
- Recycling construction waste and debris

Our LEED and environmentally-minded operational practices form the basis of how we incorporate green building standards and practices across our real estate portfolio and represent some of the best ways Northern Trust is able to shrink its environmental footprint.



Biodiversity

Northern Trust recognizes the importance of planting native species in our landscaping projects because they use less water. Our LEED Gold-certified office in Fort Myers, Florida, uses native species of plants in its landscape design, which use far less water than otherwise required. As part of the LEED Certification process for our buildings we are sensitive to the biodiversity impacts of our construction projects and work with our design and construction teams to reduce these where possible.

Several of our worldwide volunteering days included a biodiversity theme. For instance, our Chicago office participated in the annual 12th Street beach cleanup in partnership with the Shedd Aquarium.

As part of our LEED Gold-certified Illinois Data Center project, built in June 2009, eco-friendly native landscaping was installed and more than four acres of natural prairie were restored.

As we pursue LEED certification for our construction projects, we will continually assess the impact our greenfield and brownfield sites have on biodiversity. We shall continue to encourage our project teams to protect existing native habitat or restore the site with native species, especially where activity involves protected areas and areas of high biodiversity value outside protected areas.

Print Smart Campaign

In 2011, the CSR department in combination with Partners Think Green and Northern Trust's Global Productivity Council rolled out the "Print Smart – Cut Costs, Not Trees" campaign with five core themes:

- 1) Keeping it On-Screen is SMART
- 2) Paper-Free Meetings are SMART
- 3) Making it Double-Sided is SMART
- 4) Formatting What You Need is SMART
- 5) Being a Green Leader is SMART

The purpose of the campaign was to combine productivity enhancements from our Driving Performance program with environmental sustainability initiatives to reduce the amount of paper used across all offices globally by 25% by 2012 year-end. Throughout 2012, the campaign shared tips with partners through a series of e-mail broadcasts, updates on the Partners Think Green intranet site, Earth Day activities and town hall presentations to help them find new ways to conserve paper and reduce printing costs by making processes more efficient.

At 2012 year-end, partners had managed an average paper spend reduction of 16.8% across all regions.

At 2012 year-end, partners had managed to reduce paper spend by 19.3% across the North American regional offices; 16.2% across the Asia-Pacific offices; and 15.1% across offices in Europe, Middle East and Africa. This resulted in an average paper spend reduction of 16.8% across all regions compared to 2011 (10.7% absolute reduction). In addition, there were several notable accomplishments and initiatives created throughout the Print Smart campaign:

- **Copier Fleet Upgrade:** Copiers in the Chicago Loop office were replaced with more efficient Ricoh Multi-Functional Devices (MFDs). Printing a single sheet on a Ricoh multi-function device costs half as much as printing to a traditional network device. Printing double-sided cuts cost to a third as much.



- **Small Printer Return:** Partners with personal printers were encouraged to voluntarily return them given the additional printing expenditures and paper usage incurred with small printers. Printing to personal printers cost about five times more than printing to a Ricoh MFD. More than 100 partners voluntarily returned their personal printers and an initiative is underway to review the remaining inventory of small printers for retirement.
- **Remanufactured Printer Toner Cartridge Program:** All U.S. offices implemented a program in association with Staples Sustainable Earth Brand (SEB) toner products replacing traditional toner cartridges with those that are more ecologically friendly and cost-efficient.
- **Duplex Printing:** All printers globally with two-sided printing capabilities were automatically set to double-sided printing. In the past, one-sided printing was the default and double-sided printing had to be manually selected. This change established double-sided printing as the default option across all offices.
- **EMEA Fund Accounting Paperless Project:** Over 2,100 Net Asset Values (NAVs) are struck each month across EMEA Fund Accounting. Each NAV results in significant paper usage and printing expenditures. The team has initiated a project to transform a paper-dependent process to 100% paperless by enhancing technology and amending procedures to review processes online and remove the need for physical paper.
- **Annual Shareholders:** Legal & Corporate Affairs established “e-proxy” for the Annual Shareholders Meeting for shareholders with 1,000 shares or less. E-proxy is a Securities and Exchange Commission-approved process that allows companies to distribute proxy materials electronically to shareholders instead of hard copies, significantly reducing printing and mail costs.

- **Offices Meeting 25% Goal:** There were dozens of buildings, offices and departments that made significant progress in reducing paper usage and achieved the 25% reduction goal individually. We would like to acknowledge these partners for Printing Smart in our honorable mentions table on the next page:

To continue the momentum brought upon by the Print Smart campaign, a Print Governance Team has been created with partners from Procurement and Technology to ensure a clear and consistent approach. This team is led by the Print Steering Committee which consists of partners from Enterprise Productivity, O&T, Finance, and Procurement. These groups have been conducting reviews of Northern Trust’s printer utilization and opportunities to improve cost, productivity, performance, and reduce paper usage. The steering committee is currently developing a new print policy, with goals to include:

- Redirecting print jobs to multi-functional devices to maximize efficiency
- Defaulting to black-and-white printing
- Removing personal and underutilized printers

Northern Trust continues to strive towards environmental conservation which promotes strategic corporate goals. We expect that through the guidance of the Print Steering Committee, we will continue to reduce printing-related expenditures and paper usage across the company.



Print Smart Honorable Mentions

LOCATION	% PAPER REDUCTION ACHIEVED
Asia- Pacific Region (APAC)	
Bangalore/Ecospace	- 37.8%
Beijing, China	- 46.9%
Europe, Middle-East, and Africa (EMEA)	
Abu Dhabi	- 58.3%
Amsterdam	- 56.1%
Guernsey	- 26.4%
Jersey	- 39.5%
London	- 32.4%
North American Regional Offices	
Canada	- 28.3%
Arizona Offices	
2398 E Camelback Rd	- 34.9%
7600 E Doubletree Rch Rd	- 31.7%
California Offices	
1485 E Valley Road	- 28.9%
206 E Anapamu Street	- 63.9%
270 Third Street	- 77.2%
4370 La Jolla Village Drive	- 26.2%
575 Redwood Highway	- 26.6%
580 California Street	- 35.5%
Florida Offices	
11301 Us Highway 1	- 58.6%
2201 SE Kingswood Terrace	- 28.0%
26790 South Tamiami Trail	- 29.9%
3100 N Military Trail	- 41.2%
540 Bay Isles	- 71.9%
595 Biltmore Way	- 26.0%
700 Brickell Ave	- 26.2%
755 Beachland Blvd	- 37.4%
777 S Flagler Drive	- 54.7%
7960 Summerlin Lakes Dr	- 46.7%
8095 Nw 12TH Street	- 86.6%
8600 NW 17TH St	- 85.9%

LOCATION	% PAPER REDUCTION ACHIEVED
North American Regional Offices (continued)	
101 South Cross Street	- 45.0%
2814 West Fullerton	- 40.9%
4 North Washington	- 64.4%
Michigan Offices	
10 W Long Lake Road	- 41.4%
120 Kercheval Avenue	- 51.8%
161 Ottawa Avenue	- 47.0%
Missouri Office	
190 Carondelet Plaza	- 39.8%
Nevada Office	
1995 Village Center Circle	- 37.8%
New York Office	
65 E 55Th St	- 51.7%
Texas Offices	
16475 Dallas Parkway	- 34.9%
16771 Dallas Pkwy	- 35.5%
98 San Jacinto Boulevard	- 25.3%
Wisconsin Office	
526 East Wisconsin Ave	- 58.9%

Stakeholder Engagement

Our stakeholders consist of our partners, clients, shareholders, suppliers, peers, regulators, NGO and advocacy groups, and the local communities in which we operate. We consult with this diverse set of constituents to help guide and implement our strategy for environmental sustainability, and team with them to carry out a wide array of engagement, training and educational programs throughout the year.

Our Advancing Partners Business Resource Council hosted a Green Town Hall event that included green vendors and featured a keynote presentation by a renowned scientist in the area of deforestation and



climate change. The event allowed partners to learn more about the industry and explore innovative green products and services. Partners learned from our refuse vendor about Northern Trust's success in diverting trash from landfills through our recycling and composting efforts. There were also vendors to discuss the organic food products and recyclable containers available in our cafeterias. Not to mention vendors that demonstrated electric car charging stations, sustainable landscaping products and environmentally-friendly office supplies.

We celebrated Earth Day by hosting a global "Picnic for the Planet" at all Northern Trust locations in association with a similar campaign led by a large nonprofit client. Partners were provided with picnic tables and boxed lunches were offered for sale with proceeds going to reforestation efforts in the Amazon rainforest. Chairman Rick Waddell and other senior executives spoke to partners in several locations about the importance of environmental sustainability in the workplace and Northern Trust's continuing efforts to lead by example.

We also participated in the Earth Hour program, which is "the single, largest, symbolic mass participation event in the world" wherein people all across the globe turn their lights off for one hour as part of a show of concern for the environment. It is an effort Northern Trust is proud to have been a part of for several years running and it has tangible benefits – our three offices in Bangalore, for example, switched off their lights from 8:30 to 9:30 PM on March 31, 2012, saving approximately 200 kWh at those three locations alone.

These partnership efforts are complemented by Northern Trust's proprietary programs such as Private Passport®, our primary Personal Financial Services website serving trust & investment management, banking, brokerage and mutual fund clients.

Private Passport's open channel of feedback resulted in extended online capabilities for trust and investment management clients, as well as banking deposit clients,

allowing them to turn off hardcopy delivery of monthly and quarterly account statements. These new paperless capabilities are in addition to the same feature our brokerage clients have been using since 2010. Clients now have the ability to establish standing instructions so all future eligible accounts automatically receive paperless statements. It is expected that these new paperless capabilities will further drive overall client satisfaction while simultaneously allowing us to reduce our environmental impact.

Partners Think Green

Every day, thousands of our partners are encouraged to actively engage in environmental initiatives as they go about their work. Partners Think Green (PTG) is our employee environmental engagement program to promote best practices, increase awareness of sustainability issues and unify environmentally focused business operations under a single umbrella. The program promotes global events to reduce our emissions and energy use through the global Partners Think Green intranet site, which informs partners about initiatives and provides useful tips. Our building managers and our 100-plus global Partners Think Green champions (our network of volunteers who assist with our environmental sustainability projects worldwide) implement a collaborative approach to help strengthen our environmental performance and unify messages from several groups into a central function.

Our Partners Think Green group meets monthly via teleconference and is a forum to discuss projects such as centralizing our on-floor trash and other partner engagement projects. Through this medium, we have been able to refine our on-floor signage of recycling waste streams and increase awareness of how to print more efficiently, reducing paper consumption.

A global e-mail address is available for partners to provide their comment and feedback on environmental issues. A monthly global environmental sustainability

newsletter has been produced since 2009, highlighting partners who work with Partners Think Green, as well as promoting low carbon technology and behavior change – helping to embed sustainability as part of Northern Trust’s CSR-focused culture.

Our HR system allows our Partners Think Green champions to self-identify that they are part of the PTG program on their HR membership profile. Our partners are at the center of our behavior change practices with respect to promoting a more sustainable workplace, and our collaboration and dialogue with this stakeholder group underpins our Partners Think Green program and helps the program achieve its goals.

Performance Monitoring & Measurement

All our planning and programs would be of little use without a system to monitor their efficacy. To that end, in 2012 we enhanced our comprehensive data management and performance monitoring platform called Utility Insight. The system, which tracks water and energy, is now being used to produce GHG emission calculations. This platform is the cornerstone of our Environmental Management System (EMS) – ensuring adherence to our Environmental Policy and facilitating continuous improvement of our environmental programs and processes.

By installing Utility Insight, we have fulfilled an important goal of expanding our online metrics capabilities to fully align our business and offices worldwide. Our enhanced analytics with regard to emissions measurement and forecasting now enable us to set consistent and realistic long-term GHG emissions reduction targets for 2013 and beyond.



Carbon Emissions Conversion References

We have referenced the following conversion tables and guides:

EMISSIONS SOURCE	EMISSION SOURCE TYPE	EMISSION FACTOR EMPLOYED
Scope 1	<ul style="list-style-type: none"> ■ Natural gas ■ Diesel fuel 	<ul style="list-style-type: none"> ■ <i>Intergovernmental Panel on Climate Change - IPCC: Guidelines for National Greenhouse Gas Inventories (2006)</i>
Scope 2	<ul style="list-style-type: none"> ■ Purchased electricity 	<ul style="list-style-type: none"> ■ <i>The US Environmental Protection Agency: eGRID2012 Version 1.0 (based on Year 2009 eGRID State Emissions data)</i> ■ <i>World Resources Institute - WRI Emissions Factors From Cross-Sector Tools August 2012</i>
Scope 3	<ul style="list-style-type: none"> ■ Business travel ■ Employee commuting 	<ul style="list-style-type: none"> ■ <i>World Resources Institute - WRI Emissions Factors From Cross-Sector Tools August 2012</i> ■ <i>Green House Gas Protocol - Air Transport Emission Factors</i> ■ <i>Department for Environment, Food and Rural Affairs - DEFRA: Public Transport Emission Factors</i> ■ <i>The US Environmental Protection Agency: Public Transport Emission Factors</i>

ENVIRONMENTAL TABLES

2012 Carbon Emissions and Energy Usage: Reporting Boundaries by Region

		NORTH AMERICA	ASIA-PACIFIC	EUROPE, MIDDLE EAST, AFRICA	OVERALL
Direct Emissions (Scope 1)	% Staff	100%	100%	100%	100%
	% Offices (Leased & Owned)	100%	100%	100%	100%
Indirect Emissions (Scope 2-3)	% Staff	100%	100%	100%	100%
	% Offices (Leased & Owned)	100%	100%	100%	100%

2012 Gigajoules (GJ) of Energy by Region

	Scope 1 NATURAL GAS	Scope 1 DIESEL	Scope 1 TOTAL	Scope 2* TOTAL	OVERALL
NORTH AMERICA	29,969	2,499	29,468	274,432	303,901
ASIA-PACIFIC	0	6,229	6,229	34,587	40,816
EUROPE, MIDDLE EAST, AFRICA	5,287	165	5,452	42,815	48,268
OVERALL	32,256	8,893	41,149	351,834	392,985

*Scope 2 energy reflects electricity usage.

2012 Energy (kWh) Consumed by Region

	NORTH AMERICA	ASIA-PACIFIC	EUROPE, MIDDLE EAST, AFRICA	OVERALL
Total Energy (kWh)	84,416,877	11,337,818	13,407,718	109,162,412
100% Renewable Energy (kWh)	0	0	6,818,805	6,818,805
Regional percentage of 100% Renewable Energy	0%	0%	50.9%	6.2%

2012 Greenhouse Gases (Total MTON CO2e) by Region

	NORTH AMERICA	ASIA-PACIFIC	EUROPE, MIDDLE EAST, AFRICA	OVERALL
Employees - FTE	8,254	3,290	2,358	13,902
Scope 1 – Direct	1,769.488	464.043	301.554	2,535.084
Scope 1 - per FTE	0.214	0.141	0.128	0.182
Scope 2 – Indirect	37,045.420	8,901.733	2,319.600	48,266.753
Scope 2 - per FTE	4.488	2.706	0.984	3.472
Scope 3 – Business*	5,491.109	5,076.796	1,886.324	12,454.229
Scope 3 - per FTE	0.665	1.543	0.800	0.896
Total – ALL	44,306.017	14,442.571	4,507.478	63,256.066
Total - per FTE	5.368	4.390	1.912	4.550

*Scope 3 reflects emissions related to employee business travel (flights, hotels, rental cars, car service and shuttle bus service).

2008 – 2012 Greenhouse Gases (Total MTON CO2e) for All Regions*

	2008 FISCAL YEAR**	2009 FISCAL YEAR	2010 FISCAL YEAR***	2011 FISCAL YEAR	2012 FISCAL YEAR
Employees - FTE	12,340	12,585	12,777	13,923	13,902
Scope 1 – Direct	7,759	7,656	4,221	3,860	2,535
Scope 1 - per FTE	0.629	0.608	0.330	0.277	0.182
Scope 1 - % chg FTE	-3.50%	- 3.25%	- 45.70%	- 16.06%	- 34.23%
Scope 2 - Indirect	67,177	52,920	58,027	50,236	48,267
Scope 2 - per FTE	5.44	4.21	4.54	3.61	3.472
Scope 2 - % chg FTE	- 16.05%	- 22.76%	8.00%	- 20.55%	- 3.78%
Scope 3 - Business	10,483	7,020	11,809	13,111	12,454
Scope 3 - per FTE	0.850	0.558	0.924	0.942	0.896
Scope 3 - % chg FTE	45.76%	- 34.34%	65.69%	1.89%	- 4.87%
Total – ALL	85,419	67,596	74,057	67,208	63,256
Total - per FTE	6.92	5.37	5.80	4.83	4.550
Total - % chg FTE	- 10.33%	- 22.41%	7.91%	- 16.72%	- 5.74%

*2008-2010 reported as CO2. 2011 revised to report CO2e, a more accurate emission estimate for Diehl Road facility, renewable energy purchases in EMEA and to match 2012 emission factors. 2012 emissions reported as CO2e.

**2008 Scope 3 increase attributed to expansion in India resulting in additional global travel.

***Due to the ongoing improvements in our assessment and measurement procedures, emissions attributed to shuttle and car services have been reassigned to Scope 3 from Scope 1 as of 2010 reporting cycle.

Summary of 2012 Reporting Mechanisms

This report is based on information obtained, created and compiled for fiscal year January 1, 2012 to December 31, 2012. It is our fifth annual CSR publication; commentary was also published in 2008-2011. Emissions from 2011 were restated to report CO₂e, provide a more accurate estimate for the Diehl Road facility, reflect renewable energy purchases in EMEA and utilize the 2012 emission factors. There are no significant changes from previous reporting periods besides operational changes already noted.

This report has been created in response to our interactions with our stakeholder groups as listed in the Stakeholder Engagement section. Each stakeholder group is expected to use this report to gauge our progress on responding to the socio-economic issues that may have been raised over the past year. In reviewing our stakeholder concerns, we prioritized the report to address the items that are important to all stakeholder groups: items related to our organizational strength, integrity, governance structure and ethical business practices. These items denote our ability to maintain stability in difficult economic times and serve each stakeholder group consistently, year over year. Next, we highlighted our work developing socially responsible investment products and services for our clients that are evolving their investment strategies. After we outlined our business model, practices and long-term goals and responded to client queries related to environmental and social investment products, we detailed the elements that have made us one of the top employers. Our workforce section is to reassure our partners that we are continuously striving to help them manage their work/life balance and reassure the external

public that we treat our partners with the same care and quality we expect them to treat our clients. Finally, we close our report with our progress serving the community and protecting the environment. We have long contributed to the development of the communities within which we operate, and we are striving to improve our contributions to the environment in the coming years.

The boundary of this report includes 100% of our leased and owned offices and 100% of our workforce in all domestic and global regions within which we operate. Refer to the Environmental section for specific reporting percentages per region with regard to emissions reporting. The boundary of this report excludes eight locations where the square footage is less than 5,000. Data measurement techniques utilized includes the Greenhouse Gas Protocol by the World Resources Institute and the Global Reporting Initiative (GRI) framework. When raw data from owned or sub-metered facilities is unavailable, estimated consumption for the North America and the Europe-Middle East locations is based on a square foot extrapolation of the average consumption for that region. Our basis for reporting on joint ventures and subsidiaries has been detailed in the introduction. We are only reporting on aggregated data from wholly owned subsidiaries. No joint ventures or other entities are included unless otherwise noted.

The process for seeking external assurance for this report is similar to all vendor reviews and assessments. The procedures for which are contained in our Global Procurement Policy. (3.13) Questions related to this report can be sent to CSRatNT@ntrs.com.

Signatory of:





Deloitte & Touche LLP
200 Renaissance Center
Suite 3900
Detroit, MI 48243-1895
USA
Tel: +1 313 396 0000
Fax: +1 313 396 3618
www.deloitte.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

**Board of Directors and Stockholders
Northern Trust Corporation
Chicago, Illinois**

We have reviewed the accompanying Corporate Social Responsibility Report of Northern Trust Corporation (the "Company") for the year ended December 31, 2012. The Company's management is responsible for the Corporate Social Responsibility Report.

We conducted our review in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review consists principally of applying analytical procedures, considering management assumptions, methods, and findings, and making inquiries of and evaluating responses from persons responsible for corporate social and operational matters. It is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Corporate Social Responsibility Report. Accordingly, we do not express such an opinion. A review of the Corporate Social Responsibility Report is not intended to provide assurance on the entity's compliance with laws or regulations.

The preparation of the Corporate Social Responsibility Report requires management to interpret the criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. Different entities may make different but acceptable interpretations and determinations. The Corporate Social Responsibility Report includes information regarding the Company's corporate social responsibility initiatives and targets, the estimated future impact of events that have occurred or are expected to occur, commitments, and uncertainties. Actual results in the future may differ materially from management's present assessment of this information because events and circumstances frequently do not occur as expected.

Based on our review, nothing came to our attention that caused us to believe that the Corporate Social Responsibility Report does not include, in all material respects, the required elements of the Global Reporting Initiative G3.1 Sustainability Reporting Framework for Application Level B; that the 2012 and 2011 amounts included therein have not been accurately derived, in all material respects, from the Company's records, or that the underlying information, determinations, estimates, and assumptions of the Company do not provide a reasonable basis for the disclosures contained therein.

The comparative disclosures for periods prior to 2010 were not reviewed by us and, accordingly, we do not express any form of assurance on them.

May 28, 2013

Statement GRI Application Level Check

GRI hereby states that **Northern Trust** has presented its report “Corporate Social Responsibility - 2012 Annual Report” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 24 April 2013



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The “+” has been added to this Application Level because Northern Trust has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

GRI INDEX

GRI	Description	Page(s)	Report Section(s)	External Links
STRATEGY AND ANALYSIS				
DMA All	Disclosure on Management Approach	3,5,6	Introduction CEO Letter CSR Head Letter	
1.1	Statement from the most senior decision-maker of the organization	5	CEO Letter	
1.2	Description of key impacts, risks, and opportunities	6	CSR Head Letter	
ORGANIZATIONAL PROFILE				
2.1	Name of the organization	12	Integrity in Governance	2012 Annual Report (pages 1-15)
2.2	Primary brands, products, and/or services	11,12	Integrity in Governance	
2.3	Operational structure of the organization	11,12	Integrity in Governance	
2.4	Location of organization's headquarters	10	Integrity in Governance	
2.5	Number of countries where the organization operates	10	Integrity in Governance	
2.6	Nature of ownership and legal form	10	Integrity in Governance	
2.7	Markets served	10-12	Integrity in Governance	
2.8	Scale of the reporting organization	4	Integrity in Governance	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	76	Integrity in Governance	
2.10	Awards received in the reporting period	7,8	Consistent Leadership	
REPORT PROFILE				
3.1	Reporting period	76	Basis for Report	CSR Website 2011 CSR Report
3.2	Date of most recent previous report	76	Basis for Report	
3.3	Reporting cycle	76	Basis for Report	
3.4	Contact point for questions regarding the report	76	Basis for Report	
REPORT SCOPE AND BOUNDARY				
3.5	Process for defining report content	76	Basis for Report	
3.6	Boundary of the report	76	Basis for Report	
3.7	Specific limitations on the scope or boundary of the report	76	Basis for Report	
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	76	Basis for Report	
3.9	Data measurement techniques and the bases of calculations	76	Basis for Report	

GRI	Description	Page(s)	Report Section(s)	External Links
3.10	Explanation of the effect of any restatements of information provided in earlier reports	76	Basis for Report	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	76	Basis for Report	
GRI CONTENT INDEX				
3.12	GRI Content Index	79–87	GRI Index	
ASSURANCE				
3.13	Policy and current practice with regard to seeking external assurance for the report	76	Basis for Report	
GOVERNANCE, COMMITMENTS, AND ENGAGEMENTS				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	14–16	CEO Letter Integrity in Governance	
4.2	Independence of the Chair of the highest governance body	15	Integrity in Governance	
4.3	Number and gender of members of the highest governance body that are independent and/or non-executive members	15	Integrity in Governance	Corporate Governance Guidelines and Annual Proxy Statement
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	15–17	Integrity in Governance	Annual Proxy Statement
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	15–17	Integrity in Governance	Annual Proxy Statement
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	16	Integrity in Governance	Code of Business Conduct and Ethics
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body	16	Integrity in Governance	Corporate Governance Guidelines
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	2,3	Introduction	CSR Website
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	14–16	Introduction CEO Letter Integrity in Governance	Strategy Committee Charter
4.10	Processes for evaluating governance body's own performance	16	Integrity in Governance	Corporate Governance Guidelines
COMMITMENTS TO EXTERNAL INITIATIVES				
4.11	Use of the precautionary approach	27,28	Integrity in Governance	Corporate Governance Guidelines and Annual Proxy Statement

GRI	Description	Page(s)	Report Section(s)	External Links
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	9	Consistent Leadership	
4.13	Memberships in associations and/or national/international advocacy organizations	9	Consistent Leadership	
STOCKHOLDER ENGAGEMENT				
4.14	List of stakeholder groups engaged by the organization	17	Integrity in Governance	
4.15	Basis for selection of stakeholders with whom to engage	17	Integrity in Governance	
4.16	Approaches to stakeholder engagement	17-22	Integrity in Governance	
4.17	Key topics and concerns raised through stakeholder engagement	17-22	Integrity in Governance	
ECONOMIC PERFORMANCE INDICATORS				
DMA EC	Disclosure on Management Approach	51,52	Community	
Aspects	Economic Performance	51-59	Community	
	Market presence	10-13	Ethical Business	
	Indirect economic impacts	51-59	Community	
EC1*	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	4, 51-59	Community	Charitable Trust Annual Report
EC2*	Financial implications and other risks and opportunities for the organization's activities due to climate change	63-64	Environment	
EC3*	Coverage of the organization's defined benefit plan obligations	40-41	Workforce	
EC4	Significant financial assistance received from government	Direct Response; Northern Trust did not receive financial assistance from the government in 2012.		
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Not Disclosed		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	29	Ethical Business	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	40	Workforce	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	55-59	Community	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	51-59	Community	
ENVIRONMENTAL PERFORMANCE INDICATORS				
DMA EN	Disclosure on Management Approach	60-73	Environment	

GRI	Description	Page(s)	Report Section(s)	External Links
Aspects	Energy	60–73	Environment	
	Biodiversity	60–73	Environment	
	Emissions, effluents and waste	60–73	Environment	
	Products and services	60–73	Environment	
	Compliance	60–73	Environment	
	Transport	60–73	Environment	
EN1	Materials used by weight or volume		Not Disclosed	
EN2	Percentage of materials used that are recycled inputs		Not Disclosed	
EN3	Direct energy consumption by primary energy source	74–75	Environment	
EN4*	Indirect energy consumption by primary source	74–75	Environment	
EN5	Energy saved due to conservation and efficiency improvements	66–67	Environment	
EN6	Initiatives to provide energy-efficient or renewable energy based products/services, and reductions in energy requirements as a result of these initiatives	67–68	Environment	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	66,72	Environment	
EN8	Total water withdrawal by source		Not Disclosed	
EN9	Water sources significantly affected by withdrawal of water		Not Disclosed	
EN10	Percentage and total volume of water recycled and reused		Not Disclosed	
EN11*	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	69	Environment	Northern Trust's 2006–2012 Environmental Reports for the Carbon Disclosure Project
EN12*	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	69	Environment	
EN13*	Habitats protected or restored	69	Environment	
EN14*	Strategies, current actions, and future plans for managing impacts on biodiversity	69	Environment	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Not Disclosed	
EN16	Total direct and indirect greenhouse gas emissions by weight	74–75	Environment	
EN17	Other relevant indirect greenhouse gas emissions by weight	74–75	Environment	
EN18	Initiatives to reduce GHG emissions and reductions achieved	67–73	Environment	
EN19	Emissions of ozone-depleting substances by weight		Not Disclosed	

GRI	Description	Page(s)	Report Section(s)	External Links
EN20*	NOx, SOx, and other significant air emissions by type and weight	67	Environment	Northern Trust's 2006–2012 Environmental Reports for the Carbon Disclosure Project
EN21	Total water discharge by quality and destination		Not Disclosed	
EN22*	Total weight of waste by type and disposal method	66	Environment	
EN23	Total number and volume of significant spills		Direct Response; Northern Trust has never been party to any spill accidents.	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		Not Disclosed	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		Not Disclosed	
EN26	Initiatives to mitigate environmental impacts of products/services, and extent of impact mitigation	67–73	Environment	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		Not Disclosed	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Direct Response; Northern Trust has never been fined or sanctioned for failure to comply with environmental laws and regulations.	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	67	Environment	
EN30	Total environmental protection expenditures and investments by type		Not Disclosed	
SOCIAL: LABOR PRACTICES AND DECENT WORK				
DMA LA	Disclosure on Management Approach	38–49	Workforce	
Aspects	Employment	38–49	Workforce	
	Labor/management relations	38–49	Workforce	
	Occupational health and safety	38–49	Workforce	
	Training and education	38–49	Workforce	
	Diversity and Equal Opportunity	38–49	Workforce	
LA1*	Total workforce by employment type, employment contract, and region, broken down by gender	40	Workforce	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region		Not Disclosed	

GRI	Description	Page(s)	Report Section(s)	External Links
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	40–42	Workforce	
LA4	Percentage of employees covered by collective bargaining agreements	Direct Response; Zero percent of employees are covered by collective bargaining agreements.		
LA5*	Minimum notice period(s) regarding operational changes	40	Workforce	
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	44–45	Workforce	
LA7*	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender	44	Workforce	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	44–45	Workforce	
LA9	Health and safety topics covered in formal agreements with trade unions	Direct Response; Zero percent of employees are covered by trade unions; therefore there are no topics to cover.		
LA10*	Average hours of training per year per employee by gender, and by employee category	42	Workforce	
LA11*	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	41–43	Workforce	
LA12*	Percentage of employees receiving regular performance and career development reviews, by gender	42	Workforce	
LA13*	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	15,40	Workforce	
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Not Disclosed		
LA15	Return to work and retention rates after parental leave, by gender	41	Workforce	
SOCIAL: HUMAN RIGHTS				
DMA HR	Disclosure on Management Approach	22–30	Ethical Business	
Aspects	Investment and Procurement Practices	22–30	Ethical Business	
	Freedom of association and collective bargaining	22–30	Workforce	
	Child labor	22–30	Workforce	
	Forced and compulsory labor	22–30	Workforce	
	Indigenous rights	22–30	Workforce	

GRI	Description	Page(s)	Report Section(s)	External Links
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening		Not Disclosed	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	29	Ethical Business	
HR3*	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	39	Workforce	
HR4	Total number of incidents of discrimination and corrective actions		Not Disclosed	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights		Direct Response; We have not identified any operations or significant suppliers where the right to exercise freedom of association and collective bargaining is at significant risk.	
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor		Direct Response; We have not identified any operations or significant suppliers that have significant risk for incidents of child labor or young workers exposed to hazardous work.	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor		Direct Response; We have not identified any operations or significant suppliers that have significant risk for incidents of forced or compulsory labor.	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		Not Disclosed	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken		Direct Response; None of our operations have incidents of violations involving the rights of indigenous people.	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments		Not Disclosed	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms		Not Disclosed	
SOCIAL: SOCIETY				
DMA SO	Disclosure on Management Approach	50–59	Ethical Business	
Aspects	Community	50–59	Ethical Business	
	Corruption	23–30	Ethical Business	
	Public policy	23–30	Ethical Business	
	Anti-competitive behavior	23–30	Ethical Business	
	Compliance	23–30	Ethical Business	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs		Not Disclosed	

GRI	Description	Page(s)	Report Section(s)	External Links
SO2	Business units analyzed for risks related to corruption	25–27	Ethical Business	
SO3*	Employees trained in organization's anti-corruption policies	25–26	Ethical Business	
SO4*	Actions taken in response to incidents of corruption	Direct Response; In 2012, no actions were taken against us for incidents of corruption.		
SO5	Public policy positions and participation in public policy development	20–21	Ethical Business	Statement regarding Government Relations and Political Contributions
SO6	Value of contributions to political parties		Ethical Business	Northern Trust's Political Contributions at FEC Website
SO7	Legal actions for anti-competitive behavior	Direct Response; In 2012, no legal actions were taken against us for anti-competitive behavior.		
SO8*	Value of fines for non-compliance with laws and regulations	Direct Response; In 2012, no monetary fines were imposed for non-compliance with laws and regulations.		
SO9	Operations with significant potential or actual negative impacts on local communities	Not Disclosed		
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Not Disclosed		
SOCIAL: PRODUCT RESPONSIBILITY				
DMA PR	Disclosure on Management Approach	23–30	Ethical Business	
Aspects	Product and service labeling	23–30	Ethical Business	
	Marketing communications	23–30	Ethical Business	
PR1*	Procedures for health and safety impacts of products/services	These indicators (PR1-PR4) are not commonly associated with the financial services industry and therefore are not applicable to Northern Trust.		
PR2*	Incidents of non-compliance with product health and safety			
PR3*	Type of product and service information required by procedures			
PR4*	Incidents of non-compliance concerning product labeling			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	17–18	Integrity in Governance	
PR6	Programs for adherence to laws related to marketing	Direct Response; Our marketing policies are reviewed periodically by legal and compliance; and prior to production/design.		
PR7	Incidents of non-compliance concerning marketing	Direct Response; In 2012, Northern Trust did not have any incidents of non-compliance concerning marketing.		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not Disclosed		

GRI	Description	Page(s)	Report Section(s)	External Links
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services		Not Disclosed	
FINANCIAL SERVICES SECTOR SUPPLEMENT				
DMA FSS	Disclosure on Management Approach	31–37	SRI	
FS1*	Policies with specific environmental and social components applied to business lines	32–33	SRI	
FS2*	Procedures for assessing and screening environmental and social risks in business lines.	32–33	SRI	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions		Not Disclosed	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	35	SRI	
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	35	SRI	
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector		Not Disclosed	
FS7*	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	33	Ethical Business	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.		Not Disclosed	
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures		Not Disclosed	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues		Not Disclosed	
FS11	Percentage of assets subject to positive and negative environmental or social screening	33	SRI	
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	37	SRI	Proxy Voting Guidelines
FS13	Access points in low-populated or economically disadvantaged areas by type		Not Disclosed	
FS14	Initiatives to improve access to financial services for disadvantaged people	55	Community	
FS15	Policies for the fair design and sale of financial products and services		Not Disclosed	
FS16	Initiatives to enhance financial literacy by type of beneficiary		Not Disclosed	

*Indicates partial response

northerntrust.com



Northern Trust