

TWO THOUSAND THIRTEEN

CORPORATE SOCIAL
RESPONSIBILITY

Annual Report



Northern Trust



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CORPORATE SOCIAL RESPONSIBILITY AT NORTHERN TRUST

At Northern Trust, we have aligned our corporate social responsibility efforts with our guiding principles of service, expertise and integrity. We are dedicated to meeting the evolving needs of our clients, shareholders and other key stakeholders through innovative and ethical business practices. Being a socially responsible company directly contributes to our financial success and creates value for our global stakeholders. We are dedicated to meeting the needs of our clients and shareholders, and also serving as a responsible corporate citizen through support for the diverse communities and environments in which we live and work.

NORTHERN TRUST

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

AUC
US\$5.6
TRILLION

Assets under custody of **US\$5.6 TRILLION**
and assets under investment management of
US\$884.5 BILLION as of December 31, 2013.

AUM
US\$884.5
BILLION



Our **SHAREHOLDERS** through the focused business strategy we employ and the conservative approach that underpins how we manage the business across economic cycles.

Our socially responsible **INVESTMENT OFFERINGS.**



A diverse global **WORKFORCE** of nearly 15,000 partners, whose career growth, well being and commitment to volunteering and community service we honor.

8,500+
NORTH AMERICA

2,600+
EUROPE, AFRICA,
MIDDLE EAST

3,300+
ASIA PACIFIC

The **COMMUNITIES** we serve through our corporate philanthropy and by region through the Community Reinvestment Act



The **ENVIRONMENT** and its finite natural resources through our efforts to minimize our environmental footprint.



26

26TH YEAR of consecutive annual profits.

117

Paid dividends to shareholders for the **117TH** consecutive year.



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

INTERVIEW WITH FREDERICK H. WADDELL, CHAIRMAN AND CEO

How does Northern Trust engage key stakeholders, such as clients, in discussions on Corporate Social Responsibility?

Throughout the year, our professionals around the globe interact with our stakeholders about a variety of topics. Our clients are corporations, institutions and affluent individuals and in many cases have a mandate to consider the Corporate Social Responsibility (CSR) strategy of the firms they engage. The comprehensive nature of our CSR strategy allows Northern Trust to have a multi-faceted dialogue with these clients. One such area is our commitment to providing responsible investing products and services. As a signatory to the United Nations Principles for Responsible Investing, Northern Trust advocates for the highest Environmental, Social and Governance (ESG) standards.

The appointment of a new global leader of our practice devoted to ESG investing enhances our continued ESG efforts, which is one way we are meeting the needs of this important group of stakeholders.

Northern Trust has responded to the Carbon Disclosure Project survey since 2006. What role does a financial institution play in environmental sustainability?

Environmental sustainability is a complex topic for any sector. One way that Northern Trust responded to our stakeholders was to begin replying to the Carbon Disclosure Project (CDP) in 2006 as our environmental management systems were still evolving.

This evolution continued as we expanded our expertise in the measurement of energy usage, waste and greenhouse gas production. Today, we are more sophisticated in our data collection and can use this data to drive changes that affect expenses. For example, in 2013 we reduced employee travel by 4.2% and increased the use of video conferencing by 23% for a significant savings. These new systems and initiatives also helped Northern Trust increase its CDP disclosure score 36% to 94 and our performance band to a "B" rating.

Our key stakeholders, who themselves participate in CDP or have an interest in assessing a firm's environmental sustainability practices, engage in dialogue with our CSR professionals, providing an important touch point for Northern Trust.



Northern Trust added Global Diversity & Inclusion to the Corporate Social Responsibility organization in 2013. Why was this important for the corporation's strategy?

As a global company, Northern Trust recognizes that the demographics of our clients and prospects are shifting. Integral to servicing these clients is our ability to maintain a workforce supported by an inclusive environment dedicated to cross-cultural competence. With the addition of Global Diversity & Inclusion to the CSR organization, we have positioned chief diversity officers in North America, EMEA and APAC. This structure allows Northern Trust to strengthen our focus on best-in-class initiatives and engagement.

How do awards and recognition differentiate Northern Trust in the marketplace?

Awards and recognition can be a great honor for a company to receive. For Northern Trust, awards and recognition afford us additional opportunities to engage with our stakeholders and differentiate our brand in the marketplace. For example, the Ethisphere Institute in 2014 named us as “One of the World’s Most Ethical Companies,” a first for our firm. Our stakeholders identified ethics as a significant area of interest, and this award provides Northern Trust with a new forum to expand existing discussions on this topic. The Financial Times Group and *Fortune Magazine* also recognized Northern Trust as “Best Private Bank in the U.S.” and one of the “World’s Most Admired Companies,” respectively. This recognition reflects our enduring commitment to excellence in client servicing. A list of selected memberships and awards is available on pages 8-9 of this report.

Northern Trust celebrated its 125th anniversary in August 2014. Our global expansion and successes can be attributed to our core principles of service, expertise and integrity. Our CSR strategy integrates these principles in all areas of our business. From the design of products and services that allow our clients to create custom screens for investments to our commitment to communities around the globe – we are poised to enter the next phase of Northern Trust’s evolution with an emphasis on the intersection between society and business.



INTERVIEW WITH
**CONNIE L. LINDSEY, EXECUTIVE VICE PRESIDENT
HEAD OF CORPORATE SOCIAL RESPONSIBILITY
AND GLOBAL DIVERSITY & INCLUSION**

Connie L. Lindsey is executive vice president and head of Corporate Social Responsibility and Global Diversity & Inclusion. She is responsible for the design and implementation of the global Corporate Social Responsibility and Global Diversity & Inclusion strategy and the development of goals, policies and programs appropriate to the brand and business unit strategies. In addition, she oversees and leads the firm's response to environmental matters as well as social issues within the marketplace, workplace and community.

"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."

How is Northern Trust adapting its strategy to navigate the evolving CSR landscape?

Our commitment to being a responsible corporate citizen has been an integral part of our guiding principles of service, expertise and integrity since our founding in 1889. This ongoing commitment is highlighted in our annual CSR report. Northern Trust's CSR strategy evolves as best practices emerge in the marketplace and by our active participation in research, education, and industry initiatives and memberships. Enhanced reporting frameworks, new ways of measuring efficacy and impact, and increased engagement with key stakeholders are integral to our strategy.

How does the CSR practice determine what is most important to stakeholders?

At Northern Trust we use various methods to actively engage our internal and external stakeholders. In 2013, our CSR team worked with Business for Social Responsibility (BSR) to establish a process to identify non-financial aspects of most significance for our firm. One of the outcomes of the project was the identification of 10 non-financial aspects of most significance for Northern Trust.

We engage with our stakeholders frequently and in ways that are most relevant to their particular requirements and needs. The aspects identified as a result of the project is one of the many tools our team uses to more appropriately target resources, research and refine our outcomes-based approach to our CSR strategy. In addition, while sustainability is not listed among the non-financial aspects of most significance identified by our stakeholder engagement work, we recognize and embrace the view that the health and wellbeing of our planet is tied to the long-term viability of our business, our communities and the interests of our key stakeholders. We will continue to make appropriate investments that support our commitment to being good stewards of these resources.



NON-FINANCIAL ASPECTS OF MOST SIGNIFICANCE

			
EMPLOYEES Global Talent Management Employee Diversity & Inclusion	GOVERNANCE & ETHICS Ethical Conduct Transparency & Reporting Data Privacy & Protection Executive Compensation	PRODUCTS & SERVICES Shifting Client Demographics Environmental, Social and Governance Investing & Risk Management	COMMUNITY Corporate Philanthropy & Sponsorships Community Reinvestment Act

In what ways did the stakeholder engagement process inform your CSR Strategy?

The non-financial aspects identified by our key stakeholders align with our core business strategy and the approach Northern Trust has taken with our people, our clients and our community throughout our 125-year history. We rely on our dedicated employees to serve our clients. By recruiting, training and retaining excellent talent and fostering an environment of inclusion and cross-cultural competence, we enhance our competitive advantage for the benefit of all our stakeholders. Our core principle of **service** allows us to support the communities in which we live and work while simultaneously allowing us to provide resources to those in need. Governance and Ethics as a key aspect underpins our core principle of **integrity** and is directly related to ensuring we operate with the highest standards of ethical conduct and safety and soundness in creating value for our global stakeholders. Our investments in technology and the strategic alignment of our global resources to respond to shifting client demographics, and increased focus and market demand for ESG Investing and Risk Management, are evidenced in our commitment to our core principle of **expertise**. Our CSR leadership team and our CSR Task Group will use the insights and data provided as one of the core elements in the ongoing design and implementation of our CSR strategy.

Service, expertise and integrity are principles that endure. Our 2013 report provides insight into our adherence to those principles as a basis for our CSR practice and our enduring commitment to our employees, our clients and our global community.

2013 HONORS

- Northern Trust named to **FTSE4Good Global Index** for 2013; Seventh Consecutive Year



FTSE4Good

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



- **One of the World's Most Admired Companies**, *Fortune Magazine*, 2013; Seventh Consecutive Year
- **One of the 100 Best Corporate Citizens**, *Corporate Responsibility Magazine*, April 2013
- 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 2013; Eighth Consecutive Year
- **Top 50 Company for Executive Women**, *National Association for Female Executives (NAFE)*, February 2013; Fifth Consecutive Year
- **100 Best Companies for Working Mothers**, *Working Mother* magazine, September 2013; 22nd Consecutive Year
- **Best Private Bank in U.S.**, *Financial Times Group*, November 2013
- **Best Private Bank for Innovation**, *Financial Times Group*, November 2013
- **Ranked among the Top 10 Wealth Managers**, *Barron's*, September 2013
- **Best Private Wealth Manager**, *Private Asset Management*, February 2013
- **Best Trust Company**, *Family Office Review*, June 2013
- **Ranked #2 on the Top 50 Family Offices**, *Bloomberg*, August 2013
- **Best Global Custodian, Wealth Management Technology Offering**, *WealthBriefing*, May 2013
- **Best Administrator – Hard-to-Value Assets**, *HFM Week US Hedge Fund Services Awards* 2013
- **Global Custody and Transition Management Award**, *Financial Times UK Pension & Investment Provider Awards*, May 2013
- **Servicing Award – Securities Lending**, *aiCIO* magazine's European Innovation Awards, May 2013
- **Hedge Fund Administrator of the Year and Transition Management Provider of the Year**, *Custody Risk Americas Awards* 2013
- **Best Administrator – Reporting Services**, *HFM Week European Hedge Fund Services Awards*, May 2013
- **Best Service Provider to ETFs in Europe**, *Annual Global ETF Awards, 2014-2008* (joint winner 2014 and 2012)
- **Best European ETF Administrator**, *ETFexpress Global Awards* 2013 and 2012
- **Best Places to Work**, *Pension & Investments*, December 2013
- **U.S. Fixed Income Municipal Manager of the Year**, *Institutional Investor Magazine*, May 2013
- Ranked as the **14th largest asset manager**¹ and the **7th largest global custodian**² of assets in the world.

¹ Ranking based on total worldwide assets under management of \$884.5 billion as of December 31, 2013. *Pensions & Investments* 2014 Special Report on the Largest Money Managers.

² Ranking based on The 2013 World's Largest Custodians from *Institutional Investor*.

SELECTED 2013 MEMBERSHIPS & ASSOCIATIONS

- Banking Environment Initiative (BEI)
 - The chief executives of some of the world’s largest banks created the Banking Environment Initiative (BEI) in 2010. Its mission is to lead the banking industry in collectively directing capital towards environmentally and socially sustainable economic development.
 - The BEI is convened by the University of Cambridge Institute for Sustainability Leadership (CISL), which provides the BEI’s Secretariat.



- Boston College Center for Corporate Citizenship
 - Based in the Carroll School of Management, the Boston College Center for Corporate Citizenship was founded in 1985, inspired by an early recognition that community expectations of companies were changing. The Center combines the most valuable aspects of a professional community and the resources of a leading academic institution for members.



- United Nations Environmental Programme Finance Initiative (UNEP FI)
 - UNEP FI is a global partnership between UNEP and the financial sector. Over 200 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance.



- United Nations Principles for Responsible Investments (UNPRI)
 - The United Nations-supported Principles for Responsible Investment (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices.

Signatory of:



- Boston College National Workforce Roundtable
- Business in the Community (United Kingdom)
- Catalyst, Inc.
- Diversity Best Practices
- Employee Assistance Professional Association (EAPA)
- Employee Assistance Roundtable
- FTSE4Good Index
- Inclusive Employers (United Kingdom)
- Institute of Supply Chain Management

- Metropolitan Planning Council
- National Association of Affordable Housing Lenders
- National Minority Supplier Development Council (NMSDC)
- Stonewall (United Kingdom)
- The Association of Fundraising Professionals
- The Corporate Responsibility Group (United Kingdom)
- True Blue Inclusion

PROGRESS ON OUR CSR LONG-TERM GOALS

	2013 GOALS	PROGRESS	3-5 YEAR GOALS	PROGRESS
GOVERNANCE AND ETHICS	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.	●	Enhance client Passport application file cabinet functionality to minimize e-mail transmission of client data.	○
	Create Privacy and Ethics Incident Review Team that will summarize the findings of an investigation and track remediation.	●	Apply enterprise-wide monitoring and, where appropriate, blocking of sensitive client names.	○
	Install Information Link Prevention (ILP) Endpoint Agent on all desktops and laptops to identify when sensitive information is posted, printed or saved.	●	Expand current information security training initiatives to include targeted, role-based training throughout the organization.	●
	Continue the implementation of the Vendor Management Program, develop training documentation and review and prioritize the standard vendors.	●	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 with suppliers.	○
			Enhance vendor website registration process and deployment of registered vendors to internal buyers.	○
SUSTAINABLE PRODUCTS AND SERVICES	Generate meaningful assets under management (AUM), assets under administration (AUA) and revenue by assessing and enhancing proprietary and multi-manager investment capabilities.	●	Further integration of United Nations Principles for Responsible Investment as a framework for responsible ownership practices.	●
	Develop RI brand leadership through marketing campaigns and sponsorship of two RI conferences.	●	Increase participation with external organizations regarding sustainable investment trends and opportunities.	●
	Continue to develop in-house intellectual capital.	●	Increase adoption and implementation of responsible investing principles and practices among Northern Trust partners, clients and vendors globally.	●
ENGAGING PARTNERS	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.	●	Consistently improve enterprise scores on the engagement index of the Employee Engagement Survey.	●
	Continue reinforcing and communicating Northern Trust's commitment to taking ongoing action supporting our long-term, 3-5 year engagement strategy.	●	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.	○

● Complete ○ In Progress

PROGRESS ON OUR CSR LONG-TERM GOALS

	2013 GOALS	PROGRESS	3-5 YEAR GOALS	PROGRESS
PARTNERING IN THE COMMUNITY	Maintain positive brand reputation in established markets and grow awareness in newer markets through sponsorships, global giving and increased communication.	●	Integrate philanthropy into new market entry and business development strategies.	●
	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.	●	Shift focus of Community Affairs to consultative model offering expertise in international grantmaking, market development, impact measurement and talent development.	○
	Promote employee engagement through the new Northern Trust Community Partners program.	●	Expand the Northern Trust Community Partners Program by developing online and interactive in-person training to be leveraged internationally.	○
	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.	●	Formalize and standardize the tracking of social and economic impacts created through community investment originated using IRIS or similar standards where possible.	○
OPERATING EFFICIENTLY	Improve capture of environmental data and roll out enhanced environmental metrics.	●	Adopt best practices for integrating sustainability into construction, interior cleaning and exterior maintenance.	○
	Declare a new carbon emissions reduction goal and adopt specific tactics for meeting that goal.	○	Reduce both energy consumption and energy intensity (kWh/SF) through the adoption of energy management best practices and investment in cost effective energy conservation measures.	○
	Begin implementation of the energy conservation measures identified in the 2012 audits of seven major properties and evaluate the need for additional audits.	○	Set goals for reduction of water consumption and waste generation while increasing recycling.	○
	Establish baselines for water consumption, waste generation and recycling across portfolio for the purpose of goal setting and establishing reduction tactics.	○	Participate in the Water Disclosure Project. <i>Northern Trust continues to analyze our global operations to identify efficiencies and continue to improve our access to sustainability data.</i> <i>During our 2013 assessment of non-financial aspects of most significance, our key stakeholders did not highlight water consumption. We will continue to make appropriate investments that support our commitment to being good stewards of these resources. However, we will not participate at this time.</i>	

● Complete ○ In Progress



GOVERNANCE AND ETHICS

Northern Trust Corporation (the Corporation) is a financial holding company that is a leading provider of asset servicing, fund administration, asset management, fiduciary and banking solutions for corporations, institutions, families and individuals worldwide. The Corporation conducts business through various U.S. and non-U.S. subsidiaries, including The Northern Trust Company (the Bank). The Corporation was originally formed as a holding company for the Bank in 1971. The Corporation has a network of offices in 18 U.S. states, Washington, D.C., and 18 international locations in North America, Europe, the Middle East and the Asia Pacific region. At December 31, 2013, the Corporation had consolidated total assets of \$102.9 billion and stockholders' equity of \$7.9 billion.



The Northern Trust Corporation is an Illinois banking corporation headquartered in Chicago and the Corporation's principal subsidiary. Founded in 1889, the Bank conducts its business through its U.S. operations and its various U.S. and non-U.S. branches and subsidiaries. At December 31, 2013, the Bank had consolidated assets of \$102.7 billion and common bank equity capital of \$7.1 billion.

Northern Trust focuses on servicing and managing client assets through its two primary business units: Corporate & Institutional Services (C&IS) and Wealth Management. Asset management and related services are provided to Wealth Management and C&IS clients primarily by a third business unit, Asset Management. Northern Trust emphasizes quality through a high level of service complemented by the effective use of technology, delivered by a fourth business unit, Operations & Technology (O&T).

Corporate & Institutional Services

C&IS is a leading global provider of asset servicing, brokerage, banking and related services to corporate and public retirement funds, foundations, endowments, fund managers, insurance companies, sovereign wealth funds and other institutional investors around the globe. Asset servicing and related services encompass a full range of capabilities including but not limited to: global master trust and custody; fund administration; investment operations outsourcing; investment risk and analytical services; securities lending; foreign exchange; cash management; treasury management; brokerage services; and transition management services. Client relationships are managed through the Bank and the Bank's and the Corporation's other subsidiaries, including support from locations in North America, Europe, the Middle East and the Asia Pacific region. At December 31, 2013, total C&IS assets under custody were \$5.1 trillion and assets under management were \$662.7 billion.

Wealth Management

Wealth Management provides trust, investment management, custody and philanthropic services; financial consulting; guardianship and estate administration; family business consulting; family financial education; brokerage services; and private and business banking. Wealth Management focuses on high-net-worth individuals and families, business owners, executives, professionals, retirees and established privately held businesses in its target markets. Wealth Management also includes the Global Family Office, which provides customized services to meet the complex financial needs of individuals and family offices in the United States and throughout the world with assets typically exceeding \$200 million.

Wealth Management is one of the largest providers of advisory services in the United States, with \$496.0 billion in assets under custody and \$221.8 billion in assets under management at December 31, 2013. Wealth Management services are delivered by multidisciplinary teams through a network of offices in 18 U.S. states and Washington, D.C., as well as offices in London, Guernsey and Abu Dhabi.

Asset Management

Asset Management, through the Corporation's various subsidiaries, provides a broad range of asset management and related services and other products to clients around the world, including clients of C&IS and Wealth Management. Clients include institutional and individual separately managed accounts, bank common and collective funds, registered investment companies, exchange traded funds, non-U.S. collective investment funds and unregistered private investment funds. Asset Management offers both active and passive equity and fixed income portfolio management, as well as alternative asset classes (such as private equity and hedge funds of funds) and multi-manager advisory services and products.



Asset Management's activities also include overlay services and other risk management services. Asset Management's business operates internationally through subsidiaries and distribution arrangements.

Operations & Technology

O&T supports all of Northern Trust's business activities, including the processing and product management activities of C&IS, Wealth Management and Asset Management. These activities are conducted principally in the operations and technology centers in Chicago, London and Bangalore.

CSR Governance

At Northern Trust, every level of management helps develop our global CSR strategy, aligning Environmental, Social and Governance-related (ESG) indicators within our core businesses. We engage the CEO and other executive-level leaders in integrating CSR imperatives into our strategic plans for each business unit. Our head of CSR and Global Diversity & Inclusion is responsible for the design and execution of the overarching CSR strategy. Our Management Group provides oversight and strategic guidance and 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. 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 periodically updates our 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, who is elected annually by independent directors. The board of directors has determined that combining the positions of chairman and CEO is the most appropriate for the Corporation at this time. Having one person as chairman and CEO provides unified leadership and direction to the Corporation and strengthens the ability of the CEO to develop and implement strategic initiatives and respond efficiently in crisis situations. The board believes the combination of the chairman and CEO positions is appropriate in light of the substantial independent oversight provided by the board of directors. The board also believes that the desire for independent leadership of the board is sufficiently balanced by the prominent role of the lead director.

BOARD OF DIRECTORS PROFILE

- 11 directors
- 10 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
- All committee charters are located at northerntrust.com/governance



The lead director's primary duties are described in the Corporation's Corporate Governance Guidelines. Among other things, the lead director's duties include (i) approving meeting agendas for the board and the nature of information sent to the board, (ii) approving board meeting schedules to assure that there is sufficient time for discussion of all board agenda items, (iii) the authority to call at any time a special meeting of the board or a special executive session of the independent directors, (iv) the authority to add items to the agenda of any regular or special meeting of the board, (v) preparing the agenda for all regular and any special executive sessions of the independent directors, (vi) presiding at all regular and special meetings of the board at which the chairman is not present, (vii) presiding at all regular and any special executive sessions of the independent directors, (viii) serving as a liaison between the independent directors and the chairman and CEO, (ix) conducting, by means of an interview with each independent director, the independent directors' annual evaluation of the chairman and CEO's performance and then communicating the results to the Compensation and Benefits Committee and to the chairman and CEO, (x) conducting, by means of an interview with each director, including the chairman and CEO, the board's annual self-evaluation of its performance and then providing a summary report to the board, (xi) meeting with regulators periodically separate from management, and (xii) being available for consultation and direct communication with major stockholders. A copy of the Corporate Governance Guidelines is available on the Corporation's website at www.northerntrust.com.

The board consists of 11 directors, including two women (18%) and four minorities (36%). Other than the chairman and CEO, all current directors are independent, as defined under the NASDAQ stock market listing standards. To determine independence, the board adopted categorical standards of independence found at northerntrust.com and also in the annual proxy statement.

Find more information about director independence 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's bylaws 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. Find more information 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. Find more information in the annual proxy statement located at northerntrust.com.

In evaluating director candidates, including those 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 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. Find a full listing of the characteristics and qualifications of director candidates in the corporate governance guidelines located at northerntrust.com.



The board of directors have adopted a code of business conduct and ethics to:

- Promote honest and ethical conduct, including fair dealing and the ethical handling of actual or apparent conflicts of interest;
- Promote full, fair, accurate, timely and understandable public disclosure about the Corporation;
- Promote compliance with applicable laws and governmental rules, codes and regulations wherever the Corporation does business;
- Ensure the protection of the Corporation's legitimate business interests; and
- Deter wrongdoing.

The code satisfies applicable SEC and NASDAQ requirements and applies to all directors, officers (including the Corporation's principal executive officer, principal financial officer and principal accounting officer) and employees. A copy of the code is available at northerntrust.com.

Any 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 employee who becomes aware of any suspected past, ongoing or potential violation of law, rules or regulations is encouraged to notify this 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 their assessment annually to the board. Find more information in the corporate governance guidelines located at northerntrust.com.

The board of directors provides oversight of risk management directly as well as through its 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, at least annually, conducts a review, with input of risk management personnel, of management's assessment of the effectiveness of the Corporation's incentive compensation arrangements and practices to assess 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. Find more information regarding the development, review and approval of our named executive officers' compensation in the compensation discussion and analysis section of our most recent 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. Find more information in the corporate governance guidelines and annual proxy statement 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 serving 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.

Anti-Bribery and Corruption Programs

All business units are analyzed for risks related to anti-bribery and corruption. We conduct an annual anti-bribery and corruption risk assessment to determine the inherent compliance, operational and reputational risks associated with Northern Trust's products, services and locations. In addition, we assess the strength of our controls to mitigate the risk of non-adherence to 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.

Ethics

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 laws and regulations and avoid any situation that may trigger a conflict of interest. We expect partners to respect any confidential 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 was in 2013 and had a completion rate of 100% of active employees.
- Annual anti-corruption training is required for client-facing personnel, as well as global marketing, finance, audit, legal and compliance professionals.
- All partners are required to take three courses: Global AML & Sanctions, Information Security at Northern Trust and the Standards of Conduct Policy.

STAKEHOLDER ENGAGEMENT

CLIENTS

- Independent market-research surveys
- Engagement methods around social and environmental programs (PR5)
- *Wealth Magazine* and *Point of View Magazine* articles on the benefits of responsible investing

PEERS

- Active participation with financial services industry peers to discuss ESG topics

PARTNERS

- Quarterly town hall meetings
- Online productivity suggestion portal
- Daily company and partner online news on Partner Passport[®]
- Bi-annual performance reviews
- Monthly e-newsletter, *Northern News*
- Senior management panel discussions and other events around company strategy and culture

SHAREHOLDERS

- Multiple engagement platforms, including our annual stockholders meeting
- Annual report
- Quarterly earnings reports, conference calls and webcasts
- SEC filings and other communications including the annual proxy statement

COMMUNITIES

- Relationships with nonprofit community groups worldwide as well as community-development financial institutions in U.S. communities where we are located
- Nonprofit support for those that address and service unmet needs in underserved communities
- Continuous outreach through meetings, events and calls throughout the year

REGULATORS

- Individual and public-sector client service, regulatory reform involvement and government program participation
- Financial services industry trade organization participation
- Global regulatory reform team involvement in the rulemaking process, primarily in the United States and the EU

SUPPLIERS

- Formal vendor management programs and global procurement policy
- Procurement policy closely aligned with CSR principles
- A Global Procurement Council engaged with offshore employees, forming the framework for future CSR-focused collaborations



- 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 chief compliance and ethics officer, the Legal department and the Human Resources department communicate the compliance and ethics program and other compliance policies of broad applicability via posting on our intranet site. Certain compliance policies require annual certification 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 – The Network – for such reporting, which can be made anonymously by telephone or Internet.

Privacy and Information Security

We recognize our clients' expectations for privacy and security regarding their nonpublic corporate and personal information, and preserving the trust of our clients is one of our core values. We comply with all applicable laws, rules and regulations relating to

bank privacy and information security and 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. We pursue information security with the same commitment to excellence that we apply to understanding our clients' financial needs. Northern Trust uses 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 securely configured. Regularly scheduled scans of the existing Northern Trust technical environment detect, track and resolve vulnerabilities in a timely fashion. In addition, an ongoing proactive DDoS protection, e-mail strengthening and external penetration and vulnerability testing reduce the risk of external cyber threats, including malware and other viruses.

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 uses a security breach response procedure to address situations that could result in sensitive client information being compromised or breached.



Global Procurement

Our Global Procurement department is led by a senior-level manager who drives the strategy and sets procurement policies worldwide. Northern Trust expects suppliers to employ high standards of recycling and waste-management governance and conduct business in an ethical, legal and socially responsible manner.

We are committed to making progress toward integrating ethical, social and environmental factors into our procurement practices. We continue to work on ways to integrate these standards into our supplier management policies and practices. We also check our suppliers 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 supplier providing goods and/or services outside of the United States to Northern Trust shall complete the anti-bribery questionnaire. Risk assessment accuracy and truthfulness are reviewed by Global Procurement and Global Compliance as appropriate to determine whether business may continue with the supplier.
- At a minimum, suppliers with whom we conduct business are expected to obey the laws of the country of manufacture, sale or distribution.
- Slightly more than 100 suppliers continue to comprise our top 70% of U.S. spending.
- A supplier management program was created to monitor performance and promote continuous improvement activities.

The ongoing goals of the supplier management process are to:

- Provide and implement the framework for the monitoring and management of suppliers.

- Determine the activities necessary to manage the supplier relationship.
- Ensure consistency and compliance with regulatory guidance.
- Establish a continuous improvement philosophy into the supplier relationship.
- Ensure compliance with contractual terms and conditions.

Lastly, 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

Northern Trust established a Supplier Diversity program more than 25 years ago. Through our Supplier Diversity program, Northern Trust seeks to engage with minority, women, veteran, LGBT, disabled and small business enterprises by providing opportunities for them to actively participate in our procurement process to become part of our supply chain. Supplier Diversity is incorporated into the overall procurement initiatives of the Corporation. In 2014, diverse spend was 6% of overall spend.

Additionally, Northern Trust collaborates with a number of organizations to encourage the economic development of our diverse suppliers, which include the National Minority Supplier Development Council, the Chicago Minority Supplier Development Council, the Women's Business Development Center, Chicago Area Gay and Lesbian Chamber of Commerce, Chicago United and the Financial Services Roundtable of Supplier Diversity.



SUSTAINABLE PRODUCTS AND SERVICES

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 strategy and also is known as socially responsible, ethical or sustainable investing. Investors interested in RI pursue these strategies for a variety of reasons such as identifying companies whose corporate practices promote environmental stewardship, social justice, human rights, diversity, consumer protection or corporate governance.

Our lending principles support the needs of our clients and adhere to traditional lending guidelines, as well as to all regulatory requirements related to extending credit. Two of Northern Trust's business units, Wealth Management and Corporate & Institutional Services, 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 of the risks and mitigants inherent in each borrower's enterprise. These include social, environmental, financial, regulatory and economic factors inherent in the enterprise, the sector and economies they operate in, and other criteria. Our goal is to meet our clients' lending needs responsibly and within our risk appetite.

Responsible Investing Practice

Northern Trust Asset Management, with more than 25 years of experience managing portfolios incorporating ESG factors, oversees approximately \$58.4 billion globally in a diverse set of socially screened strategies. In addition, it also advises on over \$20 billion of responsible investing risk and portfolio analysis, providing clients with sophisticated investment solutions to meet their specific needs, values and preferences.

We expect demand to grow and more allocation to RI strategies in the years ahead. This growth represents an opportunity for Northern Trust to offer products and services that help differentiate our brand. Consistent with this belief, Northern Trust Asset Management:

- Manages more than 80 socially screened funds and portfolios, and maintains a roster of more than 75 external managers offering sustainability, Environmental, Social and Governance (ESG) and Socially Responsible Investing (SRI) strategies.
- Provides investment oversight solutions for institutional investors that incorporate comprehensive analysis, investment insights and monitoring at the total-plan level and across asset class portfolios that include ESG exposures in addition to traditional market-risk based metrics.
- Maintains full connectivity with the leading ESG and SRI data providers such as Trucost, MSCI, ECPI, Sustainalytics, FTSE, etc.



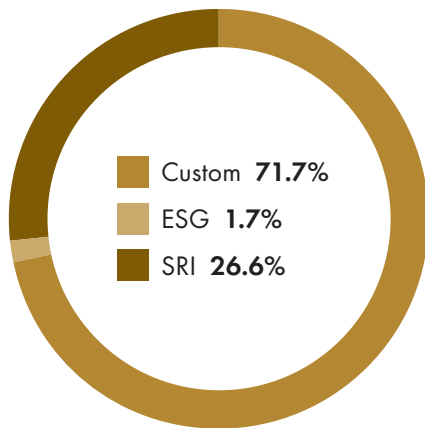
RI Products and Services

Many of our traditional investment capabilities, including index management, active management and multi-manager solutions, can pair with RI strategies. Depending on the sophistication of the RI strategy, we use 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 and to provide portfolio oversight.

One of our flagship RI products, the Northern Trust Global Sustainability Index Fund (ticker: NSRIX), launched in 2008 as 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.

Socially Screened Assets by Strategy

December 31, 2013



2013 ACCOMPLISHMENTS

Reflecting Northern Trust's continuing commitment to RI strategies, we broadened our capabilities and the client experience as follows.

Research, Marketing and Advocacy

- Wrote and published multiple articles on RI including a paper examining the impact of adding a quality factor screen to ESG portfolios.
- Sponsored and participated in numerous conferences and roundtables, including the Responsible Investor ESG Europe Conference, US-SIF and Euro-SIF, DePaul University Sustainability Conference, Responsible Investor/MSCI Roundtable Seminar, and the Banking Environment Initiative.
- Partnered with *Responsible Investor Magazine* to host a webinar on ESG investing during fourth quarter 2013.
- Hosted a series of institutional investor meeting across Europe about ESG investing strategies.
- Hosted internal education seminars on SRI/ESG considerations in combination with the Northern Trust Diversity & Inclusion Advisory Council.

Product Development and Business Policy

- Initiated a due-diligence review of shareholder engagement strategy to examine various options for including engagement as part of a more holistic approach to ESG.
- Developed products based upon a licensed MSCI suite of ESG, SRI and custom indices.
- Conducted ongoing review of ESG capabilities for external managers.
- Completed PRI assessment of Northern Trust's investment business.



Client Engagement

Northern Trust is active in the dialogue around the evolution of RI strategies, holding regular meetings with asset-owner clients 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. 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 Education and Training

The asset management team hosted internal education seminars in North America, Europe and Asia on SRI/ESG considerations to educate partners about investor needs and concerns. The head of CSR and Global Diversity & Inclusion attends periodic meetings with client-facing partners to provide updates about our ESG policies and procedures. In 2014, we plan to increase the number of informational training sessions with all our partners, specifically those in client-facing roles. Keeping partners informed helps ensure that we keep our clients familiar with our ability to meet their RI needs.

Northern Trust Asset Management

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.

RI Principles

Northern Trust is an advocate of the highest ESG standards. We fully acknowledge that the long-term financial success of our clients and shareholders depends on 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; and
- Voting proxies consistent with these principles as appropriate.



CONTRIBUTING TO THE COMMUNITY

Community involvement is deeply rooted in the Northern Trust culture, affecting 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 investments; 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.



Community Impact Strategy

Northern Trust's holistic approach to supporting the community takes into account the overall impact on our clients, shareholders, partners and communities we serve, and we execute each activity with these priorities in mind. Our scope of community involvement provides sustainable benefits to the company in the following ways:

- **Corporate Alignment:** With Northern Trust's Wholesale Community Reinvestment Act (CRA) designation, we are able to more fully align the firm's business strategy with our community reinvestment strategy. The wholesale designation allows us to concentrate efforts and resources in direct investments that have a sustainable community impact.
- **Brand Awareness:** Northern Trust's brand strength relies heavily on community involvement through sponsorships and alignment with highly respected nonprofit institutions. Integral to our marketing strategy, Northern Trust's charitable grants, event sponsorships, charitable and civic board representation and employee volunteerism all help to raise brand awareness and brand equity in target markets around the world.
- **Business Development:** Our community investments allow us to work directly with each of our business units to identify opportunities related to key marketing and client relationship efforts. Given the philanthropic 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:** Community engagement opportunities, paid-time-off for volunteerism and matching gift programs continue to provide a competitive advantage in partner recruiting and satisfaction. Employee

volunteerism was strong in 2013 and consistently is a priority for college graduates who are considering future employers. Nonprofit and civic board involvement is integral to talent management as it provides partners with leadership, skills development and networking opportunities beyond the scope of their responsibilities at Northern Trust.

- **Our Communities:** The belief that stronger communities lead to stronger businesses is a key tenet of our community involvement. We invest directly in organizations and projects bringing capital to underserved communities. Knowing that today's students make up our future workforce, Community Affairs participates in extensive conversations with local government and public school systems to identify key issues in education. These meetings have led directly to amendments in our Charitable Trust guidelines, including an increased focus on teacher development.

Annual Contributions and Community Investment Summary

Table 1 on the next page outlines charitable contributions associated with Northern Trust over the last three years:

- Corporate Philanthropy includes all cash and in-kind 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 Development Investments include direct investments in community development financial institutions, community development corporations, community development funds, small business investment companies, new market tax credits and low-income housing tax credits.



Table 1

CORPORATE PHILANTHROPY	2011	2012	2013
Corporate Philanthropy Total ¹	14,147,680	15,096,595	13,929,715
EMPLOYEE GIVING			
Employee Contributions Total ²	3,369,232	3,516,260	3,624,892
COMMUNITY REINVESTMENT ACT			
Community Development Investments Total	76,600,000	72,800,000	105,224,341
EMPLOYEE & CORPORATE GRAND TOTAL	\$94,116,912	\$91,412,855	\$122,778,948

¹ Corporate philanthropy includes all cash and in-kind support of charitable donations globally.

² Employee giving includes cash contributions made by Northern Trust employees.

Corporate Philanthropy

Our global corporate philanthropy program awarded cash contributions of nearly \$14 million to local and international civic and charitable organizations in 2013, investing 1.3% of annual pre-tax profits into the communities. This places Northern Trust among the top financial institutions and exceeds most Fortune 500 companies, according to Giving in Numbers: 2013 Edition by CECF, in association with The Conference Board.

Our Northern Trust Charitable Trust (the Charitable Trust), Guernsey Charitable Trust³ and corporate giving programs support organizations that operate in the communities where we do business. The Charitable Trust was established in 1966 to support Chicago and Cook County’s neighborhoods in greatest need, while other corporate giving includes our strategic philanthropy, executive sponsorship and employee engagement programs worldwide. Charitable Trust contributions include general operating support and program grants as well as capital and endowment campaign support, allowing organizations to build their community impact based on what they need most.

These grants primarily assist programs and agencies that focus on advancing the wellbeing of disadvantaged women, children and people with disabilities in three 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.
- **Supporting Education:** Reflecting our view that education is the cornerstone of future success, the Charitable Trust supports organizations that augment the priorities and goals of local public school systems. The Charitable Trust gives priority to organizations that improve student achievement by delivering innovative programming, developing the talent of teachers and principals, and preparing students to compete globally.

³ The Guernsey Charitable Trust was part of Northern Trust’s 2005 acquisition of Baring Asset Management’s Financial Services Group (FSG) and continues to be managed by Northern Trust employees in Guernsey.



- **Sharing the Arts:** Arts and cultural programs help develop vibrant and healthy communities. The Charitable Trust supports organizations that bring arts opportunities to our focus neighborhoods and those that create forums for social interaction celebrating our diversity. Specifically, the Charitable Trust aims to provide 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 is a global program that 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. To maintain this program, Northern Trust offers 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 delivered its first board governance training program to 40 partners in 2013. The session prepared partners to serve as more effective nonprofit board directors through an interactive session followed by individual mentorship throughout the year. Due to the success of this program, Northern Trust will provide a follow-up special topics session on Fund Development and launch a second cohort in 2014. In addition to these Northern Trust-sponsored activities, our partners generously give their personal time to charity as approximately 120,000 hours were reported through the Northern Trust Volunteer Survey in 2013.

Community Investments

Northern Trust carries an "Outstanding" CRA rating. New CRA investments originated totaled \$105.2 million in 2013. Our directors receive an annual CRA and fair lending report and have approved our policy related to community reinvestment. As of December 31, 2013, the portfolio of community investments totaled \$407.1 million. These investments meet the following community needs:

- **Education and Social Services:** \$39.9 million outstanding. **Objective:** 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:** \$318.7 million outstanding. **Objective:** Support the creation and retention of affordable rental housing and affordable homeownership in partnership with nonprofit lenders and developers.
- **Job Creation:** \$34.4 million in asset value. **Objective:** 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. **Objective:** Equity investments and certificates of deposits in community development banks provide capital to develop 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.



ENGAGING PARTNERS

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 we 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 the International Labour Organization’s standards, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and other public policies. Partners in any of our locations also may exercise freedom of association with regard to collective bargaining and trade agreements as permitted by applicable regional laws.

One 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.

Composition of Global Workforce

GLOBAL WORKFORCE BY REGION *			
Region	Full-time equivalent	Part-time equivalent	TOTAL
Asia-Pacific	3,552	1	3,553
Europe, Middle East, Africa	2,509	168	2,677
North America	8,508	169	8,677
Grand Totals	14,569	338	14,907

* 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	Two or More Races	Hawaiian	TOTAL	Female
Senior Managers	406	26	23	18	0	1	0	474	169
1st / Mid-Level Managers	821	104	88	66	2	9	0	1,090	499
Professionals	4,145	909	653	578	8	70	15	6,378	3,126
Administrative	323	135	103	38	0	13	0	612	473
Other	28	20	19	2	0	0	0	69	16
Grand Totals	5,723	1,194	886	702	10	93	15	8,623	4,283

* 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 125 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 a defined benefit pension plan 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 services 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 2013, there were 154 adoption, paternity and family/medical leaves taken by 144 partners. Of the leaves taken, 71% were by women and 29% were by men. The retention rate for women was 92% and the retention rate for men was 85%. Our overall parental retention rate was 81%.

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.

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



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 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, welfare and ongoing wellbeing while also being sustainable in terms of cost.

Career Development

We introduced the Northern Trust Careers Site and integrated Talent Network. This is the online face of our organization from a Talent Acquisition/Recruiting perspective and is used by external candidates to submit online applications, as well as research roles, explore our organization and understand our corporate value proposition. Our Careers Site is visited by more than 250,000 unique visitors each year and is central to our digital strategy for attracting talent, educating prospective candidates and promoting the Northern Trust brand.

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 (29% of our partners) to ensure life safety procedures are performed per guidelines and provide organized assistance to partners during an emergency.

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, seven 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.

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.

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 capability to enable previously identified and certified staff to continue business processes from their homes 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.

PARTNER ENGAGEMENT

At Northern Trust, we define engagement as partner motivation, productivity and energy, and we enjoy high engagement levels relative to peer organizations (82% overall). We measure engagement annually through the "Your Voice" survey and reinforce throughout the year that our partners' voices really matter. Starting in 2012, we made a multi-year commitment to increasing engagement globally, particularly in key areas of greatest importance to our partners: manager effectiveness, work environment, communication and non-monetary recognition. Key initiatives include development of a manager effectiveness training and coaching program for leaders new to management; productivity training for all partners; enhancements to our intranet website to include "Check in on Engagement," a repository for partners to share engagement ideas and initiatives; and the launch of a new awards and recognition program,



Celebrate Great. Through Celebrate Great, a centralized online tool, every partner can notice effort, recognize results and celebrate careers in a way that is quick, easy, fun and meaningful. During the first four months of the program, over 40% of Northern Trust partners were recognized.

Global Diversity & Inclusion

The diversity & inclusion function reports to the executive vice president and head of Corporate Social Responsibility and Global Diversity & Inclusion, a direct report to the CEO. Our global diversity & inclusion strategy and programs are led by the chief diversity & inclusion officer – Americas and chief diversity & inclusion officer – EMEA & APAC, both senior positions.

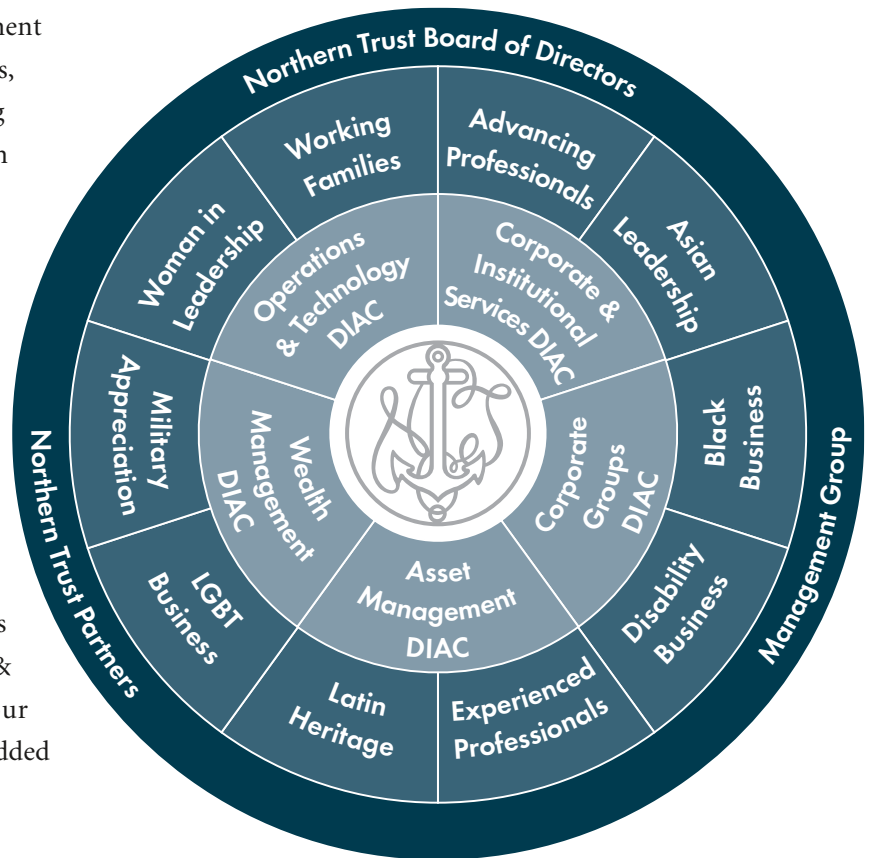
Our diversity & inclusion strategy is driven by the engaged leadership of Northern Trust’s Management Group, which creates an environment of awareness, action and accountability. Globally, we have strong leaders at every level driving our diversity & inclusion vision and strategic initiatives. In addition to full support from the organization, our annual diversity and inclusion update is presented to Northern Trust’s board of directors for the company’s highest-level decision-makers to review. We believe in fostering an inclusive environment where our people can contribute and grow, and their unique mix of attributes can serve as the catalyst for innovation through diversity of thought and perspective. To support our global business strategy, Northern Trust sponsors Global Business Resource Councils and Diversity & Inclusion Advisory Councils that help ensure our commitments to diversity and inclusion are embedded in the fabric of Northern Trust.

**Global Diversity & Inclusion
Advisory Councils (DIACs)**

We have established global DIACs in each of our five business units, accountable for ensuring diversity and inclusion initiatives align with each business unit’s strategic imperatives and the organization’s overall goals.

Business Resource Councils (BRCs)

The BRCs serve as a valuable support mechanism for personal and professional development, a forum to promote cultural and civic awareness and provide strategic support in revenue-generating areas to an increasingly diverse client base. We currently sponsor 10 business resource councils.





OPERATING EFFICIENTLY

Our stakeholders consist of partners, clients, shareholders, suppliers, peers, regulators, non-governmental organizations (NGO) and advocacy groups as well as the local communities in which we operate. Together, we work with our stakeholders to embed environmental sustainability into our organization and beyond.



ENVIRONMENT STATEMENT

Northern Trust recognizes that the long-term viability of our business – and that of our clients – is tied to the health and wellbeing 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 from our operations. We align our business with the fundamental principle of sustainability – meeting 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 throughout our business, by committing to continually improving our business practices and by delivering tangible, positive results related to the environment.

GOVERNANCE

Our Management Group provides oversight and strategic guidance on CSR issues. They ensure adoption of, adherence to, and accountability for environmental initiatives and climate change related activities at Northern Trust.

Connie Lindsey, executive vice president and head of Corporate Social Responsibility and Global Diversity & Inclusion, is responsible for the design and execution of a comprehensive CSR strategy with direct responsibility for environmental matters. She reports directly to Fredrick H. Waddell, our chairman and chief executive officer, and provides periodic updates to our board of directors' Business Strategy Committee about

CSR-related matters, including climate change and other environmental concerns. Our board of directors' Business Risk Committee oversees business risk strategy including financial and operational risks associated with climate change and other environmental risk factors.

The Operational Risk Committee, a group of senior officers, manages operational risks associated with severe weather events, such as hurricanes and floods, and the potential impacts of these events on our physical infrastructure.

PARTNERS

Northern Trust's employees are important contributors to our environmental efforts through: the CSR Task Group, the Partners Think Green program, the Operations & Technology department and the Corporate Services group. Collectively, these groups help drive strategy and implementation related to climate change activities and are the engine behind our various environmental programs.

PARTNERS THINK GREEN

Partners Think Green is our employee task force on environmental matters. Building managers and over 100 employee volunteers conduct monthly meetings to discuss initiatives for environmental improvement throughout the organization.

Annual Earth Day and Earth Hour celebrations and environmentally themed volunteer opportunities also allow Partners Think Green team members to engage their peers.



OPERATIONS & TECHNOLOGY DEPARTMENT

Our Operations & Technology department ensures that our equipment and servers run efficiently. Our operations require a significant amount of computing power. In fact, data centers are responsible for roughly 24% of the company's total electricity consumption.

We strive to optimize power utilization and power usage effectiveness (PUE) at our data centers through ongoing programs such as server consolidation and virtualization; life-cycling older equipment to more energy-efficient devices; raising air conditioning set points; and optimizing under-floor airflow management. PUE is a measure of data center energy efficiency, where lower scores are better. Ideal scores are close to 1.0. Due to a colder-than-usual winter this year, we required

additional heating to maintain our data centers and external equipment in a state of readiness should we lose power. As a result, we saw a slight uptick in PUE from 1.65 in 2012 to 1.66 in 2013. According to the Uptime Institute's 2013 Data Center Industry Survey, the industry average for the year is 1.65.

CORPORATE SERVICES GROUP

Our Corporate Services Group manages our real estate portfolio, procurement procedures and facilities services. Using UtilityInsight, a comprehensive data management system, the group collects the energy, water and waste data used to measure and manage the company's environmental performance and calculate the corporate carbon footprint annually. In this way, UtilityInsight acts as our Environment Management System (EMS).

Case Study: Business Resiliency in Manila, Philippines

Here is an example of how climate-change risks are integrated into Northern Trust's business resiliency program. In response to a growing client base in the APAC region and globally, we decided to expand our global footprint by adding an operations center in Manila, Philippines, our sixth such center worldwide. We chose the Philippines rather than expanding our operations in India, where our offices are expected to reach capacity in 2014. This diversified location strategy lets us easily "pass the work" to another location in a similar region and time zone during a business interruption, making our business more resilient. However, this strategy only works if the sites themselves are resilient and potential risks mitigated through solid business continuity plans.

As part of the site selection process in Manila, Northern Trust conducted an extensive due-diligence and systematic site-hazards study in 2013. The most notable natural hazards in the Philippines include typhoons, floods and earthquakes, all of which climate change is expected to exacerbate. To mitigate these risks, we

selected locations in self-contained business parks that ameliorate flooding risks by using underground drainage detention structures and earthquake-resistant buildings. Multiple telecom providers inside the business park provide voice and data communications, so local teams can collaborate with corporate headquarters using the Incident Command System framework to respond to incidents.

As part of this exercise, independent risk professionals reviewed business continuity plans to ensure smooth "transfer-of-work" processes to back-up locations in North America, EMEA and other APAC locations. As an additional redundancy, backup power generators with power supply batteries will be installed to ensure uninterrupted power supply in the event of a disaster. Since transportation can become an issue during adverse weather events, Northern Trust has contracted apartments nearby to house critical staff during inclement weather. Over the long term, we will consider the feasibility of expanding our work-from-home program and how this strategy affects business resiliency specifically in Manila.



SHAREHOLDERS

Because the long-term viability of our business is tied to the health and wellbeing of the planet, we are committed to doing our part to reduce climate change and conserve resources. To maximize shareholder value, environmental stewardship is also embedded into our strategies for financial, operational and reputational risk reduction. (See *Governance* section for more details).

CLIENTS

When acting as our clients' fiduciary, we consider climate change and other environmental impacts on investments. Because government regulation around carbon emissions and building energy disclosure requirements can affect the value of funds entrusted with us, we constantly assess developments in these areas, which are an active part of ongoing policy discussions.

We support our clients as they seek to mitigate environmental impacts and provide them with tools that illuminate the environmental impact of their investment decisions. During 2012, we made a strategic decision to heighten our focus on RI through an agreement with MSCI ESG Indices and MSCI ESG Research. The agreement, spearheaded by our CSR Task Group, broadens our ability to help clients meet their ESG investment objectives as they become aware of how these objectives can influence a corporation's brand reputation. Clients looking to integrate ESG factors into their investment portfolios now can access 79 distinct indices, ranging from global ESG best-in-class to regional RI themes such as clean technology, and further tailor products to clients' unique requirements. We also are working with MSCI to create custom ESG indices for passive institutional funds.

Sustainable Building Management

Building managers serve as a critical link between our employees and suppliers. They are responsible for our real estate portfolio and provide ongoing facilities services. At the end of 2013, we ran 108 facilities in 14 countries, totaling 4.2 million square feet. Overall the real estate portfolio decreased by 69,000 square feet, a 1.62% reduction compared with 2012, due to site closings.

The U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) is a green building certification program that recognizes best-in-class building strategies and practices. To date, slightly more than 10% of our real-estate portfolio has been awarded or expects to receive LEED certification. For more details about the LEED standard and our commitment to it, see the NGOs and Advocacy Groups section of this report.

Energy Use and GHGs

We use energy to power our data centers and facilities, the majority of which are located in North America. As a result, the bulk of our greenhouse gas (GHG) emissions, 71%, also stem from our North American operations. Asia-Pacific region and EMEA accounted for 22% and 7% respectively.

We first started tracking our carbon footprint, or the carbon dioxide equivalent of all GHGs produced in our operations, in 2006. Since then, we have steadily improved data collection processes and calculation methodologies to align with best practice standards. Since 2012 we have obtained external assurance of our carbon footprint (Scope 1, 2 and 3 emissions).

Through steady strides in reducing our carbon footprint and refining our calculation methodology, we reduced our carbon footprint by 41.31% per FTE, or 22.70% absolute decrease, since 2007.



In 2012, we exceeded our target of reducing Northern Trust's carbon footprint by 3% per FTE, achieving a total of 5.3% reduction per FTE (5.9% absolute decrease). During 2013, we established a process for setting multi-year goals to reduce emissions.

In addition to energy reduction efforts, we invest in low-carbon power purchasing to further reduce our carbon footprint. Energy from renewable sources such as water, wind and solar powers a total of 50.8% of our EMEA operations, or 6.2% of our overall global energy use.

Although we strive to continuously reduce our carbon footprint, business and weather conditions vary yearly and affect our emissions. During 2013 we implemented several energy-saving opportunities that our 2012 energy audits identified, such as replacing incandescent light fixtures with LEDs in four locations, replacing a rooftop cooling unit with an energy-efficient one and installing a free cooling chiller at our Harlow data center. Two of our major U.S. locations totaling over 1.1 million square feet are being "retro-commissioned," the process of tuning the building to operate optimally. In addition, to combat the normal operational inefficiencies that emerge over time, we began installation of the IntelliCommand system at our 801 Canal location in Chicago. This continuous commissioning system, which became operational in April 2014, will help building managers identify and prioritize actions to keep the building operating at peak efficiency in real time.

In 2013 our overall emissions decreased by 0.57% per FTE (4.2% absolute increase) when compared to base year 2012. We partly attribute the normalized decrease to a 4.80% increase in FTE and a 1.62% reduction of the square footage of our real estate portfolio. However, we made strides in reducing employee business travel (Scope 3 emissions) both on an FTE basis and in absolute terms, achieving an 8.15% reduction per FTE (3.74% absolute decrease).

Scope 1 emissions > by **11.03% per FTE**
(16.36% absolute increase)

Scope 2 emissions > by **0.75% per FTE**
(5.58% absolute increase)

Scope 3 emissions < by **8.15% per FTE**
(3.74% absolute decrease)

For an in-depth look at how we calculate, measure and manage our carbon footprint, please refer to our annual CDP Investor filing [here](#).

Travel

Business travel by shuttle bus, air, car and train represent 18% of our overall 2013 carbon footprint. During 2013, we reduced overall distance traveled by 4.24% resulting in an absolute 3.74% reduction in GHG emissions from employee travel compared to 2012. The main reason for this decrease was a significant reduction in kilometers our employee shuttle buses travel in India. While we saw an 11.05% increase in air miles traveled from 2012 to 2013, the number of hours video conferencing facilities were used increased 23% in 2013 over 2012. The use of video conferencing reduces our need to travel by air and rail, thus mitigating our carbon footprint from business travel.

Water

As a financial services company, Northern Trust's water use is modest. Our ongoing efforts to reduce water use include water efficient features such as automatic flush valves, sensor-based faucets, flow limiters and landscaping with native species that require little watering in dry locations. With 32 of our global sites reporting water use, we used a total of 151.8 million liters of water in 2013. Our reported water use decreased 7.22% over 2012, in part due to four site closures.



Waste and Recycling

We continually work to reduce waste and increase recycling at all of our locations. During 2013, an increase in the number of recycling bins at our Guernsey office drove a 20% increase in recycled waste. We also introduced travel mugs at our Dublin and Limerick locations in 2013, eliminating disposable cups and saving 20,500 euros.

At this time, however, we are unable to collect waste and recycling data from most of our sites. We have noted an average 55% recycling rate from our three largest sites that report data.

REGULATORS

We are committed to environmental regulatory compliance and were not fined for violations in any location. Our Corporate Services group continuously monitors the environmental laws in locations where we operate to ensure we are aware of and follow the laws affecting our business.

NGOS AND ADVOCACY GROUPS

We partner with several NGOs and advocacy groups to ensure that we are operating with integrity vis-à-vis the environment and following best practices for advocacy, transparency and reporting. In addition to helping develop our internal programs and initiatives, our partnerships with NGOs and advocacy groups also help reduce potential reputational risks from environmental factors. A few of the NGOs we collaborate with include the U.S. Green Buildings Council (USGBC), the CDP (formerly Carbon Disclosure Project) and Institutional Investors Group on Climate Change (IIGCC).

U.S. Green Buildings Council (USGBC)

Northern Trust is a member (Organizational Level) of the USGBC because we believe that buildings adhering to Leadership in Energy and Environmental Design (LEED) standards create healthy work environments, are cost-effective to run and make positive contributions to our environment.

To date, slightly more than 10% of our real-estate portfolio has been awarded or is expected to achieve LEED certification. Our portfolio includes two Platinum Commercial Interior buildings (the highest possible level), five Gold Commercial Interior and two Gold New Construction, one Silver New Construction and one Silver Commercial Interior and one LEED-certified. In 2013, one additional building – our 14,676 square-foot Hong Kong location – achieved LEED Gold for Commercial Interior and was awarded LEED certification. Our 62,000-square-foot Coral Gables, Florida, U.S. location is expected to achieve LEED Silver Commercial Interior in 2014.

Of our facilities that have not yet achieved LEED certification, many include features such as carpeting using renewable and recycled materials; Green Guard Certified environmentally friendly furniture; low volatile organic compound paints; ENERGY STAR-rated appliances that reduce electricity use; and water-efficient features such as flow limiters and sensor-based equipment.



CDP (formerly Carbon Disclosure Project)

Northern Trust is a signatory to and participant in the CDP. As members of the investment community, we believe that increased awareness of climate change risk in our portfolios allows us to make informed decisions that have a positive effect on our returns. Therefore, we joined the group of 767 institutional investors, with a combined total of \$92 trillion in assets under management in 2013, to ask that the world's biggest companies make information about their greenhouse gas emissions, energy use and the risks and opportunities from climate change, through the CDP.

Northern Trust has participated in the CDP Carbon Investor (and Supply Chain) survey since 2006. Over the years, we have steadily increased our scores, earning our best scores to date in 2013 – 94/B – up 36% from the previous year. The annual process of calculating our carbon footprint and reporting issues around it through the CDP has been key to integrating climate change and energy efficiency onto our operational and business thinking. It has allowed us to refine our approach to energy and emissions over the years and educate and form partnerships with various stakeholders to tackle these issues. It also has helped us make our business more resilient and better inform Northern Trust's highest levels of management on these issues.

Institutional Investors Group on Climate Change (IIGCC)

Northern Trust is a member of the IIGCC. This group of approximately 80 investors, with 7.5 trillion euros in assets, is concerned about the potentially major negative effects climate change may have on the prevailing economic systems and on the assets in which we invest. Through the IIGCC, we support measures including mandatory GHG reporting for companies, green bond initiatives and energy efficiency standards for buildings and carbon markets.

LOCAL COMMUNITIES

We recognize that Northern Trust is a member of the communities in which we operate. We also consider ourselves global citizens. In addition to mitigating the effects of our own operations, we seek to protect and restore open land and raise awareness about climate change.

When we build new facilities, we routinely assess possible effects our construction projects (greenfield and brownfield sites) may have on local communities. We seek opportunities to protect existing native habitats and areas of high bio-diversity value outside of protected areas. For example, four acres of natural prairie were restored as part of our LEED Gold Data Center project in Illinois in 2006.

Our commitment to conservation also takes the form of financial support of Openlands and the Nature Conservancy. These land trust organizations make strategic land acquisition investments that preserve pristine habitats for wildlife and biodiversity in local communities. From 2008 through 2013, we provided operating support, fundraising sponsorship and specific contributions to the Openlands Lakeshore Preserve, totaling \$325,000. Our corporate contributions to the Nature Conservancy in 2009 and 2011 totaled \$35,000.

Another long-term partnership that benefits both the local and global community involves the Chicago Botanic Gardens. Since 1964, Northern Trust has committed more than \$1 million to the Chicago Botanic Gardens, \$471,000 of that was committed from 2008 through 2013. With more than a million visitors annually, this pre-eminent Chicago cultural institution is a global leader in plant science and conservation. Recent garden outreach programs funded by Northern Trust include the Learning Campus, a garden-based education program for children and adults that opened its eight LEED Platinum-designed classrooms to the public in 2012. We also opened the Washington Park Green Youth Farm, a



local program where Chicago's Southside youth learn about organic farming, including planting seeds; managing beehives; selling produce to farm stands and markets; and cooking healthy meals using the food they grow. In addition to these programs, we contribute significantly to capital improvement of this historical location and also sponsor fundraising events such as the Antiques and Garden Fair.

In addition to our ongoing energy and carbon reduction programs, Northern Trust participates yearly in Earth Hour. This annual event is an opportunity to inform and engage our partners around energy conservation and climate change. During Earth Hour, individuals and local communities globally join together in turning out the lights during a set time.

SUMMARY OF 2013 REPORTING MECHANISMS

This report is based on information obtained, created and compiled for fiscal year January 1, 2013 to December 31, 2013. It is our sixth annual CSR publication; commentary was also published in 2008-2011. There are no restatements from prior years and 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. 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, giving more accurate results than the 2010 extrapolation, which was based on a per person calculation. 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. Questions related to this report can be sent to CSRatNT@ntrs.com.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

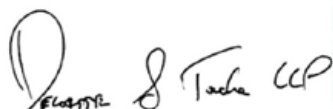
We have reviewed the accompanying Corporate Social Responsibility Report of Northern Trust Corporation (the "Company") for the year ended December 31, 2013. The Company's management is responsible for the Corporate Social Responsibility Report.

We conducted our review in accordance with attestation standards established by the American Institute of Certified Public Accountants, which includes AT Section 101, *Attest Engagements*. 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 sustainability 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 A; that the 2013, 2012, 2011, and 2010 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.



August 28, 2014



Statement GRI Application Level Check

GRI hereby states that **Northern Trust** has presented its report "2013 Northern Trust Corporate Social Responsibility Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

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, 27 August 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
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 18 August 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

NORTHERNTRUST.COM

Northern Trust Corporation

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Northern Trust

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