



2012

CORPORATE SOCIAL
RESPONSIBILITY

Highlights Summary



Northern Trust





CORPORATE SOCIAL RESPONSIBILITY AT NORTHERN TRUST

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

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

DRIVING PERFORMANCE RESPONSIBLY

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

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

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

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

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

BUILDING OUR BUSINESS

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

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

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

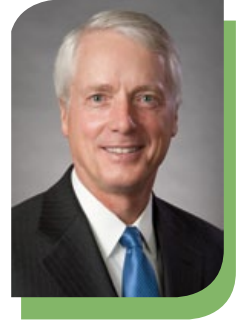
- We have heightened our focus on responsible investing through an agreement with MSCI Environmental, Social and Corporate Governance (ESG) Indices and Research. The agreement broadens our ability to assist clients in meeting their ESG investment objectives as more and more become aware of how these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

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



Frederick H. Waddell

Chairman and CEO



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

ENGAGING EMPLOYEES GLOBALLY

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

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

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

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

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

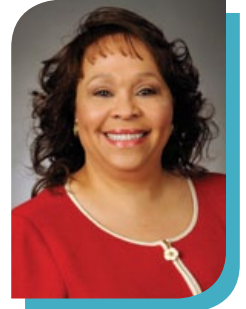
Our CSR efforts will continue to seek ways to integrate policies and efforts that incorporate global employee collaboration, key stakeholder engagement, accountability and excellence in execution. Ultimately, this is how we will help Northern Trust drive performance responsibly.



Connie L. Lindsey

Executive Vice President

Head of Corporate Social Responsibility



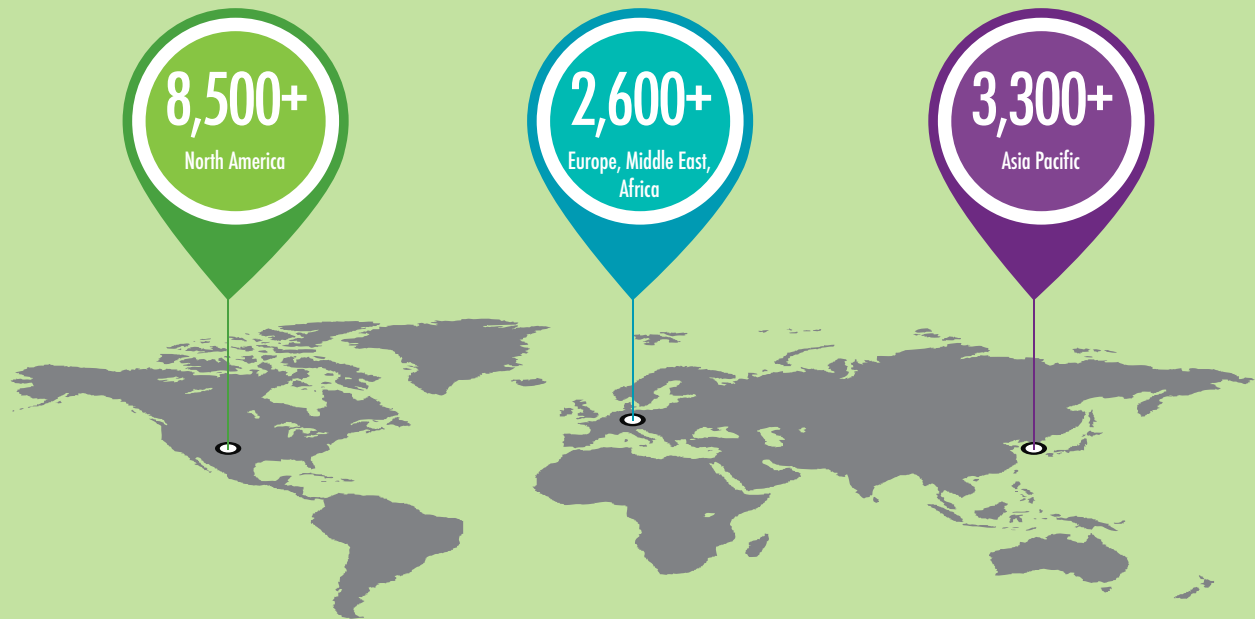
“Partners told us they believe our historical emphasis on operating with the highest level of business ethics should continue to be a top CSR priority.”

NORTHERN TRUST

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



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



As you read through our CSR highlights summary, more information on each topic can be found in our full-length annual report published at

northerntrust.com/csr

2012 CSR HONORS

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



FTSE4Good

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



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



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



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

2012 INDUSTRY HONORS

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

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

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



INTEGRITY IN GOVERNANCE

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

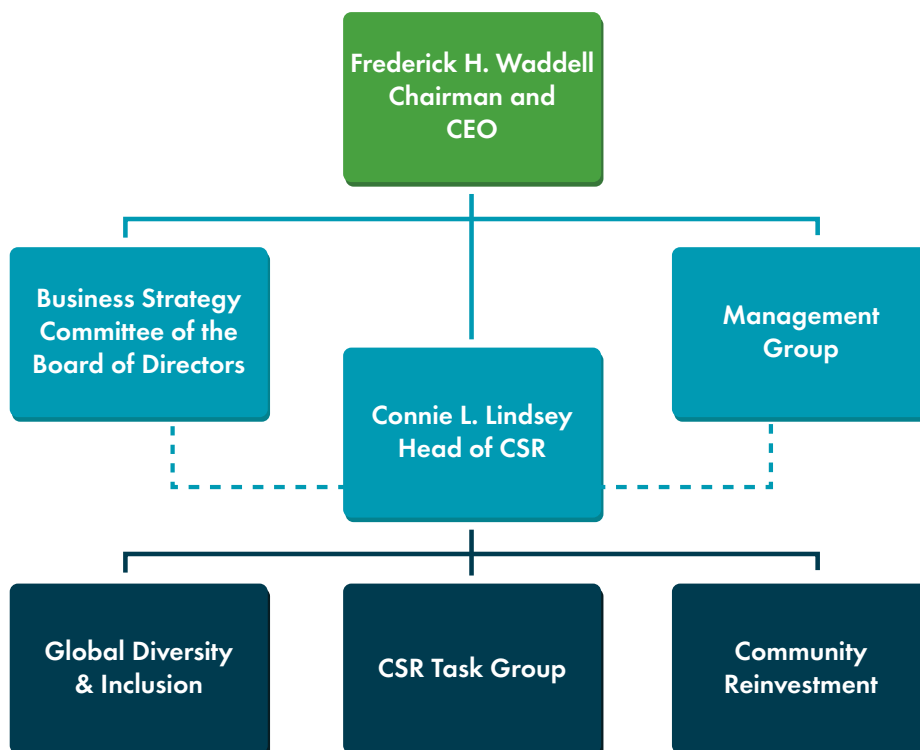




Business Profile

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

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





NORTHERN TRUST'S BUSINESS APPROACH

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

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

Stakeholder Engagement

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

CLIENTS

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

PARTNERS

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

SHAREHOLDERS

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

COMMUNITIES

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



REGULATORS

We support the public goals of economic stability and growth by serving individual and public-sector clients, being involved in regulatory reform and participating in government programs. In our institutional business, our clients include nonprofit foundations, financial institutions, funds, college and university endowments, and retirement plans for corporations, unions and governmental agencies at the local, state and national levels. Our institutional clients provide purchasing power and financial security for millions of people. Through our roles as trustee, custodian, fiduciary, fund administrator, lender, treasury manager and investment manager, we provide essential services to our clients and to the U.S. and global financial markets as a whole. In our personal banking business, our clients include individuals and families who are primarily located in the United States. Personal banking services are relationship driven and are offered as part of a holistic wealth management relationship, including mortgages and personal loans to our clients. We provide mortgages and other personal loans to our clients and their families in addition to a breadth of financial planning services.

SUPPLIERS

Northern Trust has set clear expectations for our vendors through our Vendor Code of Conduct. In addition to service levels around performance, each vendor is expected to obey the laws of the country of manufacture, sale or distribution. Northern Trust performs initial and ongoing due diligence to assess the level of risk associated with the use of each vendor. The due diligence requirements will vary based on the service or product the vendor is performing or supplying, including a thorough review of the financial background of each vendor to determine its ability to meet its obligations to Northern Trust; and also

includes assessing the vendor operations (e.g. technology centers) and work environments as appropriate. This can be done by a business risk assessment, SSAE16 control reports, on-site audits, vendor calls and vendor meetings. A level of due diligence is also performed on critical sub-service providers of the vendor. Mitigation of risk is a key objective.

PEERS

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

BOARD OF DIRECTORS PROFILE

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



MEMBERSHIPS & ASSOCIATIONS

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



ETHICAL BUSINESS PRACTICES

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





Code of Business Conduct and Ethics

To fulfill its commitment to the highest standards of integrity, ethics and honesty, the Board of Directors of Northern Trust Corporation has adopted the Northern Trust Code of Business Conduct and Ethics (“the Code”). The Code applies to all Northern Trust directors, officers and partners worldwide. The Code establishes a number of basic principles to be followed in all dealings within Northern Trust and with our clients, suppliers, shareholders and regulatory agencies worldwide. In addition to basic principles, the Code provides guidance on how to deal with difficult ethical issues. The Code also outlines how to raise questions about the Code and how to report suspected Code violations, criminal conduct and regulatory violations. All Northern Trust directors, officers and partners are expected to be familiar with the Code and to adhere to all of the Code’s applicable principles and procedures. More detailed policies and procedures, which are not part of the Code, also apply to some or all of Northern Trust’s directors, officers and partners. References to “Northern Trust” include Northern Trust Corporation and all entities directly or indirectly under its control. The full text of the Code can be found at northerntrust.com.

Anti-Corruption Programs

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

KEY PERFORMANCE INDICATORS

2012 GOALS	2012 RESULTS
Reduce data security risks through automation of processes.	Automation of processes implemented on multiple fronts including regularly scheduled vulnerability scans to mitigate existing Information Security Risks and proactively address emerging threats.
Install Information Loss blocking feature to help ensure outgoing e-mails are aligned with E-mail Standards policy.	Information Loss Prevention (ILP) tool utilized to detect and/or prevent confidential company and client information from being sent externally without encryption.
Enhance Global Ethics Program and promote partner awareness.	Global Ethics Program initiatives included enhancing content in global procedures, and purchasing an automated Ethics Incident Management tool.
Conduct review of Human Rights standards for critical and key vendors.	Conducted a survey on 4 of 6 critical vendors and 7 of 14 key vendors. Each vendor provided us with a signed Vendor Code of Conduct and full view into their businesses’ CSR policies where available.
Deploy global Vendor Management program for critical and key vendors.	Completed vendor tiering for critical and key vendors as a first step to implementation of a more robust vendor management program.
Include Vendor Code of Conduct and Human Rights Survey in the master agreement template.	The Vendor Code of Conduct and Human Rights Survey included in the Master Agreement template. All new contracts must contain the Vendor Code of Conduct and the CSR Vendor Survey.



Privacy & Information Security

We recognize our clients' expectations of privacy and security with regard to their nonpublic corporate and personal information, and preserving the trust of our clients is one of the core values of our organization.

We strive to comply with all applicable laws, rules and regulations relating to bank privacy and information security and have instituted guidelines for the responsible use and protection of our clients' nonpublic personal information by partners.

Risk Management Approach

Risk Management is an integral part of Northern Trust's overarching goals of protecting and growing the franchise. To achieve these goals Northern Trust has developed a Risk Management Framework that supports our corporate and business unit strategy for the benefit of employees, clients and shareholders. The Framework provides a methodology to identify, measure and manage both internal and external risks to Northern Trust business and considers external factors such as environmental and systemic risks. The Framework includes defined risks and a risk management process supported by people and systems. The defined risks are: credit, market and liquidity, operational, fiduciary, compliance and strategic. The risk management processes include setting risk appetite and strategy; assessment of risks; risk management embedding; and risk reporting, review and communication. Fundamental to the people and systems is the risk organization and governance, culture and tone at the top, models and methodologies and data and technology.

Global Procurement

Our Global Procurement department is led by a senior-level manager, the Global Head of Procurement, who drives the strategy and sets policies worldwide. Northern Trust expects vendors to employ high

standards of recycling and waste-management governance and conduct business in an ethical, legal and socially responsible manner. We specify these terms and conditions in our procurement policy and review it during the vendor evaluations.

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

Supplier Diversity

Supplier Diversity is an essential part of developing a world-class Global Procurement organization and is also led by a senior-level manager, the Director of Supplier Diversity. Northern Trust considers supplier diversity a corporate strategy supported by senior management through our procurement professionals. Our commitment to – and passion for – developing and supporting diverse business owners is reflected daily in how and with whom we do business. Diverse suppliers who work with us as partners contribute to our bottom line and foster increased competition and innovation as well as enhance our ability to provide clients with excellence in service.

In 2012, we spent approximately \$53 million with minority-owned and women-owned companies, and firms owned by individuals with disabilities, a 10% increase from 2011. Northern Trust continues to bring diverse suppliers into our supply chain despite the ongoing challenges in the economy.



RESPONSIBLE FINANCE

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





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

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

KEY PERFORMANCE INDICATORS

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

RESPONSIBLE INVESTING (RI) PRACTICE

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

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

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

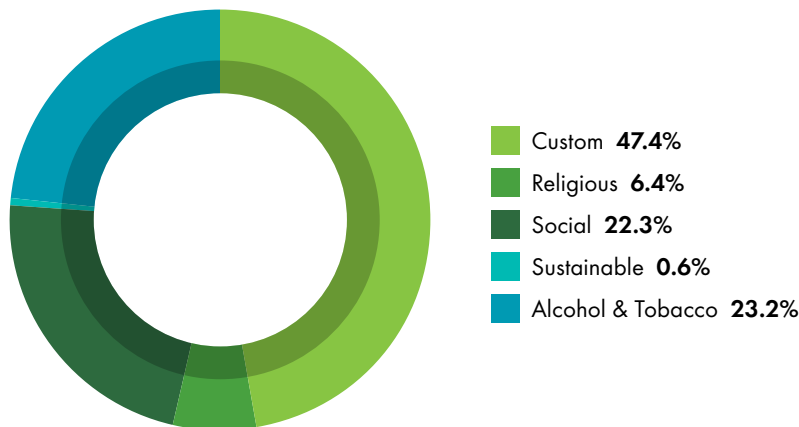


RI Products and Services

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

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

SOCIALLY SCREENED ASSETS BY STRATEGY - 12/31/11



Lending Approach

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

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



GLOBAL WORKFORCE

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





Human Rights and Workforce Principles

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

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

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

KEY PERFORMANCE INDICATORS

2012 GOALS	2012 RESULTS
Conduct Employee Engagement survey.	‘Your Voice: the 2012 Employee Engagement Survey’ was launched in 2012, and new marketing approach led to highest participation rate ever.
Conduct Diversity & Inclusion Assessment and develop strategy for APAC Region.	APAC Region Diversity & Inclusion Assessment completed. Established recommendations and appointment of a Chief Diversity & inclusion Officer for region.
Implement regional Diversity & Inclusion Council in EMEA region.	EMEA Diversity & Inclusion Council established. Mandate has been issued to set region strategy agenda and accountability to the European Management Committee.
Increase U.S. population of ethnic minorities at Senior Management level.	Minority representation increased by 6.25% in promotions to Senior Vice President+Executive Vice President.
Increase global female population at Senior Management level.	Global female population at Senior Management level increased 8%.
Further embed and enhance Employee Journey programs and increase focus on Manager Training.	Increased management effectiveness score on the Employee Engagement survey to 81% from the 2010 survey score of 72%.



TOTAL WORKFORCE BREAKDOWN BY REGION*



- North America **59.2%**
- Asia-Pacific **23.1%**
- Europe, Middle East, Africa **17.7%**

**Staff count does not reflect contractors or temporary employees.*

Partner Engagement

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

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

Global Diversity & Inclusion

We currently sponsor 10 global business resource councils (BRCs) and 5 global diversity and inclusion advisory councils (DIACs), one for each business unit. Both the BRCs and DIACs actively seek to enhance partners professional networks through attendance at external events and programs:

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



CONTRIBUTING TO THE COMMUNITY

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





KEY PERFORMANCE INDICATORS

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

Total Annual Contributions Summary*

The table below outlines charitable contributions associated with Northern Trust over the last five years:

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

CORPORATE GIVING

Category	2010	2011	2012
United Way Corporate Gift	\$1,000,000	\$1,100,000	\$1,000,000
Northern Trust Charitable Trust	2,586,000	2,900,996	2,199,996
Corporate Matching Gifts Nationally	630,000	549,996	552,958
Sponsorships and Other Corporate Philanthropy	10,050,000	9,347,137	11,158,804
Corporate Philanthropy Total	14,266,000	13,898,129	14,911,758
% of Pre-Tax Profit	1.43%	1.57%	1.50%
United Way Employee Contributions	2,400,000	2,000,000	2,559,624
Employee Matching Gifts Contributions	776,000	925,294	956,636
Employee Contributions Total	3,176,000	2,925,294	3,516,260
In-Kind Contributions of Products and Services	240,000	249,551	184,837
Community Development Investments	112,300,000	76,600,000	72,800,000
Corporate Investments/Contributions Total	112,540,000	76,849,551	72,984,837
Employee & Corporate Grand Total	\$ 129,982,000	\$93,672,974	\$91,412,855

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



Corporate Philanthropy

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

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

Employee Contributions

Northern Trust Community Partners, a program created by a working group in the United Kingdom, was launched globally in 2012. The Community Partners program helps local teams of employees to identify, engage and develop relationships with charities in their respective regions. These relationships include financial support and volunteer support from staff. In support of this program, Northern Trust management passed an initiative to include two full days of paid-time-off for partners to spend volunteering with an approved nonprofit. In addition to the Community Partners program, Northern Trust facilitates board placement on charitable and civic boards and has laid the groundwork for a board governance training program that will pilot in 2013. In addition to these activities sponsored by Northern Trust, employees also give their personal time to charity – more than 180,000 (actual 184,404) hours were reported through the Northern Trust Volunteer Survey in 2012.

Corporate Investments

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



ENVIRONMENTAL SUSTAINABILITY

ENVIRONMENTAL STATEMENT:

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





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

KEY PERFORMANCE INDICATORS

2012 GOALS	2012 RESULTS
Reduce paper consumption by 25%.	Paper consumption reduced by 19.3% in North America; 16.2% in APAC; and 15.1% in EMEA for an average reduction of 16.8% across all regions (10.7% absolute reduction). See Print Smart: Honorable Mentions for individual offices meeting the 25% paper spend reduction goal.
Increase environmental sustainability themed volunteer days.	Three environmentally themed volunteer days held in 2012: Lake Michigan beach clean-up in Chicago; Friends of Chicago River clean-up and Thames River canoe litter pick-up in London.
Analyze electricity usage to determine best methods for additional Scope 2 reductions.	Energy audits performed at 9 properties representing 36% of our portfolio. The energy conservation measures identified could save up to 5.2 million kWh/yr.
Reduce GHG emissions by 3% per FTE based on 2011 baseline.	This goal was achieved with GHG emissions reduced by 5.7%/FTE
Install a comprehensive data management system to monitor and measure environmental performance of our buildings.	Implemented Utility Insight system to manage global properties.

Environmental Policy

Our environmental policy is the “guiding light” of our environmental sustainability program and codifies the principles upon which our program is based:

- **Regulatory Compliance**
 - We will comply with all laws and regulations and will maintain programs and procedures to monitor compliance.
 - We will adhere to the requirements of all voluntary initiatives into which we enter and conduct our third-party relationships in a way that best aligns our long-term strategic goals with internationally accepted standards.
- **Governance**
 - We will hold periodic reviews of our environmental strategy, actions and achievements with the Executive Management Group, which includes the CEO and business unit Presidents, as well as the Business Strategy Committee of the Board of Directors and the CSR Task Group led by the Head of CSR.



■ Risk Mitigation

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

■ Resource Conservation

- We will minimize the adverse environmental impacts of our real estate by integrating environmental management best practices and procedures, including internationally recognized green buildings systems, into the design and construction of new buildings.
- We will employ techniques such as recycling and composting in order to divert waste away from landfills and promote the recovery of valuable resources.
- We will establish resource conservation targets, implement programs as necessary to achieve those targets and measure our progress on a regular basis.

■ Products and Services

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

■ Supply Chain

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

■ Communication and Transparency

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

■ Employee Engagement

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





Greenhouse Gas Emissions

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

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

2012 GREENHOUSE GASES (TOTAL MTON CO2E) BY REGION & SCOPE

TOTAL EMISSIONS BY REGION



- North America **44,306**
- Asia-Pacific **14,443**
- Europe, Middle East, Africa **4,507**

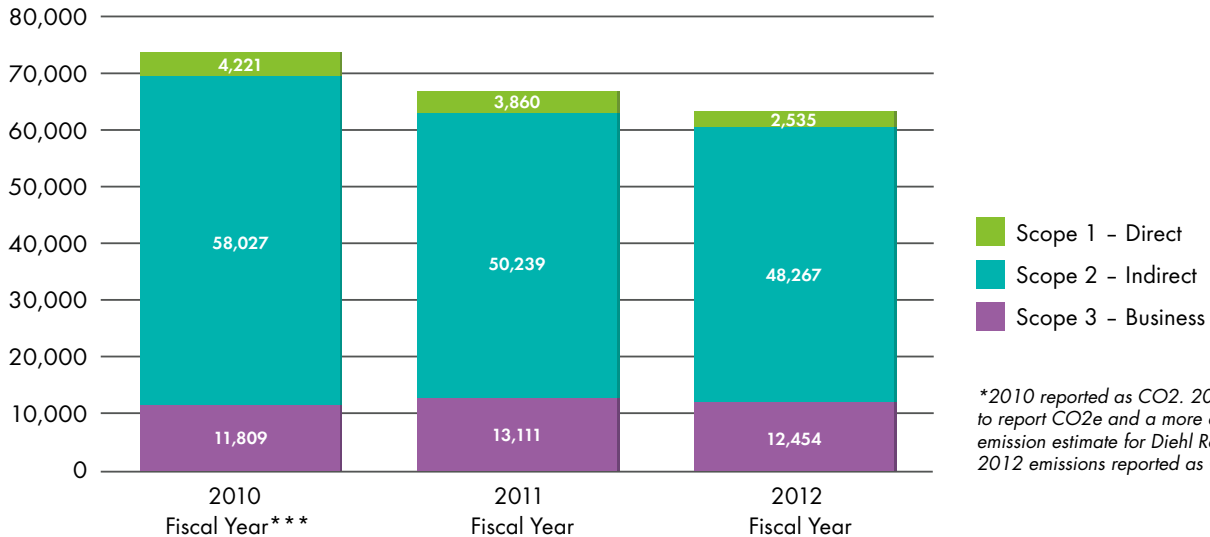
TOTAL EMISSIONS BY SCOPE



- Scope 1 - Direct **2,535**
- Scope 2 - Indirect **48,267**
- Scope 3 - Business* **12,454**

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

2010-2012 GREENHOUSE GASES (TOTAL MTON CO2E) FOR ALL REGIONS*



*2010 reported as CO₂. 2011 revised to report CO₂e and a more accurate emission estimate for Diehl Road facility. 2012 emissions reported as CO₂e.

Our full 2012 CSR report is located at
northerntrust.com/csr



Northern Trust