

CORPORATE SOCIAL RESPONSIBILITY  
2011 ANNUAL REPORT



Northern Trust



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All content, facts and statements in this report relate to Northern Trust's fiscal year 2011 (January 1-December 31), unless otherwise noted.

# 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 firmly 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 not only to meeting the needs of our clients and shareholders, but also serving as a responsible corporate citizen through support for the diverse communities and environments in which we live and work.

# ENGAGE, EDUCATE, ENLIGHTEN

*Northern Trust's community-focused philosophy is central to our development of an integrated, comprehensive and global CSR platform.*



## ENGAGE

Our commitment to CSR begins with the strategic engagement of our key stakeholders to gain valuable feedback and input for this report. Accurate and complete reporting is essential to our long-term goal of increased transparency and disclosure. Our focus on key stakeholders allows us to provide innovative solutions for our clients; training and a best-in-class workplace for our partners; and support and investment in the communities we serve.

## EDUCATE

Our commitment to CSR comes to life as we educate through partnerships with schools and other organizations globally to positively impact the lives of those in our communities. We educate ourselves by understanding, measuring and practicing a conservation-minded approach to our environment. For transparency and measurability in both our business and CSR initiatives, we chose to follow the Global Reporting Initiative (GRI) framework in this 2011 CSR Report and disclose metrics on the Environmental, Social and Governance (ESG) indicators. This report was prepared at the B level, and we also obtained an independent review by Deloitte and Touche LLP to achieve the B+ level.

## ENLIGHTEN

Our commitment to CSR allows us to increase awareness, strengthen relationships and enhance our value as a company as we seek to benefit our global society. This CSR report shares data we are tracking and measuring to provide accountability and management oversight. During the compilation of this report, our Chairman and Chief Executive Officer, entire Management Group and the Business Strategy Committee of the Board of Directors actively participated in discussions with our CSR Head and CSR Task Group. The creation of our CSR report and the integration of our global CSR strategy is a unified effort reaching every partner in our organization. Dozens of partners are involved in the data collection, verification, measurement and strategic alignment of our CSR program with our business model.

# MESSAGE FROM RICK WADDELL

## OUR COMMITMENT TO CSR

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Throughout our 123-year history, Northern Trust's long-standing principles of service, expertise and integrity have served as a strong foundation for our enduring success. While success can be measured in many ways, we could not consider ourselves truly successful

without those same guiding principles driving our commitment to corporate social responsibility and making a concerted effort to give back.

Being a socially responsible corporation can manifest itself in

many ways – all of which ultimately help make life better for our clients, our shareholders, our partners, the environment and the communities we serve. Whether promoting environmental sustainability and stewardship, creating innovative initiatives to serve communities and people at risk, or improving client and partner satisfaction, a rigorous CSR program ensures that we set priorities and actively promote all our initiatives.

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 24-member cross-functional global

CSR Task Group provides detailed input, analysis and recommendations for developing, monitoring and executing our CSR strategy. In addition, Connie regularly updates our Board of Directors' Business Strategy Committee on CSR-related matters.

I hope the accomplishments outlined in this report clearly demonstrate that CSR is embedded in our corporate culture and how we conduct business at Northern Trust. We are confident that our commitment to being a leader in corporate responsibility positions us for even better days ahead.

Chairman and Chief Executive Officer  
Rick Waddell was named to the  
"CEO Leadership Circle of Excellence" by  
the Minority Business Development Agency  
of the United States Department of Commerce.



**Frederick H. Waddell**  
Chairman and CEO

# MESSAGE FROM CONNIE LINDSEY

## CSR IS SMART BUSINESS



Corporate social responsibility – combined with strategic stakeholder engagement – is smart business. At Northern Trust, we further embraced that philosophy in 2011 by working to measure and manage our environmental impact while expanding our efforts around social and governance

issues. We believe CSR creates measurable growth and value as a fully integrated part of our business strategy.

Our socially responsible investing products and services are triggering new and expanded client relationships. We are improving our understanding of how sustainable consumption helps us reduce our use of paper, energy, fuel and water. We are setting emissions-reduction targets for our global operations. We are enhancing our talent-development efforts related to diversity and inclusion,

and our long-term career planning programs are assisting us in attracting and retaining an outstanding global workforce.

We launched an environmental awareness campaign to raise partners' knowledge of sustainability issues and implement ways to cut our carbon emission and energy-related costs. As part of this "Partners Think Green" initiative, we kicked off a global drive to permanently reduce corporate-wide paper use by at least 25% before the April 2012 Earth Day.

In an effort to take a fresh look at everything we do, our Global Productivity Council began working in early 2011 to

develop a sustainable corporate-wide process for identifying, driving and measuring initiatives that improve our efficiency. In May, we launched local councils organized around business units, functions and regions to ensure integration into the on-going management of the business. We are defining productivity as an initiative that leads to measurable benefits through cost reduction, cost avoidance, revenue enhancement or revenue protection. Partners worldwide have

submitted approximately 1,160 ideas since early May 2011. The global and local Productivity Councils, which include more than 100 partners, are reviewing and prioritizing these ideas to move forward with analysis and execution.

One aspect of our CSR strategy emphasizes training and developing our partners regarding risk management, compliance, ethics and anti-bribery laws. As we expand globally, ongoing adherence to local laws and regulations in each jurisdiction in which we operate is

essential to our financial success. Training our partners about client privacy, anti-money laundering and anti-bribery regulations helps mitigate risk in global markets.

CSR goes beyond doing the right thing, it means operating with the highest levels of ethics and integrity, as well as understanding our impact on society globally. By making CSR central to our overall strategy, it affords us the opportunity to use that impact to strengthen our business and our communities to affect positive change.

**Connie L. Lindsey**  
Executive Vice President,  
Head of Corporate Social Responsibility

Currently serving as National President and the highest ranking volunteer for the 3.2 million-member Girl Scouts of the USA, Connie's professional experience and extensive background in civic, social and arts community service make her uniquely qualified to lead Northern Trust's corporate response to the environmental and social issues that touch our marketplace, workplace and community.

# KEY PERFORMANCE INDICATORS

	2011 GOALS	2011 RESULTS
 <b>GOVERNANCE</b>	<ul style="list-style-type: none"> <li>■ Enhance Global Privacy Program.</li> <li>■ Employ CSR online training for partners.</li> <li>■ Increase periodic management reviews of ESG trends and opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>■ Launched “Think Privacy” awareness campaign and new internal Website.</li> <li>■ Added CSR items to new hire training and drafted Request for Proposal for CSR online training.</li> <li>■ Discussed ESG topics monthly with CEO.</li> </ul>
 <b>BUSINESS</b>	<ul style="list-style-type: none"> <li>■ Evaluate client interest and opportunities.</li> <li>■ Continuous education of our staff on responsible investment (RI) capabilities.</li> <li>■ Expand RI capabilities with deeper product features.</li> <li>■ Conduct review of Human Rights standards with top suppliers.</li> <li>■ Partner with local advocacy organizations to expand business relationships with local minority firms.</li> </ul>	<ul style="list-style-type: none"> <li>■ Developed RI client survey questions and metrics for tracking demand via RFPs.</li> <li>■ Hosted RI educational forum and featured RI capabilities at all staff meetings.</li> <li>■ Established new investment vehicles supporting RI demand and developed processes for developing and evaluating solutions within the external manager platform.</li> <li>■ Completed CSR Vendor Review for top 50 vendors (52% of total spend).</li> <li>■ Selected two local minority vendors to expand 2012 relationship through the Chicago United Five Forward Program.</li> </ul>
 <b>GLOBAL WORKFORCE</b>	<ul style="list-style-type: none"> <li>■ Increase U.S. population of ethnic minorities at the Senior Management level.</li> <li>■ Increase the global female population at the Senior Management level.</li> <li>■ Deepen culture of accountability around performance management processes and overall development of talent at all levels.</li> <li>■ Enhance Employee Journey programs and increase focus on Manager Training.</li> <li>■ Launch Global Career Development Portal.</li> </ul>	<ul style="list-style-type: none"> <li>■ Increased U.S. population of ethnic minorities in Senior Management roles by 27%.</li> <li>■ Increased global population of women in Senior Management roles by 15%.</li> <li>■ Implemented a tool enabling partners to request a career discussion with their manager and developed an automated mechanism to track manager responses.</li> <li>■ Completed 45,000 hours of manager training through proprietary “Driving the Employee Journey” program.</li> <li>■ Deployed Career Development Center featuring over 16,000 site visits.</li> </ul>
 <b>COMMUNITY AFFAIRS</b>	<ul style="list-style-type: none"> <li>■ Determine potential partner organizations for global grant-making vehicle.</li> <li>■ Define global education platform and measurements for each region.</li> <li>■ Implement electronic global data collection for charitable giving.</li> </ul>	<ul style="list-style-type: none"> <li>■ Researched partner organizations to expand the global reach of Northern Trust’s philanthropy.</li> <li>■ Undertook significant research project to guide direction and priorities of Northern Trust’s global education platform.</li> <li>■ Completed global charitable giving data collection program for 2012 reporting.</li> </ul>
 <b>ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>■ Review implementation of ISO 14001-based Environmental Management System (EMS).</li> <li>■ Reduce GHG emissions by 5% per FTE.</li> <li>■ Analyze emissions and determine strategy to achieve additional emissions reductions of 5% per FTE per year, 2012-2015.</li> <li>■ Expand environmental partnerships with external organizations.</li> </ul>	<ul style="list-style-type: none"> <li>■ Established online emissions system to analyze portfolio, created Environmental Policy and outlined steps for full EMS rollout.</li> <li>■ Achieved 3.75% per FTE reduction of GHG emissions.</li> <li>■ Determined key strategic imperatives necessary to achieve long-term emissions target reduction.</li> <li>■ Developed key relationships with NGOs and peer groups.</li> </ul>

# KEY PERFORMANCE INDICATORS

	2012 GOALS	3 – 5 YEAR GOALS
 <p><b>GOVERNANCE</b></p>	<ul style="list-style-type: none"> <li>■ Reduce data security risks through further automation of processes.</li> <li>■ Enhance the Global Ethics Program, and promote partner awareness.</li> <li>■ Install an Information Loss blocking feature to help ensure outgoing e-mails are aligned with Northern Trust's E-mail Standards Policy.</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase periodic review of ESG strategy by Board of Directors.</li> <li>■ Increase reporting transparency &amp; disclosure.</li> <li>■ Increase senior management participation and collaborations with executive-level ESG organizations.</li> <li>■ Enhance client Passport® application file cabinet functionality to minimize email transmission of client data</li> </ul>
 <p><b>BUSINESS</b></p>	<ul style="list-style-type: none"> <li>■ Introduce a broader array of responsible investing solutions through the multi-manager solutions platform.</li> <li>■ Complete ESG index provider assessment and introduce suite of passive solutions to clients and prospects.</li> <li>■ Dedicate additional resources specifically focused on responsible investing capabilities.</li> <li>■ Conduct review of Human Rights standards for critical and key suppliers.</li> <li>■ Deploy a global Vendor Management program for critical and key vendors.</li> <li>■ Include Supplier Code of Conduct and Human Rights Survey in the master agreement template.</li> </ul>	<ul style="list-style-type: none"> <li>■ Further integration of United Nations Principles for Responsible Investment as a framework for responsible ownership practices.</li> <li>■ Increase participation with external organizations regarding sustainable investment trends and opportunities.</li> <li>■ Increase adoption and implementation of responsible investing principles and practices among Northern Trust partners, clients and vendors globally.</li> <li>■ Enhance vendor management tools and systems to support the vendor management process with suppliers.</li> <li>■ Enhance vendor website registration process and deployment of registered vendors to internal buyers.</li> </ul>
 <p><b>GLOBAL WORKFORCE</b></p>	<ul style="list-style-type: none"> <li>■ Conduct an Employee Engagement survey.</li> <li>■ Conduct Diversity &amp; Inclusion Assessment and develop strategy for Asia-Pacific region.</li> <li>■ Implement regional Diversity &amp; Inclusion Council in Europe, Middle East and Africa region.</li> <li>■ Increase U.S. population of ethnic minorities at the Senior Management level.</li> <li>■ Increase the global female population at the Senior Management level.</li> <li>■ Further embed and enhance Employee Journey programs and increase focus on Manager Training.</li> </ul>	<ul style="list-style-type: none"> <li>■ Consistently improve enterprise scores on the engagement index of the Employee Engagement Survey.</li> <li>■ Achieve increased compliance on all aspects of the performance management process.</li> <li>■ Increase U.S. population of ethnic minorities at the Mid-Level Manager ranks.</li> <li>■ Increase the global female population at the Mid-Level Manager ranks.</li> </ul>
 <p><b>COMMUNITY AFFAIRS</b></p>	<ul style="list-style-type: none"> <li>■ Continue extensive planning for the creation of an integrated global giving platform.</li> <li>■ Gain approval and deploy comprehensive global employee engagement program including training for board positions (limited geographic footprint), recognition program and paid time-off program.</li> <li>■ Collect data and report ROI for each region where philanthropic resources are deployed.</li> </ul>	<ul style="list-style-type: none"> <li>■ Plan and implement a globally focused giving vehicle, such as a corporate foundation, to consolidate existing giving programs in APAC, EMEA and North America.</li> <li>■ Incorporate and grow employee engagement program to reach all regions.</li> <li>■ Re-launch global strategic philanthropy program with new reporting and analysis capabilities in tandem with creation and deployment of the global charitable giving program.</li> </ul>
 <p><b>ENVIRONMENT</b></p>	<ul style="list-style-type: none"> <li>■ Reduce paper consumption by 25%.</li> <li>■ Increase environmental sustainability themed volunteer days.</li> <li>■ Analyze electricity usage to determine best methods for additional Scope 2 reductions.</li> <li>■ Achieve emissions reduction of 3% per FTE based on 2011 baseline.</li> </ul>	<ul style="list-style-type: none"> <li>■ Increase ratio of renewable energy purchased.</li> <li>■ Participate in the Water Disclosure Project.</li> <li>■ Implement a Global Transport Program to track and reduce corporate travel emissions.</li> </ul>

# CONSISTENT LEADERSHIP

## 2011 CSR HONORS

- One of the World's Most Admired Companies, *Fortune* magazine
- Top 50 Companies for Executive Women for Third Consecutive Year, National Association for Female Executives (NAFE)
- Best Adoption-Friendly Workplaces List, Dave Thomas Foundation for Adoption
- 100 Best Companies for Working Mothers, *Working Mother* magazine, 20th Year on the List
- One of the Top 50 Companies for Latinas to Work for in the United States, *Latina Style* magazine, Fifth Consecutive Year
- Ranked No. 11 in the 50 Out Front Companies for Diversity Leadership: Best Places for Diverse Managers to Work and Top 10 Best in Class Category for: Representation, *Diversity MBA Magazine*
- Top 5 Overall Companies for Asian American Professionals, Best Places for Asians to Work, National Association of Asian American Professionals (NAAAP)
- Henry Betts, M.D. Employment Advocacy Champion Award, Rehabilitation Institute of Chicago
- Perfect rating of 100% on the Human Rights Campaign's Corporate Equality Index
- Top Corporate Citizens of Metropolitan Chicago, United Way Chicago
- Named to the World and North American Dow Jones Sustainability Indexes (DJSI) based on corporate sustainability performance. The DJSI World Index ranks the top 10% of the world's 2,500 largest companies, while the North America Index ranks the top 20% of the 600 largest companies in the United States and Canada
- Chief Diversity & Inclusion Officer Mark Welch was named one of *Diversity MBA Magazine's* "Top 100 under 50 Diverse Executives & Emerging Leaders" and honored by *Black Enterprise* magazine as a "Top Executive in Diversity"

\* Rankings based on total worldwide assets under management of \$643.6 billion as of December 31, 2010.

*Pensions & Investments* 2011 Special Report on Money Managers appeared in the publication's May 30, 2011, issue and online at [www.pionline.com/specialreports/directories/money-managers/2011](http://www.pionline.com/specialreports/directories/money-managers/2011). Ranking information reprinted with permission, *Pensions & Investments*, copyright Crain Communications, Inc. Custodian ranking based on *Pensions & Investments* April 2011 ranking of the largest global custodians based on assets under custody of \$4.1 trillion as of December 31, 2010.

To see the full list awards received, visit our website at [northerntrust.com](http://northerntrust.com).

## 2011 INDUSTRY HONORS

- European Administrator of the Year, Funds Europe Awards 2011
- Global Securities Lender of the Year, The Securities Lending Industry Awards, *Fundamentals* magazine
- Maximum three-star accreditation by Investors in Customers (IIC), UK Transfer Agency Team Assessment 2011 against key customer service and relationship benchmarks
- Best Services Company, Limerick Region Business Awards 2011
- Best Global Investor Services House, *Euromoney* Awards for Excellence
- Best Administrator for UCITS Funds, *HFMWeek* European Hedge Fund Services Awards
- Global Custody Award Winners, *FT Business* Pension & Investment Provider Awards 2011
- Custodian of the Year, *Professional Pensions* UK Pensions Awards
- Custodian of the Year, *Global Pensions* Awards 2011
- Leadership in Equity Indexing, *Institutional Investor* magazine
- Best Private Bank in the U.S., Financial Times Group, Third Consecutive Year
- Best Operations - Multi-location Lender, The Securities Lending Industry Awards 2010, *GSL* magazine
- Ranked as the 17th largest asset manager and the eighth largest global custodian of assets in the world\*



INTEGRITY IN GOVERNANCE



115<sup>TH</sup>  
CONSECUTIVE YEAR  
OF DIVIDEND TO  
SHAREHOLDERS



**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. On October 1, 2011 we merged two of our bank subsidiaries, Northern Trust, N.A. and Northern Trust Bank, FSB into The Northern Trust Company. We will continue to refer informally to all of our offices as “Northern Trust.”**

**W**E have a network of 74 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](http://northerntrust.com).

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 about 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](http://northerntrust.com/annualreport).

We recently achieved several noteworthy strategic developments that expand our presence and client-servicing capabilities.

- In our Personal Financial Services business we made important progress on key initiatives designed to meet our clients’ needs. We opened an office in Washington, D.C. in Lafayette Square across from the White House. At the new location, Northern Trust will be able to work more closely with clients in the area and provide a full spectrum of services, including financial planning, private banking, trust and estate planning and investment management. We also completed the integration of Waterline Partners, further bolstering our investment management capabilities.





- In Corporate & Institutional Services, where we help implement investment programs for the world’s largest, most-complex institutional investors, we made two strategic acquisitions: the Bank of Ireland Securities Services (BOISS) in Dublin, now Northern Trust Securities Services (Ireland) Limited, and Omnium LLC, now Northern Trust Hedge Funds Services LLC. Both build our market presence and add new capabilities to our successful global funds services strategy.
- Our asset management business, Northern Trust Global Investments, is at the heart of our ability to find the right investment solutions for our clients’ risk, liquidity and duration needs. As one of the world’s largest asset managers with \$US663 billion in assets under management as of December 31, 2011, our client focus and breadth of capabilities differentiate us in the marketplace. In 2011, we launched our newest investment capability, FlexShares®. Managed by Northern Trust, FlexShares are exchange-traded funds (ETFs) offering low-cost intraday exposure through four fund vehicles.

### Northern Trust Governance

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 elected annually by independent directors. Our directors believe that combining the positions of Chairman and

CEO is most appropriate at this time since having one person in both posts provides unified leadership and

Combining the positions of Chairman and CEO provides unified leadership and strengthens the CEO’s ability to develop and execute strategic initiatives as well as respond efficiently in crisis situations.

direction to Northern Trust and strengthens the CEO’s ability to develop and execute strategic initiatives as well as respond efficiently in crisis situations. On November 10, 2009, our independent directors first designated a lead director. Among other things, the lead director may call at any time a special meeting of the board or a special executive session of the independent directors, and presides at all board meetings when the board chairman is not present. The lead director’s duties are described in our Corporate Governance Guidelines available at [northerntrust.com](http://northerntrust.com). Frederick H. Waddell is our Chairman and CEO, and our lead director is appointed annually in April.

The board consists of 13 directors, including two women (15%) and four minorities (31%). Other than the Chairman and CEO, all current directors are independent as defined under the listing standards of the NASDAQ stock market. To determine independence, the board has adopted categorical standards of independence found at [northerntrust.com](http://northerntrust.com) and also in the annual Proxy Statement. More information about director independence can be found in the Corporate Governance Guidelines and the annual Proxy Statement located at [northerntrust.com](http://northerntrust.com).

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

Our executive compensation program is designed to attract, motivate and retain individuals who will contribute to our success and the creation of stockholder value. Total compensation consists principally of base salary, annual cash incentive and equity compensation (stock options, restricted stock units and/or performance



stock units). Incentive compensation reflects various financial and non-financial performance criteria determined by the board's Compensation and Benefits Committee and is evaluated, generally, in light of the prevailing economic environment and, particularly, the environment in the financial services industry. More information can be found in the annual Proxy Statement located at [northerntrust.com](http://northerntrust.com).

In evaluating director candidates, including persons recommended by stockholders, the appropriate board 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. A full listing of the characteristics and qualifications of director candidates is set forth in the Corporate Governance Guidelines located at [northerntrust.com](http://northerntrust.com).

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

Any material transaction or relationship that could reasonably be expected to create a conflict of interest should be discussed in advance with the Code of Ethics Contact Person. Any Northern Trust director, officer or partner who becomes aware of any suspected past,

ongoing or potential violation of law, rules or regulations is encouraged to notify the Code of Ethics Contact Person promptly. More information can be found in the Code of Business Conduct and Ethics located at [northerntrust.com](http://northerntrust.com).

The Board's Corporate Governance Committee, in conjunction with the lead director, leads the Board of Directors in an annual self-evaluation to determine

whether the board and committees are functioning effectively and in compliance with our Corporate Governance Guidelines.

This evaluation includes a review and

assessment of the continuing independence of non-employee directors. The committee and the lead director solicit comments from all directors and report annually to the board on their assessment. More information can be found in the Corporate Governance Guidelines located at [northerntrust.com](http://northerntrust.com).

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

- The Audit Committee oversees our management of risks relating to financial reporting and the legal component of compliance risk.
- The Business Strategy Committee oversees our management of strategic risk. It is also responsible for the oversight of ESG practices.
- 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

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



decisions and in day-to-day activities. Our business units are expected to manage business activities consistent with the corporate risk appetite statement.

- The Compensation and Benefits Committee oversees our management of risks related to compensations practices at least annually, and conducts reviews of our incentive-compensation arrangements. It assesses the extent to which such arrangements and practices discourage inappropriate risk-taking behavior by participants and are consistent with the Corporation’s safety and soundness.
- The charters for the committees provide that they may meet with the individuals who supervise our day-to-day risk management responsibilities and other members of management, consultants or advisors. More information can be found in the Corporate Governance Guidelines and annual Proxy Statement located at [northerntrust.com](http://northerntrust.com).

### Our Approach To 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.

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

Results of the latest surveys from each business unit, conducted between 2008 and 2010, show high levels of client satisfaction despite the financial crisis. We scored highest in areas related to institutional strength and stability, acting with integrity, exceptional client service, broad array of products and services and instilling confidence in clients that they can achieve their goals. A substantial portion of our clients said they would choose us again as an asset-servicing provider and would recommend us to others. Clients commended Northern Trust for keeping the level of services consistent during such a difficult economic environment.

Communicating regularly with our stakeholders provides an opportunity to promptly implement solutions related to stakeholder questions and avoid adversely affecting valued relationships.



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

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

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

We developed a series of questions focused on responsible investing for inclusion in the biennial NTGI client satisfaction survey; the goal is to engage clients on the topic, understand their definition and approach to responsible investing, and establish Northern Trust as a potential partner.

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

## PARTNERS

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

We employ several approaches to engaging our global workforce, including: quarterly town hall meetings for each business unit; an online “i-box” for partners to submit their ideas and suggestions; Partner Passport®, our internal Website that is updated daily with company and partner news stories; bi-annual performance reviews with their managers; and *Northern News*, our monthly newsletter e-mailed directly to all partners globally.

In addition, senior management frequently participates in panel discussions and other events hosted by our Business Resource

Councils to assist partners with their understanding of the company’s strategy and culture.

We also issue an employee engagement survey to all partners in order to obtain anonymous and honest feedback. This feedback helps us to define and enhance our career development and training programs. Survey results also help determine areas of focus for both the corporation and discrete units within it, as well as individual managers. The employee engagement survey has moved to a biennial administration and is accompanied by focus groups, forums and action planning that are driven by the employees and reviewed by the managers.

In the 2010 employee engagement survey we identified open and honest communication and career development as major areas of focus for the organization.

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



Senior Management and other managers along with such support areas as Learning and Development and Employee Resources, have all given significant attention to these areas.

Various events occur monthly on a rotating basis such as our nGoodHealth wellness initiative and lunchtime seminars on a variety of Wellness & Work/Life balance issues (dependent care, stress management, etc.). We also use News Center on the intranet and occasionally e-mail partners to remind them of these events and services.

## SHAREHOLDERS

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

In addition, we participated in seven industry investor conferences and conducted more than 80 investor meetings at those conferences and at our offices. We engaged with investors and analysts to discuss our strategic positioning and financial results.

Shareholders and other interested persons may also communicate any concerns about Northern Trust to our Board of Directors or to any member of the board by writing to them at:

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

NORTHERN TRUST CORPORATION – Largest Institutional Shareholders, December 31, 2011		
Institutional Shareholder	Shares	Percent of Shares Outstanding
T. Rowe Price Associates, Inc.	19,646,684	8.15
Northern Trust Investments	14,574,480	6.05
BlackRock Fund Advisors	9,300,741	3.86
State Street Global Advisors	9,156,264	3.80
The Vanguard Group, Inc.	9,098,441	3.78
American Century Investment Management, Inc.	8,540,278	3.54
Invesco Advisers, Inc.	8,192,572	3.40
Goldman Sachs Asset Management LP	7,028,311	2.92
State Farm Insurance Co. Asset Management	5,672,250	2.35
Artisan Partners LP	4,110,800	1.71

Source: FactSet Research Systems, Inc.

## COMMUNITIES

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



outlines the programs, initiatives and interactions with which we engaged our communities.

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

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

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

Northern Trust in North America continues its support of the United Way in all cities where we have locations. In Chicago, our Chairman and Chief Executive Officer Frederick H. Waddell served as the 2011 Community Impact Chair. In this role Mr. Waddell led an effort to raise the dollars required by the United Way of Metropolitan Chicago to impact the agencies it supports. As a component to this leadership, Mr. Waddell and Northern Trust hosted a large contingent of community leaders for the launch of United Way's 2011 Education Grant Cycle in its United 2020 campaign.

One of our global charitable partners is The Nature Conservancy, for whom we sponsored part of the 2011 national tour of their *'Design for a Living World'* exhibition. *'Design for a Living World'* featured 10 leading designers who were commissioned to develop new uses for sustainably

grown and harvested materials in order to tell a unique story about the lifecycle of materials and the power of conservation and design. We are proud of our partnership with The Nature Conservancy and are delighted to support the NGO with its strategies, projects and future plans for managing impacts on biodiversity.

## REGULATORS

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

In our institutional business, our clients include nonprofit foundations, 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. We provide mortgages and other personal loans to our clients and their families in addition to a breadth of financial planning services.

The financial market crisis of 2008-2009 set in motion a myriad of global regulatory requirements that impact our industry. Among them, the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act

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



(“Dodd-Frank”), signed into law by President Obama on July 21, 2010, is the most far-reaching. To address global financial regulatory changes, in August 2010, Northern Trust established a Global Financial Regulatory Reform Management team to coordinate and monitor our compliance with these new rules. The Global Regulatory Reform team, headed by an Executive Vice President, monitors and responds to global financial regulatory change. In the U.S., Dodd-Frank is particularly far-reaching and complex, and we are actively participating in the rulemaking process to understand the impacts

Our Global Regulatory Reform team is making steady progress by actively participating in the rule-making process, both in the U.S. and the E.U.

to our clients and our business. In the E.U., we are closely monitoring regulatory change, including those that pertain to the Undertakings for Collective Investment

in Transferable Securities (UCITS IV and UCITS V), the Alternative Investment Fund Managers Directive (AIFMD) and the European Market Infrastructure Regulation (EMIR) on Over-the-Counter Derivatives, among others. Our intention is to manage regulatory change for our business while helping our clients to do the same.

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

Our Global Regulatory Reform team is making steady progress by actively participating in the rulemaking

process, both in the U.S. and the E.U. We have worked independently, as well as with industry groups, and collaborated with peer banks to submit comment letters and meet with regulators, members of the U.S. Congress and the U.S. and U.K. Treasury Departments to understand the intent of proposed rules, prepare business requirements and anticipate client needs.

In order to help partners and clients stay ahead of global regulatory changes, we have delivered several presentations to partners to help facilitate their conversations with clients and delivered several presentations to clients to help them understand the impacts to Northern Trust, as well as their own obligations. In addition, members of the Global Regulatory Reform team have participated in several industry conferences as speakers, panelists or attendees to ensure that we stay ahead of regulatory changes so we can help our clients to do the same. We will continue to provide partner and client presentations in the third and fourth quarter of 2012 in conjunction with proposed and final rules.

## SUPPLIERS

Our suppliers are expected to obey the laws of the country of manufacture, sale or distribution. We also expect them to have a solid financial background and ensure that suppliers have mitigated significant risks. We hold monthly, quarterly and annual supplier meetings as necessary. We schedule periodic executive briefings to understand our suppliers’ operations (e.g., technology centers, etc.) and work environments. Through these engagements, we have obtained feedback resulting in the development of several business programs to develop our diverse suppliers. We are also reviewing methods to assist them with global expansion and international market presence. Further information is available about our suppliers in the Business section.



Northern Trust's procurement policy remains closely aligned with our CSR principles. In early 2011, a Global Procurement Council was formed to further our work in this area. We also engaged with our offshore partners, forming the framework for future CSR focused collaborations.

#### **PEERS**

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

We are an active member of the Banking Environment Initiative (BEI), which was established in 2010 to identify ways in which banks can contribute to environmentally beneficial activities, including sustainable, low-carbon growth, by reallocating capital. Currently, the BEI consists of 11 global banking institutions from Asia, Europe, Latin America and the United States, and the secretariat is provided by the University of Cambridge (CPSL). At the heart of the group's vision lies a simple thesis: banks work

for their clients and an initiative like this will only work if it is aligned with their interests and vice versa. The momentum of BEI has grown steadily and collaborative work with corporations is currently focused on the roles of banks in supporting sustainable production of soft commodities as well as the growth of clean energy generation.

We are also a member of The Guardian Sustainable Business Quarterly, a group that meets in London every three months with a focus on integrating environmentally focused CSR in business, and in this report, relates to the alignment of Environmental Sustainability to the overarching CSR goals. Northern Trust's sustainability officer also organized a transport focus for London's Canary Wharf Environmental Group this year. This group meets in-person each quarter and addresses general sustainability issues alongside biodiversity projects in the Canary Wharf estate. Furthermore, Northern Trust is on the steering group committee of the City of London's Environmental Forum, which this year addressed issues such as transport and sustainability, as well as reviewed carbon measurement and reduction initiatives. Topics raised in these forums inform our transport policy, related to our Scope 3 emissions disclosed in this document.



## EXTERNAL PARTIES

### **We subscribe to or endorse these externally developed CSR initiatives:**

- United Nations Principles for Responsible Investments (UNPRI)
- United Nations Environmental Programme Finance Initiative (UNEP FI)
- Institutional Investor Group on Climate Change (IIGCC)
- Community Reinvestment Act

### **We are a member of these associations:**

- FTSE4Good Index
- Dow Jones Sustainability Index, North America and World
- Banking Environment Initiative (BEI)
- ECPI® Indices
- Bloomberg Maplecroft Climate Innovation Index
- CR Group of Chicago
- Boston College Center for Corporate Citizenship
- City of London Environmental Forum (Steering Group Member)
- National Association of Affordable Housing Lenders
- Chicago Minority Supplier Development Council (CMSDC)
- National Minority Supplier Development Council (NMSDC)
- Financial Services Roundtable of Supplier Diversity of the NMSDC
- Women's Business Development Center Local Chapter (WBDC)

- United Way of Metropolitan Chicago
- Chicago Urban League
- Chicago United
- Institute of Supply Chain Management
- Diversity Best Practices
- Catalyst, Inc.
- Boston College National Workforce Roundtable
- Employee Assistance Roundtable
- Employee Assistance Professional Association (EAPA)
- Chicago Area Gay and Lesbian Chamber of Commerce
- City of London CSR Group – 'Heart of the City'
- The Financial Services Corporate Responsibility Group in London
- Metropolitan Planning Council
- The Chicago Community Trust
- Donors Forum of Chicago
- The Association of Fundraising Professionals
- The National Association for the Advancement of Colored People (NAACP)
- True Blue Inclusion
- Race for Opportunity (UK)
- Opportunity Now (UK)
- Stonewall (UK) Diversity Champions Program Member
- Working Families (UK)
- Inclusive Employers (UK)
- Thames 21 (UK)



# ETHICAL BUSINESS PRACTICES



**24<sup>TH</sup>**  
YEAR  
OF CONSECUTIVE  
ANNUAL PROFITS

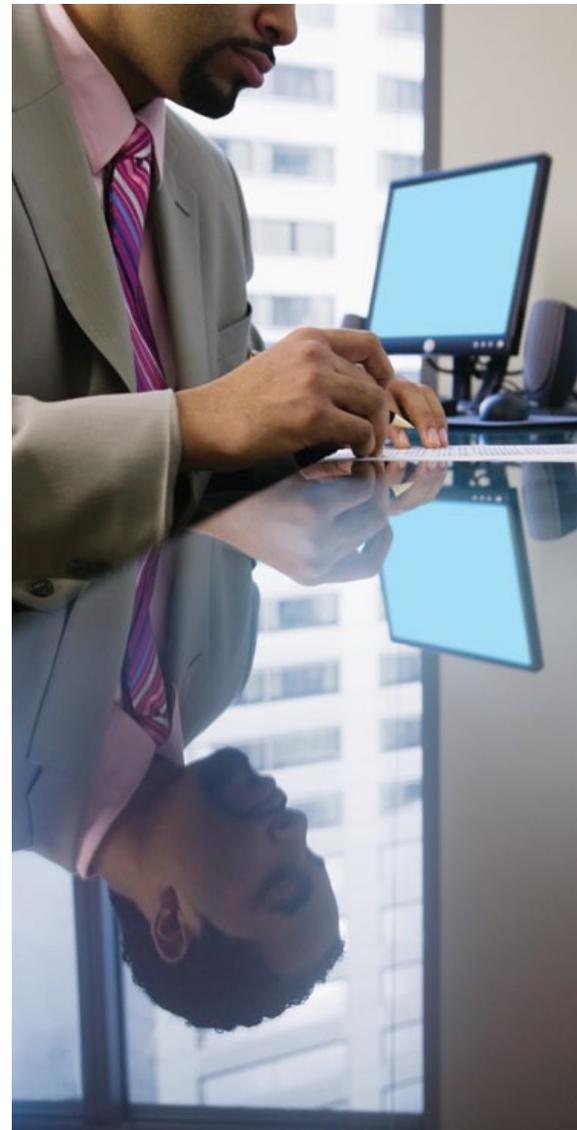


We strive to nurture what we consider to be our first duty – operating with integrity at all times. We value the principles of accountability, honesty and transparency in every aspect of our business. We conduct business in a manner that ensures we employ ethical business practices throughout our operations. 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.

### Business Approach

IN considering our capital needs and risk profile, it is important to understand that we do not underwrite mortgage loans to subprime borrowers. 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 2011. Our credit quality also remains sound, with nonperforming assets representing only 1.08% of our loan portfolio at the end of 2011, compared with our peer group average of 2.57%. Our net charge-offs of 0.29% of average loans and leases are also better than our peer group average of 1.54% for the same period.

In December 2011, Standard & Poor's (S&P) announced that it had completed its review of the credit ratings of 31 U.S. banks by applying its new bank credit ratings criteria. S&P announced revised ratings on 68 U.S. and global banks in 2011. Under its revised bank credit rating criteria, S&P lowered the long-term Issuer Credit Rating (ICR) on The Northern Trust Company (our lead banking subsidiary) from AA to AA-, and the long-term ICR on Northern Trust Corporation (our holding company) from AA- to A+. Nonetheless, Northern Trust is one of only four banks in the U.S. to carry S&P's AA- rating at the bank level and A+ rating at the holding company level; currently the highest ratings afforded any U.S.-based commercial bank.





## 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. Under the Code all of our directors, officers, and employees are expected to adhere to internal anti-corruption policies and local law, always conforming to the most stringent requirements where multiple laws may apply. The full text of the Code can be found at [www.northerntrust.com](http://www.northerntrust.com).

All directors, officers and partners shall at all times comply with applicable anti-corruption laws, rules, codes and regulations wherever Northern Trust does business.

## Anti-Corruption Compliance

Northern Trust affirms a continuing commitment to comply with all anti-corruption laws – including the U.S. Foreign Corrupt Practices Act (“FCPA”) and the UK Bribery Act – that apply to Northern Trust and its operations worldwide. Many other countries have enacted similar anti-corruption laws.

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

All 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. In 2011, no actions were taken by external regulatory bodies against us for incidents of corruption, and no legal actions were taken against us for anti-competitive behavior, anti-trust and/or monopoly practices. Nor were monetary fines imposed with respect to anti-bribery/anti-corruption compliance.

## Anti-Money Laundering Programs

Northern Trust maintains a Global Anti-Money Laundering and Economic Sanctions Program document that includes information on the economic and trade sanctions that can be imposed for non-compliance. In 2011, we did not pay any Bank Secrecy Act/Anti-Money Laundering (BSA/AML) related fines.



## Information Privacy

We recognize our clients' expectations of privacy with regard to their nonpublic 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 have instituted guidelines for the responsible use and protection of our clients' nonpublic personal information by partners.

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

## Think Privacy

An initiative titled "Think Privacy" was launched in April 2011, which included awareness posters at all partner locations and a redesigned Privacy intranet page providing relevant information our partners need to meet our obligations to properly use and protect client data. The new Privacy intranet page contains information about:

- Internal policies, procedures and guidelines
- Reporting security breaches
- Methods for sending communications
- Guidelines for remote printing and faxing
- Jurisdiction specific privacy information
- A series of video clips on the importance of privacy and client confidentiality

## Partner Compliance Training

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

Partners also must follow all national laws and regulations and avoid any situation that may trigger a conflict of interest. We expect partners to respect any confidential bank information; breaches of that confidentiality may bring disciplinary action. Here is what we require of our partners:

- Annual anti-corruption training is required for client-facing personnel, as well as audit, legal and compliance professionals. Partners are required to take the 2011 course by the end of first quarter 2012.
- All partners are required to take three courses: Global AML & Sanctions, Information Security at Northern Trust and the Standards of Conduct Policy by the end of first quarter 2012.
- We maintain more than 35 additional compliance courses for partners, including International Anti-Bribery, Consumer Banking Compliance, Basel II, Managing Operational Risk and Reporting Elder Financial Abuse. Requirements for these courses are based on location and job function.
- The Compliance and Ethics Program and other Compliance Policies of broad applicability are communicated to all partners by the Chief Compliance and Ethics Officer, the Legal Department or the Human Resources Department via posting on our intranet site. Certain Compliance Policies require annual certification and sign-off by affected partners.
- Business unit heads, in conjunction with the Senior Compliance Officers and supported by the Human Resources Department, communicate the compliance and legal requirements that apply to personnel

Global Compliance has established standards for developing curricula, reporting on training completion and ensuring that mandatory training is completed.



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 an Employee Hotline for such reporting, which can be made anonymously by telephone or Internet, and the Corporate Secretary’s office publicizes the Hotline information monthly.

### Public Policy

As one of the largest global custodians and asset management firms, and as the largest bank chartered in Illinois, we believe we have a responsibility to develop and lobby for positions that enhance the safety of client assets, promote safety and soundness of the financial system and encourage states and other public bodies to improve financial responsibility. We expanded our public policy and lobbying focus to include important financial regulatory reform efforts

as well as important public policy issues such as pension funding reform. Our efforts included federal and state regulatory reform issues as well as regula-

tory reform efforts in the E.U. We concentrated our public policy positions in areas most relevant to our custody, asset management and private financial services businesses. Although we worked with many trade associations of which we are a member, we also met directly with members of Congress, state legislators and regulators in the U.S. and in Europe to discuss our positions and to make recommendations for improved regulation. Where appropriate, certain Northern Trust partners are registered

We expanded our public policy and lobbying focus to include important financial regulatory reform efforts as well as important public policy issues.

as federal or state lobbyists. At the federal level, we focused on proposed regulatory changes to enhance prudential supervision of banks, control high-risk banking activities, enhance collection of taxes from U.S. persons offshore and improve the standard of care concerning investment advice to pension fund participants. In Europe, we met with regulatory officials regarding the standard of care for custody of investment assets and for marketing of investment funds. In Illinois we also met with elected and appointed officials to discuss reform of public pension funding and deficit reduction. In appropriate circumstances we have filed comment letters to proposed federal regulations, copies of which are publicly available from regulatory agencies. Federal lobbying reports may be found at <http://lobbydisclosure.house.gov> and our financial contributions can be found at <http://www.fec.gov/disclosure.shtml>.

We expect our partners to seek guidance and pre-clear certain individual political contributions. A listing of state and local jurisdictions with “pay-to-play” restrictions on political contributions can be found on the Global Compliance Corporate Ethics Page on our intranet in a document entitled “Summary of Jurisdictions with Applicable Pay-to-Play Restrictions.” Any employee who is contemplating making an individual political contribution, regardless of amount, must review this document prior to making the contribution. If an incumbent or candidate to whom an employee wants to make a contribution is in a state or local jurisdiction listed in the Summary, they must pre-clear all such contributions with the Legal Department prior to making or committing to make the contribution. Employees should also inform their spouse or domestic partner about these restrictions. In addition, persons previously identified as being subject to SEC Pay-to-Play Rule 206(4)-5 must pre-clear with the Legal Department prior to (i) making or committing to make a political contribution, (ii) volunteering for any



political campaign, or (iii) agreeing to coordinate or solicit contributions, including fundraise for any candidate or incumbent, in accordance with the Northern Trust Policy and Procedures Relating to SEC Pay-to-Play Rule (Rule 206(4)-5). Finally, business units within Northern Trust whose political activities are subject to other limitations should continue to follow those rules and regulations governing their specific business (e.g., MSRB Rule G-27, which requires municipal securities dealers to adopt, maintain and enforce written supervisory procedures to insure compliance with MSRB Rules, including Rule G-37).

### Marketing Standards

Corporate Marketing has primary responsibility for obtaining legal and compliance review of marketing and advertising materials. Marketing and advertising materials about products and services are sent to legal and compliance partners for review in advance of design/production. Our marketing policies and guidelines are reviewed periodically by legal and compliance. Updates are made as required in response to new rules. In 2011, we did not have any incidents of non-compliance concerning marketing.

### Client Health and Safety

Four GRI indicators, PR1-PR4, do not apply to our business since they are immaterial to our operations. These indicators apply to lifecycle stages in which the health and safety impacts of products and services are assessed for improvement; total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services, by type of outcomes; type of product and service information required by procedures and percentage of significant products and services subject to such information requirements; and total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

### Access Points for the Disabled

All of our ATMs service the visually impaired via voice guidance and Braille. This includes four ATMs located at two branches in low- and moderate-income census tracts and 14 off-premise ATMs.

### Code of Vendor Conduct

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 over the next two years. In 2011, we performed a CSR analysis through a survey

Northern Trust is committed to making progress toward integrating ethical, social and environmental factors into our Global Procurement Policy over the next two years.

of our top 50 suppliers based on spending levels with Northern Trust. We received an 80% response to the survey and plan to analyze our critical and key suppliers in 2012 predicated on our vendor tiering system. We check our suppliers daily against the U.S. Office of Foreign Asset Control to ensure we comply with any economic and trade sanctions.

Other aspects of our global procurement program include:

- As part of Northern Trust's due diligence process, any vendor providing goods and/or services outside of the U.S. to Northern Trust shall complete the Anti-Bribery Vendor Questionnaire. Accuracy and



truthfulness of the risk assessment are reviewed by Global Procurement and Global Compliance to determine whether business can continue with the company.

- At minimum, suppliers with whom we conduct business are expected to obey the laws of the country of manufacture, sale or distribution.
- Our top 100 suppliers comprise more than 70% of our total U.S. spending.
- In 2011, we reviewed our procurement policies, practices and procedures. Our Global Procurement and Supplier Management Policy ensures that partners actively pursue socially responsible procurement through collaboration with our suppliers. Northern Trust suppliers, as business partners, are expected to acknowledge and support the “Supplier Code of Conduct,” which includes ethical business conduct, health and safety, human rights and labor practices and environment. Lack of adherence to the Supplier Code of Conduct will be addressed with the vendor during the vendor evaluation.
- A Vendor Management program has been created to monitor performance and to promote continuous improvement activities for vendors.
- 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 that is procuring the product or service, nor specifically measuring our spending with local or regional suppliers.

## Supplier Diversity

Supplier Diversity is an essential part of developing a world-class Global Procurement organization and is also led by a senior-level manager, the Director of Supplier Diversity. Northern Trust considers supplier diversity a corporate strategy supported by senior management through our procurement professionals. Our commitment to – and passion for – developing and supporting diverse business owners is reflected daily in how and with whom

we do business. Diverse suppliers who work with us as partners contribute to our bottom line and foster increased competition and innovation as well as enhance our ability to provide clients with excellence in service.

We include all vendor types in this program. We provide a range of contract opportunities to help ensure we have access to new and innovative products. For example, we created a strategic alliance with leading minority-owned investment banks and introduce them to our corporate clients when they have a securities underwriting need. These investment banks were able to increase revenues by \$2.2 million.

As a result of our 2010 vendor data enrichment process, inclusion of diverse suppliers was an integral part

in creating category sourcing roadmaps in order to find suppliers who have the right capabilities and characteristics to meet our needs. Through this process we were able to determine active opportunities for diverse businesses to participate or expand their current business relationship. For example, this process helped to contribute to revenue increases for one of our women-owned IT firms.

We spent about \$48 million with minority-owned and women-owned companies, and firms owned by individuals with disabilities, a 6% increase from 2010. Northern Trust continues to bring diverse suppliers into our supply chain despite the challenges in the economy.

Northern Trust works closely with organizations to help diverse suppliers expand their opportunities with the company. These organizations provide programs such as the Five Forward Initiative, which commits us to establishing or expanding business relationships with up to five current or new local minority firms in an effort to build a stronger regional economy and increase the scale of minority businesses.

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



In our initial phase of the Five Forward Initiative, we selected two minority-owned vendors based on an intensive review of current opportunities. As a normal part of our Supplier Diversity Program, we will work with these businesses to help them increase their profile within the company. Over the next year, we will review our success with these vendors and assess how we should move forward with adding vendors to the program. Over the next two years, we plan to add three local minority suppliers to the Five Forward Initiative.

In addition, our annual Corporate Bridges Program assisted more than 70 minority business owners this year with educational sessions to enhance business opportunities. We focused the session on Tier II opportunities with Northern Trust prime suppliers to assist diverse vendors in building relationships and understanding opportunities available through our non-diverse suppliers. Under our Emerging Managers Program established in 1993, the combination of market demand and our own broad capabilities have allowed us to source and invest with a growing number of diverse asset managers and strategies. We maintain an active universe of more than 38 investment managers and have funded about \$5 billion with emerging firms.

With our Minority-and-Women-Owned Broker-Dealer Programs, Northern Trust seeks to identify minority- and women-owned broker-dealers, expand the volume of securities traded through them and help them improve their firms' capabilities. In August 2011, we issued a Request for Information (RFI) to identify equity and fixed income emerging and diverse broker dealers to provide trade execution services for our multi-asset class investment management business, Northern Trust Global Investments (NTGI). As part of the RFI, we hosted a public forum at our Chicago headquarters for applicants that wanted to learn more about the process.

Northern Trust continues to be committed to diversity in our portfolio and funding activities. We regularly use

minority brokers as a manager for our debt offerings. At least one minority-owned firm has been involved in every debt offering since 2006. A leading minority investment firm is a co-manager on the \$500 million debt offering that occurred in August 2011 and number eight in our investment portfolio ranking. Additionally, two minority-owned firms, or 25%, are on our Bank note program. Lastly, at least one minority broker has regularly been a top-10 counterparty in the Bank's investment portfolio activities.

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

The Supplier Diversity Program has expanded to include Lesbian, Gay, Bisexual and Transgender (LGBT) vendors in our program. We joined the Chicago Area Gay and Lesbian Chamber of Commerce (CGLCC) this year and also attended the Out for Business National Business & Leadership Conference.

## RESPONSIBLE INVESTING

Responsible investing or RI, for short, 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.

At least one minority-owned firm has been involved in every debt offering since 2006.



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 the pioneers of RI are religious investors who use negative screening techniques – excluding companies from their portfolios such as tobacco or arms manufacturers.

Northern Trust Global Investments (NTGI) has more than 25 years of experience managing socially screened

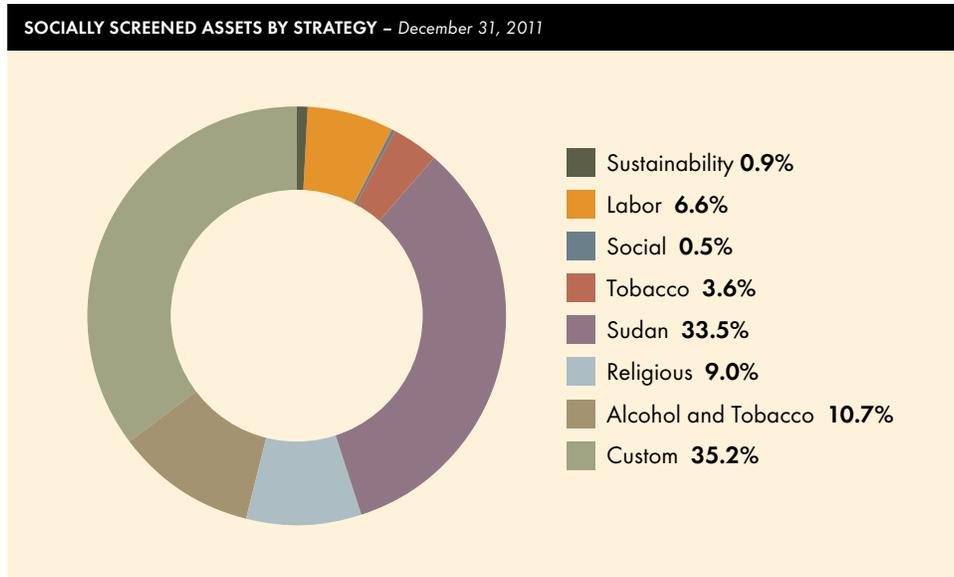
strategies represent over 5% of our total index and multi-manager solutions assets. The issues most important to our clients are listed below.

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. One of our flagship RI products is the Northern Trust Global Sustainability Index Fund (Ticker: NSRIX), which is the first mutual fund to track a global sustainability index. This index includes companies that rate favorably in ESG management performance based on analysis and research from MSCI’s ESG research team. Standard & Poor’s Equity Research awarded our Global Sustainability Index Fund the

Gold award in its first-ever U.S. Mutual Fund Excellence Awards Program, for which approximately 19,000 mutual funds were analyzed.

In addition to our investment solutions, Northern Trust has environmental risk and reporting capabilities. As governments worldwide impose taxes and regulation on corporate emissions, investors are increasingly conscious of how the environmental efficiency of an organization may have a financial impact on future corporate earnings. We therefore have partnered with an external data provider to offer environmental emission analytics. This arrangement allows us to measure how corporate environmental performance affects financial performance, enabling



portfolios and approximately \$17 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.

### 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 2011, NTGI managed approximately 10 pooled funds and 55 separately managed accounts using RI screening techniques or related indices. The \$17 billion in socially screened



investors to effectively measure the carbon footprint of their portfolios. Using our analytics tools, in addition to the emissions data, clients may reduce investment risk from carbon and other environmental impact costs, while maintaining their overall investment strategy and financial performance.

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

- Established new RI investment vehicles to support demand within the wealth management and institutional businesses.
- Completed a review and assessment of the proxy policy for the Northern Trust Global Sustainability Mutual Fund.
- Contributed to articles targeted at wealth management and institutional clients educating and highlighting the benefits of RI.
- Embarked on a project to actively evaluate ESG index providers to determine the appropriate strategic partner to assist in introducing a full suite of Northern Trust passively managed investment solutions.
- Developed a series of questions focused on RI for inclusion in the NTGI client satisfaction survey, which provides a means for our clients to express their interest in RI investment solutions and a medium to support product development and internal advocacy programs.
- Formally established a means and criteria for tracking and monitoring demand via requests for proposal (RFPs) and requests for information (RFIs) for RI investment solutions, which provides us with key demand signals and a medium to support product development and internal advocacy programs.
- Developed an ESG questionnaire for inclusion in RFP requests associated with manager searches within our multi-manager solutions business to

gauge a particular firm's capabilities and commitment to ESG-based investing.

- Committed to sponsoring the CERES Investor Summit on Climate Risk & Energy Solutions.

In an effort to further our commitment, we have set the following medium-term goals:

- Introduce a broader array of RI investment solutions through the multi-manager solutions platform serving the needs of our private client, wealth management and institutional businesses globally.
- Complete the ESG index provider assessment and introduce a full suite of passively managed solutions.
- Broaden and dedicate additional resources specifically focused on RI capabilities globally.
- Enhance our existing ESG monitoring and measurement tools for investors.
- Expand our proxy voting research and analysis.

Northern Trust is an active member in the dialogue around the evolution of responsible investing strategies.

In addition to offering RI products and services, Northern Trust is an active member in the dialogue around the evolution of RI strategies. We hold regular meetings with asset-owner clients to give us an opportunity to assess clients' needs for RI products and services. We also sponsor events, such as the Minority Investment Management Forum, where clients can learn about RI trends, current events and new opportunities.

The head of CSR attends periodic meetings with client-facing partners to provide updates about our environment, social and governance policies and procedures. In 2012, we plan to increase the number of meetings and informational training sessions with all of our partners,



specifically those in client-facing roles. Keeping partners informed helps ensure that we keep our clients familiar with our ability to service their RI needs. We hosted two major events designed to educate and inform client-servicing partners and the broader staff on RI issues.

The NTGI Diversity and Inclusion Advisory Council (DIAC) hosted an interactive session looking at the growing interest in Environmental, Social

and Governance (ESG) investing and how performance and sustainability can go hand in hand. The head of NTGI Client Solutions and the head of NTGI London hosted the session. Two highly regarded individuals on the topic of responsible investing participated as guest speakers:

- Dr. James Gifford, Executive Director of the United Nations Principles for Responsible Investment (UNPRI)
- David Blood, Co-founder and Senior Partner of Generation Investment Management, a leading sustainable investment manager

The session was one of the highest attended events hosted by the NTGI DIAC on record with nearly 500 participants globally. The speakers covered topics including:

- Organizational charter and mission
- Genesis of organization and organizational background
- What is ESG investing and why it is important
- De-bunking the myths of ESG investing
- UNPRI principles and case study of asset manager best practices

“Corporate citizenship and responsible investing are an important part of Northern Trust’s brand, business strategy and commitment to stakeholders. Having the opportunity to host recognized stewards of responsible investing, such as David Blood and James Gifford, coupled with global participation of close to 500 partners highlights the value and importance of this issue for Northern Trust.”  
 – HEAD OF NTGI CLIENT SOLUTIONS

- How ESG investing is and will shape the institutional investor landscape (highlighting global asset and capital allocation trends)
- Overview of investment philosophy and process (noting integration and value proposition of sustainability assessment)
  - Case study on a portfolio holding (noting fundamental research thesis with inclusion of sustainability assessment)
- Composite strategy performance and risk and the idea that investment performance and responsible investing are not mutually exclusive

### RI Principles

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

Northern Trust is an advocate of the highest Environmental, Social and Governance (ESG) standards. We fully acknowledge that the long-term financial success of our clients and shareholders is dependent upon a healthy global environment, a stable society and well-functioning companies. In our daily operations and strategic planning, we strive to mitigate our environmental impact and improve our social and governance procedures. As a leading investment manager and financial service provider, we recognize our additional influence and responsibility. We are committed to:

- Expanding our understanding of ESG concepts and their impact on economic value.



- Integrating ESG analysis into investment decisions as appropriate.
- Encouraging companies we invest in to pursue and disclose sustainable business practices.
- Voting proxies consistent with these principles as appropriate.

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

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

Northern Trust and NTGI are also actively engaged with the following organizations consistent with our efforts around RI advocacy and awareness:

- United Nations Environment Programme (UNEP) Financial Initiative
- Institutional Investor Group on Climate Change (IIGCC)
- Investor Network on Climate Risk (INCR)
- Carbon Disclosure Project

## Proxy Voting Policy

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

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

In 2010, we made certain revisions to our proxy voting guidelines dealing with social and environmental issues. As a result of these revisions, among other issues, we generally vote for proposals that advocate for the elimination of workplace discrimination based on sexual orientation or gender identity; request more disclosure about the environmental impact of a company's operations, products and initiatives; and request that companies issue reports about their energy-efficiency plans.

These changes can be found in Section XII of the Northern Trust Proxy Voting Guidelines, a copy of which is available at [northerntrust.com](http://northerntrust.com).

NTGI is a signatory to the United Nations' Principles for Responsible Investment based on our shared principles and support of the United Nation's approach to responsible investment.



315,000

HOURS OF TRAINING  
COMPLETED BY 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 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**

**O**ur 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. None of our operations have risk of incidents of child labor or young workers exposed to hazardous work, and none have risk of incidents of forced labor. None of our operations have incidents of violations involving the rights of indigenous people.

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.





### Total Workforce Breakdown by Region \*

Region	2008		2009		2010**		2011	
	PTE	FTE	PTE	FTE	PTE	FTE	PTE	FTE
Asia-Pacific	–	1,442	–	1,939	–	2,390	1	2,957
Europe, Middle East, Africa	52	2,544	49	2,371	159	2,202	189	2,569
North America	84	8,354	79	8,275	227	8,185	203	8,397
Sub-Totals	136	12,340	128	12,585	386	12,777	393	13,923
Grand Totals	12,476		12,713		13,163		14,316	

\*Staff count does not reflect contractors or temporary employees \*\*2010 Staff count does not reflect Waterline Partners, LLC acquisition (2011 only)

### Composition of Global Workforce \*

MALE							
Job Categories	White (Not Hispanic)	Black (Not Hispanic)	Hispanic	Asian	Native American	2 or More Races	Hawaiian
Senior Managers	8.4%	3.2%	4.8%	3.1%	33.3%	0.0%	0.0%
1st / Mid Level Managers	16.3%	10.5%	13.4%	9.7%	0.0%	11.5%	0.0%
Professionals	71.5%	73.6%	65.6%	82.9%	66.7%	80.8%	85.7%
Administrative	2.8%	7.3%	10.2%	3.7%	0.0%	7.7%	14.3%
Other	1.0%	5.4%	6.0%	0.6%	0.0%	0.0%	0.0%
Total	100%	100%	100%	100%	100%	100%	100%
FEMALE							
Job Categories	White (Not Hispanic)	Black (Not Hispanic)	Hispanic	Asian	Native American	2 or More Races	Hawaiian
Senior Managers	4.7%	1.4%	1.1%	2.3%	0.0%	0.0%	0.0%
1st / Mid Level Managers	13.6%	9.1%	9.1%	9.4%	16.7%	5.3%	0.0%
Professionals	70.3%	72.8%	70.7%	77.8%	66.6%	81.5%	100%
Administrative	11.2%	15.8%	18.6%	9.8%	16.7%	13.2%	0.0%
Other	0.2%	0.9%	0.5%	0.7%	0.0%	0.0%	0.0%
Total	100%	100%	100%	100%	100%	100%	100%
GLOBAL							
Job Categories	Male	Female	Overall Totals				
Senior Managers	5.7%	2.5%	4.2%				
1st / Mid Level Managers	17.6%	12.1%	14.9%				
Professionals	72.3%	73.9%	73.1%				
Administrative	3.4%	11.1%	7.1%				
Other	1.0%	0.4%	0.7%				
Total	100%	100%	100%				

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



## Employee Benefits

Over the past 123 years, we have become known for the progressive nature of our innovative employee benefits. Nearly a century ago, we were among the very first organizations to provide employees with life insurance and a pension. We have provided a daycare center at our headquarters for more than 20 years. We were one of the first financial institutions to provide benefits to domestic partners. And we honor the diversity of our workforce by supporting at least nine business resource councils (BRCs).

Benefits vary with work location and employment status, and we provide programs relevant to each geographic location. Our U.S. partners participate in defined benefit pension plans and a 401(k), which includes a company match. In most other countries, partners participate in a defined-contribution program. Other benefits include life insurance, health care/medical insurance, disability/critical illness insurance, retirement provision, 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.

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\*.

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

In 2011, there were 213 adoption, paternity and family/medical leaves taken by 196 partners. Of the leaves taken, 62% were by women and 38% were by men. The retention rate for women was 93% and the retention rate for men was 95%. Our overall parental retention rate was 93.7%.

Retirement administrators guide our partners as they approach the end of their careers. Detailed information regarding pension plan payments and other retirement benefits are included in the internal retirement plans Sourcebooks, which are updated on a regular basis and available online to United States partners.

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

Over the past 123 years, we have become known for the progressive nature of our innovative employee benefits.

## Recruitment and Retention

Northern Trust's 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 and 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 to foster 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.

### Career Development

We introduced web-based Career Development Planning tools housed in the MyPlace Web portal to further assist partners with strategic career planning. It allows partners

to assess their strengths and interests and work collaboratively with their manager to confirm performance expectations and identify opportunities

in their career development to align projects, assignments and training to strengthen their capabilities and better prepare them for future opportunities. Between September and December 2011, there were more than 16,000 visits to the site.

The performance management process also was enhanced to include automated multi-rater feedback.

Northern Trust recognizes the value of training and developing our partners, providing them with dozens of continuing education opportunities.

This process provides the organization with a globally consistent approach for seeking and receiving feedback from dotted-line managers, direct reports, partners and internal clients relative to management expectations (if applicable) and organizational behaviors. By year-end, more than 96,000 feedback requests were generated and 68.9% were completed. All partners are provided with tools located in MyPlace to help with each step of the performance management process. Each year, managers give annual standard performance reviews to partners. In 2011, 95% of our partners received performance reviews, in addition to mid-year reviews; this is a 2.6% decrease from 2010.

### Training

Northern Trust recognizes the value of training and developing our partners, providing them with dozens of continuing education opportunities. This year, more than 315,000 hours of training were conducted, an average of 22.8 hours per partner. Manager training was also emphasized with “Driving the Employee Journey,” a blended solution that culminated in a two-day, instructor-led course focusing on best practices for managing teams and driving performance and engagement. This was delivered globally and by year-end more than 2,000 managers (84% of the population) completed the course for a total of more than 46,000 hours delivered.

We have a tiered training structure with a corporate learning and development (L&D) team responsible for global learning solutions including but not limited to: new employee orientation, competency training, client servicing/sales, and management and leadership development. There is also a central Compliance Training organization that is responsible for implementing mandatory training to manage risk and stay compliant as a global financial services organization. At the business unit level, there are several formal training organizations



that support business-unit and job-specific training, including process, system and role-based learning solutions. The business units also have professional education budgets to support continuing education including seminars, conferences and advanced certifications. The business resource councils (BRCs), in partnership with L&D offer knowledge shares and group forums on leadership and career development, book forums and speaker series.

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

The formal training organizations have experienced learning professionals including instructional designers, facilitators and organizational consultants. These individuals work closely with business and HR leaders and partners to assess needs and develop learning solutions that align to strategic goals and enhance employee engagement.

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

## Partner Engagement

Our most recent Employee Engagement Survey was administered in 2010. Overall, the survey results were gratifying and indicated that Northern Trust partners are more engaged in our business than they were three years ago. Partners are proud to be a part of Northern Trust, and they respect our continued focus on achieving excellence for our clients, citing this as a primary driver of their engagement. The results also indicated areas where we could do better. As a result, we are enhancing programs that form our Employee Journey – such as professional education, career planning and performance management – while placing an emphasis on flexibility for partners to take advantage of this training.

Partners are proud to be a part of Northern Trust, and they respect our continued focus on achieving excellence for our clients, citing this as a primary driver of their engagement.

The customized action plans managers developed in response to the findings of the 2010 Employee Engagement Survey continue to drive the managers' efforts. We expect the 2012 Engagement Survey to reveal areas in which we have been successful in making changes and to establish areas where there are new opportunities and/or where we can do more in areas previously identified.

## Health and Safety

Our partners' health and safety are managed by 14 dedicated Business Continuity, Disaster Recovery (BC/DR) staff members who comprise our Global Business Continuity and Recovery Services Group. This group oversees the function across the enterprise, allowing them to deploy a consistent global approach and methodology. Our Life Safety program provides clients, staff 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 Director of Life Safety, a senior-level manager, oversees our team of Life Safety volunteers (22% of our partners) who are responsible for ensuring life safety procedures are performed per guidelines and provide organized assistance to partners during an emergency.

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.

Human Resources becomes involved in partner

health and safety when specific health issues arise. For example, an ad-hoc working group managed the H1N1 flu threat in 2009. Lost days, rates of injury, occupational diseases

Our wellness program, “nGood Health,” encourages and supports partners and their families to embrace a healthy lifestyle.

and work-related fatalities are not concepts normally associated with the financial services industry and are not disclosed in this report.

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.

## Collective Bargaining

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. Currently, we have no formal agreements with trade unions; therefore, we have no agreements with such unions that cover health and safety. We do have a Health and Safety component within our Corporate Services Group and an Employee Services function in Human Resources; however, each of these areas focuses on the well-being of our partners and covers a wide array of issues, from ergonomics to managing stress. We have not identified any operations where the right to exercise this freedom is at significant risk.

## GLOBAL BUSINESS RESOURCE COUNCILS (BRCS)

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

### Advancing Professionals Resource Council (APRC)

The APRC Community Involvement Committee hosted seven events that provided an opportunity to hear from senior leaders about their experiences with volunteerism, learn about organizations with which partners can become involved on an ongoing basis through associate board membership or direct volunteerism, and participate in targeted community service projects with fellow partners. In July, the APRC kicked off its first-ever Project R.E.A.C.H. (Realizing Everyone’s Assistance Can Help) gaining the support and commitment of partners in our Chicago, Los Angeles, Naples and Miami offices for a national day of service on August 6, 2011. 145 Northern Trust



partners donated their Saturday morning at six different sites around the country from the L.A. Regional Food Bank to the Miami Community Partnership for the Homeless, contributing 403 volunteer hours. The APRC Professional Development Committee organized seven events focused on expanding the knowledge and skill-set of its membership to help further advance their careers. In addition, they hosted a series of three sessions on the fundamentals of investing. The seminars focused on understanding the basics of investing, investment vehicles and asset classes, and asset allocation.

### **Asian Leadership Business Resource Council (ALBRC)**

The ALBRC established two new chapters – Beijing and the Southeast region of the United States – to more effectively serve members in distinct geographic locations. In recognition of the diverse array of peoples and cultures comprising the Asia-Pacific region, the ALBRC created a “Partner Circles” strategy focused on the needs and interests of partners of Indian descent.

Continuing a tradition of community engagement, the ALBRC hosted a United Way Day of Giving in partnership with the Chinese American Service League focused on providing recent college graduates with job interview skills and resumé writing. In the areas of professional development and leadership, the ALBRC hosted a Leadership Storytelling session featuring ways to create an individual’s leadership story and effectively convey it to others; and several partners attended the annual convention of the National Association of Asian American Professionals.

### **Black Business Resource Council (BBRC)**

In early 2011, the board of Benedictine University asked the BBRC to help engage their Black students in developing a deeper understanding of the current business environ-

ment and what it takes to succeed in the corporate world. In April, the BBRC hosted the university’s junior and senior students for a morning of seminars including resumé writing, interviewing skills and mock interviews. The London BBRC members partnered with the Hebe Foundation for the second year to host the “Junior Apprentice” program. The annual program featured four teams of apprentices pitching their ideas for new magazine launches to a panel of BBRC members.

During Black History Month, the BBRC hosted its second annual S.M.A.R.T. Round Table. The BBRC partnered with Human Resources to roll out an interactive luncheon presentation of the new organizational behaviors within each partner’s job expectations. The event was kicked off by a panel discussion featuring a diverse slate of senior executives representing each of the core competencies. Afterwards, each panelist hosted, and a senior partner facilitated, an intimate table discussion with participants to bring the concepts to life and encourage a Q&A session.

### **Disability Business Resource Council (DBRC)**

With its “Focus on Ability,” the DBRC is dedicated to promoting awareness, education and advocacy on disability-related issues to Northern Trust leaders, employees, clients and citizens of the communities in which we do business.

The DBRC broadened its outreach to build substantive community-based relationships including participating in the Chicago Mayor’s Office of Employment of Person’s with Disabilities Employer’s Panel; attending the Rehabilitation Institute of Chicago’s job fair/career day; authoring an article with a disabled partner for Ability Links magazine; and commencing a relationship with Benedictine University for their 2012 career day for students with disabilities. Members of the DBRC



volunteered with several organizations, including:

- Chicago Lighthouse for the Blind Braille Challenge
- Esperanza House Annual Fundraising Dinner
- Esperanza House Community Services
- WorkAbility
- Rehabilitation Institute of Chicago Tower Climb
- Equip for Equality Fundraising Dinner

To engage our partners on vital personal and professional issues, the DBRC hosted a forum on several key strategies to consider as part of a sound financial and estate plan focused on disability issues; and partnered with the Great Lakes Adaptive Sports Association for a discussion on removing boundaries, elevating expectations, fulfilling dreams, enhancing self-worth and empowering individuals with disabilities through competitive and recreational sports.

### **Experienced Professionals Business Resource Council (EPBRC)**

The EPBRC sponsored a number of events targeting the personal and career goals of its membership, including partnering with the Sloan Center for Work and Aging at Boston College for a seminar on being “Engaged As We Age,” and hosting the second in a series of “Celebrating Our Heritage” discussions paying tribute to Northern Trust’s history and commitment to Principles That Endure.

The London chapter hosted Phil Vickery, Rugby World Cup Winner, for “An Audience with Phil Vickery” discussing individual career and life challenges and how to persevere in overcoming them. Additionally, our London partners sponsored “Thoughts and Insights for Financial Planning,” a seminar focused on financial planning imperatives for experienced professionals.

EPBRC members were also actively engaged in the community running a successful book drive that donated more than 1,000 books to the Howard Brown Center for resale in their Brown Elephant stores to help

fund their programs for AIDS-stricken and disadvantaged people; and working at Catholic Charities as part of United Way’s Week of Caring to sort and package food donations that would eventually feed 400 recipients.

### **Latin Heritage Leadership Council (LHLC)**

The LHLC completed a year of tremendous community engagement, tallying a total of 265 volunteer hours. The LHLC participated in United Way’s after-school tutoring, a Back-to-School Supply Drive that collected 90 boxes of supplies, a clothing drive, Day of Caring events, painted two apartments and conducted a job interviewing skills workshop at a homeless shelter. In addition, the LHLC supported United Way’s Casa Central program spotlighting the Financial Services Roundtable, where a local Congressman presented a lecture on community involvement and current events in politics.

The LHLC collaborated with HACE (Hispanic Alliance for Career Enhancement) to participate in the “Mujeres de Hacer” and “El Futuro” programs. The LHLC sponsored the participation of partners in the “Mujeres de Hacer” program, a three-month workshop designed to empower high-potential Latinas to succeed professionally and thrive personally by providing insight, access and professional development. The “El Futuro” program is an annual event hosted by Northern Trust in collaboration with HACE and Chicago Public Schools. The event brought 70 students from the Chicago Public school system to Northern Trust to discuss the importance of staying in and excelling at school, as well as job interviewing skills. This was followed by a panel discussion of partners discussing the college experience and career opportunities at Northern Trust.



## **Lesbian, Gay, Bisexual, Transgender Business Resource Council (LGBTBRC)**

The LGBTBRC had a very productive year, covering a wide array of community, partner-focused and business development activities. In February, the LGBTBRC and BBRC collaborated on an exclusive showing of the film *Brother Outsider*, about Civil Rights pioneer Bayard Rustin and held a panel discussion that included the film's director, Bennett Singer. For Pride Month in June, the LGBTBRC hosted an art exhibit of local LGBT artists in our Chicago headquarters' lobby, and for the first time, Northern Trust flew the Pride flag in front of our headquarters building in recognition of Chicago Pride Week.

The LGBTBRC sent five delegates from the United States and the United Kingdom to the Out & Equal Workplace Summit held in Dallas, Texas, to learn about issues of the LGBT community in the workplace. One of our delegates presented a session entitled "Transgender 101: Transgender Information for the non-Trans Community" to build awareness about the struggles of those who don't identify with the gender they were assigned at birth.

In terms of business development, the leaders of the newly formed LGBT and Non-Traditional Families Practice attended more than 45 LGBT Not-For-Profit events across the country such as events for Night Ministry, DIFFA (The Design Industries Foundation Fighting AIDS) and AIDS Foundation of Chicago. Over 20 mainstream media publications and innumerable blogs covered the launch of this national practice and the team generated more than \$1 million in revenue in their first year of existence.

## **Women In Leadership Business Resource Council (WILBRC)**

The WILBRC sponsored a variety of global programming focused on providing opportunities for women to assume greater leadership access and responsibilities. WILBRC's flagship program is the Leadership Development Forum, a proprietary series of professional development and personal mentoring groups designed to address our desire to grow and develop strategic thinkers and leaders. In 2011, 352 women graduated from the program and a new class of 251 women was inducted.

In addition to the Leadership Development Forum, WILBRC hosted Personal Branding and Emotional Intelligence sessions in Hong Kong; a seminar on "The Next Thinking" with Jane Horan in Singapore; discussions on Vision 2020 and the *Wall Street Journal* Executive Task Force on Women in the Economy in the United States; and partnered with the Mathru Foundation, a Bangalore institution focused on the rehabilitation of paraplegic individuals.

## **Working Families Business Resource Council (WFBRC)**

Entering its first full year of existence, the WFBRC quickly grew its membership base to 200 members around the globe. For their initial event, the WFBRC hosted the "How We Did It" panel discussion featuring six partners from different areas of the organization providing insight into how they overcame challenges to their work/life balance and successfully navigated growing their Northern Trust careers. In the fall, the WFBRC partnered with guest chefs for a wellness event advocating and educating members on healthy, quick and efficient eating and cooking methods to further their goals of work/life balance.



## GLOBAL DIVERSITY & INCLUSION

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

The following Global Diversity & Inclusion Advisory Councils (DIACs) provide a wide array of activities for their respective members and business units:



### Corporate Groups DIAC

The Corporate Groups DIAC developed and launched the “Dive Into Diversity” series as a means of providing partners with an in-depth perspective on the value of diversity and inclusion in each of the corporate support areas. The head of each functional area, from Global Corporate Marketing to Corporate Risk Management, led their team through an overview of their business and how the vital role of diversity and inclusion contributed to their success.

### Corporate & Institutional Services DIAC

The Corporate & Institutional Services DIAC sponsored a number of events designed to deepen partner understanding of diversity and inclusion, as well as expand business acumen. Among these events, two speaker events proved particularly valuable:

- **The Diversity & Inclusion Imperative:** A conversation with C&IS President Steve Fradkin and NTGI President Steve Potter leveraged their individual and collective experiences. The content focused on the importance of understanding of diversity of thought as a global business imperative.

- **The Changing Energy**

- **Market:** A Collaboration with the Chicago Council on Global Affairs highlighted the evolving nature of the global energy markets and its impact on investments, geopolitics, international relations and innovation.

### NTGI DIAC

The NTGI DIAC hosted a speaker event focused on thought leadership in diversity and inclusion, as well as the investment management industry:

- **Exelon: The Business Case for Diversity:**

- Katie Abbott, Director of Finance and Business Operations at Exelon, came to Northern Trust at the request of the NTGI DIAC to discuss Northern Trust’s first-place ranking on the Exelon Diversity & Inclusion Honor Roll. The evaluation was done on all of Exelon’s service providers and is used as a component in the selection of firms for future business opportunities.



### **Operations & Technology DIAC**

The Operations & Technology DIAC continued its focus on partner development with a series of Personal Branding workshops. The workshops, designed around the imperative of providing partners with the tools and empowerment to take charge of their careers, highlighted the importance of personal brand and how it can be effectively managed. More than 500 partners attended sessions around the globe, developing a deeper understanding of how to discover their personal brand, how to effectively build their brand and how to avoid behaviors that have the ability to compromise their brand.

### **Personal Financial Services DIAC**

In an effort to increase general awareness of diversity and inclusion in the business unit, the Personal Financial Services DIAC launched a media campaign using the PFS Connect eNewsletter and the quarterly PFS Forum for all partners. Their efforts resulted in a 10% increase in the number of Diversity & Inclusion Medallion Awards provided to PFS partners.

In addition, the PFS DIAC developed a strategy to cultivate programs focused on improving the diversity mix of clients and vendors in the markets we serve. This strategy has led the group to begin assessing all current client-focused diversity and inclusion programs, deepen our ability to track the demographic mix of our client-base and evaluate the usage of diverse suppliers.



CONTRIBUTING TO THE COMMUNITY



\$72.6M

CONTRIBUTED TO NONPROFITS  
DURING PAST 5 YEARS



Community involvement is a deeply rooted part of our 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 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, graphic design expertise and other knowledge services; and directorship guidance to charitable and civic boards.

### Strategic Alignment

**N**ORTHERN TRUST'S holistic approach to philanthropy takes into account the overall impact on our clients, shareholders, partners and communities we serve as each activity is executed with these priorities in mind. Our scope of community involvement provides direct benefits to the company in the following ways:

- **Brand Awareness:** Northern Trust's brand strength relies heavily on community involvement through sponsorships and alignment with highly respected nonprofit institutions. A key component to our marketing strategy, Northern Trust's charitable donations, charitable and civic board representation and employee volunteerism all contribute to raising brand awareness and brand equity in target markets around the world.
- **Business Development:** Our Strategic Philanthropy program allows us to work directly with each of our business units to identify opportunities for charitable support related to key marketing and client relationship efforts. Given the nature of our client base, community involvement has proven to be an effective business development tool providing access to key clients, prospects and influencers. In 2011 this program supported our expansion into Washington, D.C. through our contribution the John F. Kennedy Center for the Performing Arts as a member of the organization's Corporate Fund Board.
- **Talent Acquisition & Retention:** Volunteerism and matching gift programs continue to be a competitive advantage in recruiting and partner satisfaction. Volunteer hours donated by Northern Trust partners grew in 2011 and is an increasing priority among college graduates when considering future employment. Nonprofit and civic board involvement is another integral aspect to talent development as





it provides partners with leadership and networking opportunities beyond the scope of their responsibilities at Northern Trust.

- **Our Communities:** An underlying driver of our community involvement is the belief that stronger communities lead to stronger businesses. Knowing that today’s students make up our future workforce, we have participated in extensive conversations with local government and public school systems to identify key issues in education. This led directly to a recent amendment in our Charitable Trust guidelines, which increases our focus on teacher development. Our inclusion in these efforts helps us stay abreast of important socio-economic issues that impact our business and allows us to support the community more effectively.

### Philanthropic Giving

Our global corporate philanthropy program awarded

\$13.9 million in cash contributions to local and international civic and charitable organizations in 2011. In the last five years, corporate philanthropy has contributed

more than \$72.6 million in support of nonprofit organizations worldwide.

Our Northern Trust Charitable Trust and corporate giving program supports organizations with programs in the communities where we do business. The grants primarily assist programs and agencies that focus on advancing the well-being of disadvantaged women and children and people with disabilities in one of four core areas:

- **Enriching Neighbors:** The Charitable Trust supports organizations that strive to measurably improve the quality of life in our focus communities.

Health, basic human needs and community-development programs provide invaluable support to people facing obstacles that impede their full participation in society. Our corporate giving has supported charities such as Texas Scottish Rite Hospital (Dallas, Texas), The Association of Persons with Disabilities (Bangalore, India), Kids Company (London, UK) and The American Red Cross (North America).

- **Preserving the Environment:** To help strengthen the stewardship efforts of organizations that work to preserve the environment, the Charitable Trust supports programs that incorporate elements of green construction into affordable housing initiatives and that create green job-training programs for disadvantaged women and people with disabilities. To increase environmental stewardship efforts, Northern Trust has supported The Nature Conservancy (Chicago, Illinois and Phoenix, Arizona), The Morton Arboretum (Chicago, Illinois) and Chicago Botanic Gardens (Chicago, Illinois).
- **Supporting Education:** Reflecting our view that education is the cornerstone of future success, the Charitable Trust supports organizations that bring innovative, comprehensive and exemplary programs to local public school students. Through our efforts to augment the priorities and goals of local public school systems, students in our communities gain additional tools to enhance their academic achievement and develop their leadership skills. The Charitable Trust gives priority to organizations that improve student achievement through innovative programming, developing the talent of teachers and principals and preparing students to compete globally. Among the organizations Northern Trust has supported are The Academy for Urban School Leadership (Chicago, Illinois), The Point Foundation, (Los Angeles, California) and the Ardoch Youth Foundation (Melbourne, Australia).

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## Total Annual Contributions Summary\*

Categories	2008	2009	2010	2011
United Way Corporate Gift	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$1,100,000
Northern Trust Charitable Trust	2,109,000	2,452,000	2,586,000	2,900,996
Corporate Matching Gifts Nationally	746,000	675,000	630,000	549,996
Other Corporate Philanthropy	10,589,000	8,546,000	10,050,000	9,347,137
<b>Corporate Philanthropy Total</b>	<b>14,444,000</b>	<b>12,673,000</b>	<b>14,266,000</b>	<b>13,898,129</b>
In-Kind Contributions of Products and Services	253,000	190,000	240,000	249,551
Community Development Investments	133,000,000	80,000,000	112,300,000	76,600,000
<b>Corporate Investments/Contributions Total</b>	<b>133,253,000</b>	<b>80,190,000</b>	<b>112,540,000</b>	<b>76,849,551</b>
United Way Employee Contributions	2,600,000	2,500,000	2,400,000	2,000,000
Employee Matching Gifts Contributions	750,000	953,000	776,000	925,294
<b>Employee Contributions Total</b>	<b>3,350,000</b>	<b>3,453,000</b>	<b>3,176,000</b>	<b>2,925,294</b>
<b>Employee &amp; Corporate Grand Total</b>	<b>\$ 151,047,000</b>	<b>\$ 96,316,000</b>	<b>\$ 129,982,000</b>	<b>93,672,974</b>

\*More information on corporate giving can be found in the Charitable Trust Annual Report located at [www.northerntrust.com](http://www.northerntrust.com)

■ **Sharing the Arts:** Arts and cultural programs contribute to developing vibrant and healthy communities. The Charitable Trust supports organizations that bring arts opportunities to our focus communities. It also supports organizations that create forums for social interaction celebrating our diversity and heritage. Specifically, the Charitable Trust supports arts and cultural organizations that open access to the city's cultural life and integrate the arts into education and other community outreach initiatives. Among the organizations it has supported are the American Ballet Theatre (New York, New York), the National Museum of Women in the Arts (Washington, DC) and Steppenwolf Theatre (Chicago, Illinois).

### Partner Involvement

Northern Trust incorporates partner involvement by providing opportunities for volunteerism and facilitating placement on charitable and civic boards. Our partners continued to volunteer generously to charities around the world, but the year also brought about change to the Northern Trust employee volunteerism program

including a new reporting system for engagements, a new strategy in North America in partnership with the United Way for volunteerism and the formalization of employee-led committees in Bangalore, India; Melbourne, Australia; and Stamford, Connecticut. We also saw growth over 2010 in terms of volunteer hours reported. Now at 187,000 hours, our partners recognize how important this engagement remains. Coordinators from around the globe helped to secure volunteer efforts within Europe, the Middle East and the Asia-Pacific regions by working closely with a global community-involvement working group.

■ In the United States, lawyers from various Northern Trust business units participated in a program called the Senior Center Initiative, sponsored by the Chicago based Center for Disability and Elder Law (CDEL), which brings volunteer attorneys into Chicago area senior centers to assist low-income

The Charitable Trust supports arts and cultural organizations that open access to the city's cultural life and integrate the arts into education and other community outreach initiatives.



seniors in completing health care and property powers of attorney and “living wills.” Northern Trust’s participation in the program started in March 2011 and a total of 16 Northern Trust attorneys have provided services to approximately 40 clients in three different senior centers to date. Northern Trust attorneys participating in the program have attended training sessions conducted by a CDEL staff attorney and have paired with attorneys from a local law firm in providing the legal services. Northern Trust was honored with the CDEL Corporate Partner of the Year Award in recognition of this program.

- Northern Trust PFS and NTGA partners from the Stamford, Connecticut office volunteered to help the kids at the local Boys & Girls Club by hosting a fun, festive event that included an educational component regarding nutrition.
- In Bangalore, India, partners continued their active engagement with various charities. Partners volunteered for a host of activities and events. Some of these are the Sports Day for the physically challenged children of Association of People with Disabilities (APD), sapling plantation and construction of houses in association with Habitat for Humanity (HfH), blood donation camp with Rotary Club and the Children’s Day at Sheila Kothavala Institute for the Deaf (SKID).
- London partners worked with the CLIC Sargent for Children with Cancer, an organization that helps children survive the many stages of cancer treatment and recovery.
- Our Melbourne office partners participated in a charity run/walk event with proceeds supporting Ardoch Youth Foundation, which makes education a reality for disadvantaged young people and their families.

## Community Reinvestment Act (CRA)

The Northern Trust Company carries an “Outstanding” CRA rating. More than \$166 million in affordable mortgage loans were originated, and more than \$84.4 million in loans were made for community development purposes to address the needs of underserved low- and moderate-income communities. New CRA investments originated or purchased totaled \$76.6 million. Our directors receive an annual CRA and Fair lending report and have approved our policies related to community reinvestment and fair lending.

As of December 31, 2011, the portfolio of strategic investments totaled \$469.2 million. These investments meet the following community needs:

- **Education and Social Services:** \$51.9 million outstanding. Provide long-term capital and equity for the development of community and education facilities such as charter schools, health clinics and day care centers by nonprofit partners.
- **Affordable Housing:** \$402.2 million outstanding. Support the creation and retention of affordable rental housing and affordable homeownership in partnership with nonprofit lenders and developers.
- **Job Creation:** \$6.2 million in asset value. Support nonprofit micro loan origination programs and the expansion of businesses and job creation through private equity funds.
- **Wealth Accumulation:** \$8.9 million in asset value. Equity investments and certificates of deposits in community development banks provide capital needed for the development of products and services to meet the needs of the unbanked, underbanked and underserved members of our communities.

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



## Community Impact of Investments

- **Craft3, formerly Enterprise Cascadia:** A non-profit community development financial institution established in 1995 with a mission to strengthen economic, ecological and family resilience in Pacific Northwest communities. Craft3 provides loans and business assistance to entrepreneurs, nonprofits, individuals and others who do not normally have access to financing. Northern Trust has been a long-term partner with Craft3 providing a \$1 million equity-equivalent investment used as an ongoing source of capital for Craft3’s regional lending activities. Craft3 closed 593 loans for a total of \$31 million invested in Oregon and Washington businesses and communities, resulting in 606 jobs created or retained, 42 women and minority firms assisted, 2,300 low-moderate income families assisted, nine secondary value-added enterprises created, \$17.6 million in new investment leveraged, \$159.8 million in local land tenure supported, and 5.2 million in gallons of water treated. Since inception Craft3 has closed more than 2,000 loans and invested over \$168 million in the region, assisting more than 12,600 low-moderate income families and supporting the creation and retention of more than 4,500 jobs. The ultimate measure of Craft3’s success lies in the stories of its borrowers – the individuals and businesses who have partnered with Craft3 to improve their own circumstances and help to strengthen the resilience of Pacific Northwest communities.
- **IFF:** Northern Trust has long had an investing and lending relationship with IFF, formerly Illinois Facilities Fund, one of the earliest certified community development financial institutions in the country. We were part of IFF’s first bank consortium in 1994, joining five other local banks to provide \$10 million to help IFF increase its successful lending to child

care centers, Head Start sites, community health centers and special needs housing, including group homes for wards of the state and domestic violence shelters. In 2004, IFF, with Northern Trust’s input in the design, converted the vehicle into a secured investment structure with documents that established an efficient and consistent source of funds for IFF lending. This enabled IFF to plan its outreach and predict the growth of its balance sheet as demand for its loans increased statewide and then regionally. IFF originated 900 loans to help nonprofit organizations own or improve facilities where services and programs reach and serve over 400,000 individuals each year in low-income communities. We also supported IFF’s operations through the Northern Trust Charitable Trust with a grant for general operating support.

More than \$166 million in affordable mortgage loans were originated, and more than \$84.4 million in loans were made to address the needs of underserved low- and moderate-income communities.

- **Wisconsin Women’s Business Initiative Corporation (WWBIC):** Northern Trust has established a dedicated partnership with WWBIC and has invested directly in its micro loan pool to support its mission of providing business loans to women, people of color and lower-wealth individuals as they create sustainable, growing, competitive businesses that create and retain jobs.

— WWBIC Achievements Since 1987

- 1,100 businesses directly financed
- 6,000 jobs created and retained by WWBIC clients statewide
- \$21 million loaned to small business owners
- 37,000 individuals served



— WWBIC Achievements 2011

- 2,482 clients served through business education and lending
- 7,197 counseling hours logged
- 274 workshops held
- 213 jobs created or retained
- 60% of loans to women-owned businesses
- 42% of loans to minority-owned businesses
- 34% of loans to lower wealth business

- **United Way:** Northern Trust enjoys a long and rich history of support with United Way branches across the United States. Our partner fundraising campaign raised \$2 million for United Way to support organizations whose programs focus on increasing access to income, education and health care for those who need it the most. Our Chicago employees completed nearly 70 Day of Caring events and drives for local not-for-profits. And this year’s \$1.1 million corporate donation raised our total contributions to United Way to \$3.1 million.

Chairman and Chief Executive Officer Frederick H. Waddell served as Fundraising Chairman for the United Way of Metropolitan Chicago. To support the rollout of the United 2020 Campaign, Northern Trust hosted the announcement of United Way of Metro Chicago’s education grant recipients to an audience including the Mayor of the City of Chicago, the Deputy Secretary of Education and a large contingent of local and national nonprofit thought leaders. This was the first such event for the United Way of Metro Chicago and is to be repeated annually.

- **The Northern Trust Open:** In 2011, The Northern Trust Open raised \$1.6 million for Los Angeles-area charities, enriching the lives of more than 10,000 children and families. In the first four years of our title sponsorship, The Northern Trust Open generated nearly \$5.5 million for charity. Some of the local

programs supported by the tournament include The First Tee of Los Angeles, Los Angeles Opportunities Industrialization Centers and the Riordan Volunteer Leadership Development Program. In addition to cash donations, The Northern Trust Open incorporates an array of other philanthropic programs aimed at supporting the local community. Programs such as TICKETS For CHARITY, which helps participating nonprofit organizations generate income through ticket sales; Tee Off for Youth, which gives children in Southern California a chance to see world-class golfers compete in person; and Military Outreach initiatives, which provide free admission, food and beverages for all active, reserve and retired military personnel and their dependents, all extend the impact of the tournament.

- **Japan Response:** Northern Trust previously announced a corporate donation of \$250,000 to the American Red Cross International – Japan Earthquake and Tsunami Response. In addition, our employees donated \$67,000, which was matched by Northern Trust, for a total contribution of nearly \$400,000.
- **Charitable Giving in the U.K.:** On a freezing evening in late November more than 100 London partners from across many business units gathered for a charity auction and quiz night which raised £2,500 for the BBC Children in Need charity. With questions covering a wide spectrum of subjects, the leader board changed frequently during the evening. Ultimately, the team from Data Management and

Our partner fundraising campaign raised \$2 million for United Way to support organizations whose programs focus on increasing access to income, education and health for those who need it the most.



Reconciliations claimed victory and the coveted title of “Northern Trust Quiz Champions 2011.”

- **Charitable Giving in Bangalore, India:** The Northern Trust Operations and Technology center in Bangalore continued its charitable support to organizations in the region:
  - At the Sheila Kothavala Institute for the Deaf, we continued our sponsorship of an English teacher.
  - For the Association of People with Disabilities, which provides job training through its horticultural centers, we donated funds to build a water treatment plant. This funding supports both the continuity of the training program and the health of the plants.
  - Northern Trust in Bangalore collaborated with Habitat for Humanity in India to sponsor the building of five houses for underprivileged families.
- **Charitable Giving for Education:** We strongly commit to promoting educational opportunities for disadvantaged members of the communities in which we do business. One way we do this is through the creation of scholarship funds and the sponsorship of educational institutions. The William and Cathy Osborn Scholarship Fund was established in 2010 to honor our former Chairman and CEO and Northern Trust’s commitment to education. The scholarship supports high school seniors in the Chicago-based Noble Network of Charter Schools who will be first-generation college students.

- **Charitable Giving for the Arts:** We have supported the National Foundation for Advancement in the Arts since 2004. Our giving has gone toward the YoungArts program that identifies emerging artists and assists them at critical junctures in their educational and professional development. Since 2007, we have sponsored talented students at the Jacqueline Kennedy Onassis School at the American Ballet Theatre in New York City. As lead sponsor, we help ensure that these students, regardless of their circumstances, get world-class training provided by the American Ballet Theatre.

We strongly commit to promoting educational opportunities for disadvantaged members of the communities in which we do business.



# ENVIRONMENTAL SUSTAINABILITY



**25%**  
REDUCTION TARGET  
FOR PAPER USE IN 2012



We recognize that our commitment to financial success must also consider the broader environmental impact of our operations. As a result, we developed initiatives that pursue sustainable development. We always strive to improve our environmental performance by supporting and encouraging the responsible use, reuse, recycling and disposal of the materials and products we buy. We also monitor our utility consumption and have a team of representatives that further our sustainability projects and processes. We encourage environmentally sustainable behavior through our Partners Think Green and supplier educational programs.

### Environmental Statement

*Northern Trust recognizes that our long-term financial prospects – and those of our clients – are tied to the health of the planet. We commit to protecting and preserving the environment through the services we provide and by mitigating our environmental impacts. We conform to the principles of sustainability and try to meet the needs of the present generation without compromising the ability of future generations to meet their own needs. We seek to integrate environmental considerations into our decision-making process and are committed to the continual improvement of our environmental practices.*

**O**ur environmental policy defines the areas we wish to address as part of our environmental sustainability program, and our published emissions underline our wish to measure and reduce our consumption and waste.

To assist us with monitoring, analyzing and improving our environmental strategy, we implemented our new online metrics system. This system will be the cornerstone to our Environmental Management System and will help ensure adherence to our Environmental Policy and improvement to our environmental planning and evaluating processes.





## Environmental Policy

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

### ■ Compliance

- We will comply with applicable laws and regulations and will implement programs and procedures to monitor compliance.
- We will strive to adhere to the requirements of other initiatives that we enter into voluntarily in accordance with our commitment to aligning our long-term strategic goals with internationally accepted standards.

### ■ Risk Prevention

- We will employ management systems and procedures specifically designed to prevent activities and/or conditions that pose a threat to the environment.
- We will address daily any climate-change challenges to our operations through our Business Resiliency team.

### ■ Resource Management

- We will minimize the adverse environmental impacts of new developments by integrating environmental management practices and procedures during the design phase.
- We will participate in recycling to the greatest practical extent to reduce impact on landfills and promote recovery of valuable resources.
- We will continue to employ our Partners Think Green program and our volunteer “champions” to educate our employees on environmentally sustainable habits both in the office and at home.

### ■ Global Procurement

- We will outline our environmental expectations of vendors by providing them with our Supplier Code of Conduct during the selection process.

- We will periodically review suppliers’ adherence to the Supplier Code of Conduct and pursue corrective measures when necessary as noted in our Global Procurement Policy. We will consider vendors’ sustainable practices as part of our selection criteria where possible.

### ■ Continuous Improvement

- We will measure our progress against our published targets and review our progress at least on an annual basis.
- We will communicate our environmental performance to our employees, clients, vendors, industry associates and other stakeholders; and solicit their input in meeting our environmental goals.
- We will ensure measures related to energy reduction and conservation are communicated to employees at all levels of the organization.

### ■ Management Oversight

- We will include all levels of the organization in the review of our environmental objectives, including: our Partners Think Green employee task force, which helps to create new initiatives for environmental improvement; our Corporate Group Services, which manages our real estate portfolio, procurement procedures and facilities services; our Technology department in its design and specification of efficient equipment and servers; and our CSR Task Group, which includes over 24 members who manage various components of our CSR program.
- Under the leadership of our head of CSR, we will hold periodic management reviews of our environmental objectives, targets and improvement plans with our Executive Management Team, which includes the CEO and Presidents of each business unit as well as the Strategy Committee of the Board of Directors, which provides board oversight of our global CSR strategy.



## Climate Change Statement

At Northern Trust, we strive to do our part to assess and lessen risk related to climate change. Our goal is to lead by example in our global operations by recycling our waste appropriately, monitoring our direct and indirect carbon emissions and taking incremental steps to reduce energy and water usage, as well as emissions from transport. With these initiatives, we hope to propel a continual reduction in emissions and preserve natural resources. Northern Trust’s responsibility includes communicating our principles to our vendors with the expectation that they also will take proactive measures to decrease their environmental impact.

We also provide clients with products and services that help them analyze the environmental impacts and climate-related risks of their portfolios. Furthermore, by expanding our partnerships with key environmental advocacy organizations, we can engage concerned institutions that focus on environmental risks, trends and future opportunities.

## Climate Change Risk

Our Board of Directors’ Business Risk Committee oversees the operational risks to our business. An Operational Risk Committee, which includes various senior officers, oversees issues including business-continuity risks associated with hurricanes, floods and other weather-related events. Our Partners Think Green global sustainability program directs paper and solid-waste recycling and energy conservation initiatives; our Northern Trust Global Investments business unit manages our socially responsible investment services; and the Risk Services Group within our Corporate & Institutional Services business unit directs our web-based compliance monitoring service. The Sustainability Advisory Group meets monthly via teleconference. This group acts in a governance capacity for environmental sustainability initiatives, oversees performance metrics

and provides strategy to ensure environmental sustainability meets our goals, and that the group’s vision is in line with Northern Trust’s overarching CSR vision.

Our Business Resiliency team addresses daily any climate-change challenges to our operations. We operate proprietary business resiliency centers outside of Chicago, Jersey City, Dublin, Bangalore, London and Guernsey in the Channel Islands. We also expect our suppliers to develop a Business Resiliency contingency plan that ensures the services we use continue to function in the face of unknown or unexpected challenges to the supply chain.

Our goal is to lead by example in our global operations by recycling our waste appropriately, monitoring our direct and indirect carbon emissions and taking incre-

## Partner Engagement

### ■ Partners Think Green:

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





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

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

A monthly global environmental sustainability newsletter has been produced since 2009, highlighting

partners who work with Partners Think Green, as well as promoting low carbon technology

Our partners are at the center of our behavior change practices with respect to promoting a more sustainable workplace.

and behavior change – helping to embed sustainability as part of Northern Trust’s CSR-focused culture.

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

■ **Print Smart Campaign:** In response to Northern Trust’s Productivity with a Purpose open feedback forum, partners submitted more than 100 ideas for reducing paper waste and creating a paperless environment. These suggestions framed our Print Smart campaign to reduce the amount of paper used across all offices globally by 25%, as well as reducing the number of printers and fax machines in use. The campaign will conclude on Earth Day 2012 with

a series of presentations, community events and partner awareness training. The campaign has five core themes:

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

Though the project started in late 2011, we already have seen savings of more than 500,000 pages from one building alone – our Operations & Technology building in Chicago, Illinois. As the project progresses we hope to educate our partners on the most efficient way to use printing, to reassess their printing habits and to work towards our reduction target.

■ **Environmental Initiatives In-Progress**

- Rollout of multi-functional devices (MFD) to all regions continued in 2011. In support of the Print Smart campaign, partners were encouraged to print to MFDs that have been defaulted to duplex printing and to surrender their small printers (which largely print single-sided only). Technology Information Services began replacing our current copier fleet with more efficient MFDs in Q2 2011 and will continue deployments through 2013 as existing devices are retired. These new devices offer the same functionality available as our current copiers while also offering (in one device):
  - Black-and-white printing (color printing if requested)
  - High-quality scanning (presently only available in select offices)
  - Lower cost-per-page for printing and copying compared to the current devices
  - Reduced printing expense, contributing to productivity initiative



- Reduced energy and paper consumption, which aligns with our Think Green initiative
  - Greatly improved data security, in keeping with our Think Privacy initiative
- Several offices this year converted their waste recycling from individual workstation receptacles to one centralized floor receptacle. This system allows for more efficient messaging on waste streams and recycle types, as well as a reduction in trash can containers and liners.
  - Our partners in Ireland donated used mobile phones and printer cartridges to the Jack and Jill Foundation, which provides care and support to children with severe neurological development issues, and the charity then recycles them to generate funds.
  - By the end of 2011, over 600 employees in five EMEA office locations will have given their time to local environmental charities, including: Thames21, Hackney City Farm, Mudchute Park & Farm, Tower Hamlets Cemetery Park, Weavers Adventure Playground, Durrell Wildlife Conservation Trust and Portmarnock Beach.
  - Our Sustainability Officer in London undertook projects with Hackney City Farm and Start, furthering our UK community engagement. Hackney is the UK’s second-most-deprived borough. Our Sustainability Officer’s work with Hackney City Farm will enable the farm to develop its corporate funding and volunteer activities, enabling it to continue its outreach work in the borough with children, teenagers, minority groups and socially vulnerable individuals.
  - Our Sustainability Officer assisted Start with its Eco-Rally event and supported Start@Kew, with talks inspiring the public to reduce emissions from transport. He also presented sustainable travel to the public at Start’s event at Royal Kew Gardens in August. The pro bono work at both

the Start@Kew and Eco-Rally events has helped the project to promote low carbon transport behavior in the UK.

- When the Bangalore Partners Think Green Group saw paper cup consumption rise 39% in 2010, compared to 2009 figures, they decided to take action and begin using reusable cups where possible. Following an awareness campaign and the promotion of subsidized reusable cups, consumption of paper cups fell 20% in 2011, saving approximately 380,000 units.
- Our suppliers also participate in partner awareness events during days such as Earth Day. Sodexo, our catering vendor in Chicago, worked with our Partners Think Green team to display energy and consumable reduction tips in the canteens and around the offices. In Limerick, Airtricity (an electricity supply company) advised partners on how to save electricity at home. These partnerships help to both promote low carbon growth within Northern Trust and to develop an understanding of shared values with our supply chain partners.

Following an awareness campaign in Bangalore and the promotion of subsidized reusable cups, consumption of paper cups fell 20% in 2011, saving approximately 380,000 units.

- **Earth Hour and Earth Day 2011:** Northern Trust has two global partner engagement days focused on Earth Hour in March and Earth Day in April. Both Earth Hour and Earth Day were promoted with a “Love the Earth” theme aimed at inspiring change by demonstrating simple steps to help reduce waste and consumption, and to substantiate savings using examples such as trees saved or gallons of water saved per initiative.

Earth Hour took place at 8:30 pm local time,



Saturday, March 26, as people all over the world turned off non-essential lights and took part in the largest environmental awareness day ever organized. Northern Trust offices took part for the fifth year, and in cities all around the globe, monuments and buildings turned off their feature exterior lights and made a special effort to reduce interior lighting levels.

We bridged the weeks between Earth Hour in March and Earth Day in April, with our “Go

Beyond the Hour” competition. Partners in each geographical region were asked to submit entries on how their current

Earth Hour and Earth Day were promoted with a “Love the Earth” theme aimed at inspiring change by demonstrating simple steps to help reduce waste and consumption.

environmental sustainability project was making a difference at home, in the office or in the community. A winner chosen from each of our operational territories nominated a charity to which Northern Trust made a donation. These projects emphasize the global reach of our environmental sustainability and our global reporting framework as disclosed in this report.

On Earth Day itself, several offices hosted events and awareness campaigns focused on our Partners Think Green tips for 2011, with the goal of maximizing partner participation in our program. Individual office highlights include:

- In Chicago, partners met with the Partners Think Green team and learned how to save energy across the company. The team also put together energy and consumable reduction tips in the canteens and around the offices.

- Our Singapore office commemorated Earth Day with a series of awareness building programs and activities inviting partners to do their part towards protecting the environment. A mini-exhibition was held, an educational video on “Energy Efficiency and Recycling” was screened and “Reduce, Reuse and Recycle” brochures published by the National Environmental Agency were issued. Reusable grocery bags were also distributed, as well as recycled potable water.
- The Bangalore office held a tree planting ceremony and produced a display informing partners how best to save energy at home and in the office.

### Client Engagement

Private Passport® is our primary Personal Financial Services Website serving trust & investment management, banking, brokerage and mutual fund clients. In order to consistently deliver an experience that our clients value and associate positively with Northern Trust, we go to great lengths to make sure we understand our client needs. The Product Development team responsible for managing the direction of Private Passport has several means to ensure Northern Trust stays tuned to the “Voice of the Client.” Clients are heard through participation in focus groups, online surveys, Private Passport’s online Suggestion Box, feedback through the Help Desk and Relationship Managers, as well as direct dialog with the Product Development Team members.

The open channel of client feedback has allowed us to focus attention on areas our clients value most. As a result, Private Passport extended its online capabilities in late 2011 for trust and investment management clients, as well as banking deposit clients, to turn off the hard-copy delivery of their monthly and quarterly account



statements. Clients also have the ability to establish standing instructions so all future eligible accounts automatically receive paperless statements. To date, over 75% of the clients that have gone paperless have opted for all future new account statements to be delivered electronically. These new paperless capabilities are in addition to the same feature our brokerage clients have been using since 2010. It is expected that these new paperless capabilities will further drive our client's overall satisfaction with Northern Trust while simultaneously allowing us to reduce our impact on the environment.

Clients' desire to have anytime, anywhere mobile access to account information has been a growing request for the last couple of years. While Private Passport has been accessible on mobile devices in the past, 2011 marked our initial deployment of providing a mobile optimized smart phone experience that displays information in a contemporary and touch-friendly design. The C&IS mobile Passport® application helps institutional clients quickly get the information they need from custody or fund administration accounts to mitigate risk and make informed investment decisions. The new mobile application is accessible on most mobile devices with Internet service.

### Energy-Efficient Buildings

We are a member of the U.S. Green Building Council, whose LEED® (Leadership in Energy and Environmental Design) certification system assesses the energy efficiency of building projects. All of our most recent and significant worldwide building projects gained LEED Gold certification, including the two renovated floors at 181 West Madison Street in Chicago. As we move forward with the development of new buildings, we intend to continue pursuing LEED certification.

Northern Trust's office in Bangalore, India was awarded the U.S. Green Building Council's LEED

Commercial Interiors Platinum certification for the latest phase build-out at the office. The Northern Trust building meets requirements of cost-effective building operation, reduced environmental footprint and healthy and productive work environment. The office received LEED Gold certification in February 2010 for reduced environmental impact during design and construction, and was the first commercial interior to receive LEED certification in Bangalore. This building was the fifth Northern Trust building to earn LEED certification, and the second to achieve certification in Bangalore. We strive to be a global leader as a socially responsible corporation. These distinctions validate our efforts and encourage us to continue that mission.

Platinum certification indicates the office earned over 80 points out of a possible 100, across 48 competencies, on the LEED checklist. The office utilizes a range of water-saving devices and systems such as flow limiters and sensor-based equipment, which reduce overall water usage by up to 42% compared to a standard building. The interiors use renewable and recycled materials such as carpets, green seal certified chemicals and low volatile organic compound paints. The building also has educational signage to educate occupants on green initiatives and fully involve them in the sustainability endeavour.

Other accomplishments on this site included:

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

We strive to be a global leader as a socially responsible corporation. Our LEED certifications validate our efforts and encourage us to continue that mission.



LEED is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.

Our offices purchase new electrical equipment specified to ENERGY STAR efficiency levels whenever possible. Our construction projects will continue to be certified to LEED Standards, ensuring high standards of environmental construction and high utility efficiency in use.

### **Recycling and Renewable Energy**

We are passionate about recycling and using renewable energy sources. Among our achievements, our London office achieved a 68% recycling rate and without any waste sent to landfill; non-recyclable waste is sent locally for energy incineration. Our U.K. Business Resiliency Center, and our London office in Canary Wharf use only renewable energy, as does our Luxembourg office since October 2011. The combined consumption of these buildings – more than 7 GWh – is sourced from a non-fossil, fuel-based electricity supply. Renewable energy powered 6.4% of our global portfolio of building electricity usage at year-end 2011.

Our electronic goods waste recycling provider recycled 14,164 electrical items on our behalf to EPA certified standards. This prevented 24 metric tons of hazardous waste being sent to landfill, giving an overall material conservation total of 132 metric tons – saving enough electricity to power 109 US homes for one year.

66% of our global portfolio reported recycling figures in 2011. Of these offices, the average recycling rate totaled 34% with 612.45 Metric Tonnes of material diverted from landfill. This amounts to a saving of 1,714 Metric Tonnes CO2.

### **Water and Energy Preservation**

Where possible, we have adjusted HVAC thermostat set points by one degree higher or lower, for cooling and heating, respectively. Potentially, this initiative could save up to 10% of our HVAC electricity consumption. We are continuing our initiative to replace incandescent lights with compact fluorescent lights (CFLs) and LEDs, which typically consume only about 11% of an incandescent light's electricity. In 2010, our Bangalore office installed solar panels on the roof that serves as a power supply for emergency lamps, our first on-site power generation facility. We are installing motion-activated lighting controls and sprinkle flow faucets, and reduced water flush toilets across our real-estate portfolio. In our London office's restrooms, the phased installation of energy-efficient hand dryers – which are 80% more efficient than conventional models – has cut hand towel consumption by 1.4 million (or 27%), at a cost of £65,000.

### **Biodiversity**

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

Several of our worldwide volunteering days included a biodiversity theme. For instance, in London, partners cleared debris from the river Thames estuary, and in our Chicago office, partners participated in the annual 12th Street beach clean up in partnership with the Shedd Aquarium.

Our Dublin office led a project to plant marram grass in Portmarnock, a coastal town 10 miles north of the city centre. Planting marram grass is one of several



methods that may be used to prevent beach erosion, increase the height and stability of existing sand dunes, repair damaged dunes and encourage sand accumulation. Where fresh sand deposits around obstructions such as marram grass clumps, this encourages natural dune formation and helps preserve the coastline in a natural way, avoiding the need to construct fencing or larger barriers.

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

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

### Business Travel and Transport

Each year we calculate our business travel and transport emissions based on our partner's use of trains, rental cars, hotel rooms, flights and shuttle bus services. We promote the use of videoconference when possible, and all requests for travel are subject to business justification for approval. Business travel as a scope three emission has increased by 10.4%, reflecting our growing international portfolio and business diversification in new territories. Our emissions from shuttle bus services decreased by 32.3% in Chicago, and our Bangalore shuttle service emissions increased by 56.2%. In addition, our global corporate car rental partners have branded schemes for lower carbon emitting vehicles, and we encourage partners to consider these options when choosing a rental car. This year we are also disclosing emissions from rail travel. This information was not available to us for the 2010 CSR report.

### Carbon Emissions Reduction Targets

For all our offices, we are using raw data when available and assumptions where we cannot get meter readings.

All offices have been assessed to determine if they had supplies of gas or oil this year so that we could fully complete the

We are installing motion-activated lighting controls and sprinkle flow faucets, and reduced water flush toilets across our real-estate portfolio.

scope of our reporting. This has allowed us to reflect a comprehensive reporting boundary in this year's analysis.

In 2010, we set a target of reducing carbon emissions by 5%, per full-time employee (FTE) by the end of 2011. Instead, our overall emissions decreased by 3.75% per FTE compared to 2010 (4.9% absolute increase):

- Scope 1 emissions decreased by 13.9% per FTE (6.2% absolute decrease).
- Scope 2 emissions decreased by 4.0% per FTE (4.6% absolute increase).
- Scope 3 emissions increased by 1.3% per FTE (10.4% absolute increase).

Our Scope 1 decrease reflects that we have made substantial progress reducing our direct carbon emissions by more than twice our goal. However, due to expanding international business, acquisitions, and a stable workforce; we have more work to do to reduce our indirect emissions related to electricity usage (Scope 2) and business travel (Scope 3). With the rapid growth of our Asia-Pacific client base, our Operations & Technology business unit has expanded in the region to keep up with business demand. We have over 2,900 partners in the region, a 23.7% increase from 2010, working 24 hours a day, six days a week to provide dedicated support to our client's needs.



20.5% of our total Scope 2 emissions come from our two Chicago-area data centers. Through innovative use of emerging technologies that include server consolidation, virtualization and private cloud computing, Northern Trust has been able to decrease our electrical consumption in 2011 by 5% at these data centers while still providing computing growth for the Corporation. Focusing on these initiatives and purchasing equipment that is Energy Star-rated, will allow us to continue to grow technological capacity while at the same time decreasing our carbon footprint. We also audited three buildings – totaling 65% of our U.S. portfolio – in terms of their electrical efficiency in 2011. The results of this audit will help drive future energy conservation initiatives.

34.8% of our total Scope 3 emissions relate to the 56.2% increase in emissions in our Bangalore shuttle service. This is due to the addition of over 480 partners to our two Bangalore offices. Although our emissions from the shuttle service have increased, we are reducing the need for partners to drive their own car to the office. Over the next year we will work towards incorporating more efficient multiple drop-off locations into the service routes in Bangalore. Emissions from travel have also increased due to the inclusion of a new data point (rail travel) and continually improving data measurements.

We plan to expand the capabilities of our online metrics throughout 2012 to fully align our business and offices worldwide to support our goal of 3% reduction in emissions per FTE in 2012, based on a 2011 baseline. By further enhancing our analytics with regard to emissions measuring and forecasting we will be able to set consistent and realistic long-term carbon emissions targets in 2013.

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

CSR report, stakeholders will be able to review our progress towards reducing our emissions.

### **Energy Intensity Per Transaction**

We have calculated our electrical energy intensity per transaction to be 6.2 kWh

### **Fines and Accidents**

Northern Trust has never been fined or sanctioned for failure to comply with environmental laws and regulations. We also have not been party to any spill accidents.



## 2011 Carbon Emissions and Energy Usage: Reporting Boundaries by Region\*

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

\*Reporting boundaries and carbon emissions figures do not reflect the BOISS, Omnium acquisitions

## 2011 Gigajoules (GJ) of Energy by Region

	Scope 1 NATURAL GAS	Scope 1 DIESEL	Scope 1 TOTAL	Scope 2* TOTAL	OVERALL
NORTH AMERICA	51,099	3,577	54,676	320,092	374,768
ASIA-PACIFIC	—	5,435	5,435	33,850	39,285
EUROPE, MIDDLE EAST, AFRICA	5,374	292	5,666	43,799	49,465
OVERALL	56,473	9,304	65,777	397,741	463,518

\*Scope 2 energy reflects electricity usage.

## 2011 Energy (kWh) Consumed by Region

	NORTH AMERICA	ASIA-PACIFIC	EUROPE, MIDDLE EAST, AFRICA	OVERALL
Energy (kWh)	88,914,554	9,402,780	12,166,260	110,483,594
100% Renewable Energy (kWh)	0	0	7,016,815	7,016,815
Regional percentage of 100% Renewable Energy	0%	0%	57.7%	6.4%



## 2011 Greenhouse Gases (metric tonnes of CO2) by Region

	NORTH AMERICA	ASIA-PACIFIC	EUROPE, MIDDLE EAST, AFRICA	OVERALL
Employees - FTE	8,397	2,957	2,569	13,923
Scope 1 – Direct	3,244	403	313	3,960
Scope 1 - per FTE	0.386	0.136	0.122	0.28
Scope 2 – Indirect	46,038	8,739	5,899	60,675
Scope 2 - per FTE	5.483	2.955	2.296	4.358
Scope 3 – Business*	6,059	5,359	1,621	13,039
Scope 3 - per FTE	0.722	1.812	0.631	0.94
Total – ALL	55,341	14,501	7,833	77,674
Total - per FTE	6.591	4.904	3.049	5.579

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

## 2007 – 2011 Greenhouse Gases (metric tonnes of CO2) for All Regions

	2007 FISCAL YEAR	2008 FISCAL YEAR*	2009 FISCAL YEAR	2010 FISCAL YEAR**	2011 FISCAL YEAR
Employees - FTE	11,062	12,340	12,585	12,777	13,923
Scope 1 – Direct	7,208	7,759	7,656	4,221	3,960
Scope 1 - per FTE	0.652	0.629	0.608	0.330	0.284
Scope 1 - % chg FTE	-0.48%	-3.50%	-3.25%	-45.70%	-13.89%
Scope 2 - Indirect	71,736	67,177	52,920	58,027	60,675
Scope 2 - per FTE	6.48	5.44	4.21	4.54	4.36
Scope 2 - % chg FTE	7.31%	-16.05%	-22.76%	8.00%	-4.04%
Scope 3 - Business	6,447	10,483	7,020	11,809	13,039
Scope 3 - per FTE	0.583	0.850	0.558	0.924	0.937
Scope 3 - % chg FTE	-26.57%	45.76%	-34.34%	65.69%	1.33%
Total – ALL	85,391	85,419	67,596	74,057	77,674
Total - per FTE	7.72	6.92	5.37	5.80	5.58
Total - % chg FTE	3.04%	-10.33%	-22.41%	7.91%	-3.75%

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

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

## Other Indirect Greenhouse Gas and Air Emissions (in metric tonnes)

	NORTH AMERICA	ASIA-PACIFIC	EUROPE, MIDDLE EAST, AFRICA	OVERALL
Methane (CH4)	2.371	1.022	0.711	4.105
N2O	0.797	0.134	0.127	1.058
SOX	Considered de minimis	Considered de minimis	Considered de minimis	Considered de minimis
Total – ALL	3.168	1.157	0.838	5.163



### **Conversion References:**

We have referenced the following conversion tables and guides:

- World Resources Institute - WRI: Emission Factors from Cross-Sector Tools (September 2011)
- The US Environmental Protection Agency:
  - USEPA eGRID2007 - 2005 State Emissions and Emission Rates
  - Public Transport Emission Factors
- Department for Environment, Food and Rural Affairs – DEFRA: Public Transport Emission Factors
- Green House Gas Protocol – Air Transport Emission Factors
- Intergovernmental Panel on Climate Change – IPCC: Guidelines for National Greenhouse Gas Inventories (2006)

# BASIS FOR THIS REPORT

## Summary of 2011 Reporting Mechanisms

This report is based on information obtained, created and compiled for fiscal year January 1, 2011 to December 31, 2011. It is our fourth annual CSR publication; commentary was also published in 2008, 2009 and 2010. 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 our environmental performance excludes the offices related to the acquisition of BOISS, Omnium and eight locations where the square footage is less than 5,000. Data measurement techniques utilized includes the Greenhouse Gas Protocol by the World Resources Institute and the Global Reporting Initiative (GRI) framework. When raw data from owned or sub-metered facilities is unavailable, estimated consumption for the North America and the Europe-Middle East locations is based on a square foot extrapolation of the average consumption for that region, 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](mailto:CSRatNT@ntrs.com).



Signatory of:



## 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, 2011. The Company's management is responsible for the Corporate Social Responsibility Report.

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

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

Based on our review, nothing came to our attention that caused us to believe that the Corporate Social Responsibility Report does not include, in all material respects, the required elements of the Global Reporting Initiative G3.1 Sustainability Reporting Framework for Application Level B; that the 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.

*Deloitte & Touche LLP*

April 27, 2012

## Statement GRI Application Level Check

GRI hereby states that **Northern Trust** has presented its report “Corporate Social Responsibility - 2011 Annual Report” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

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

Amsterdam, April 6th 2012



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



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

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://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 April 4th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

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4.17	Key topics and concerns raised through stakeholder engagement	12–17	Integrity in Governance	
<b>ECONOMIC PERFORMANCE INDICATORS</b>				
DMA EC	Disclosure on Management Approach	44	Community	
Aspects	Economic Performance	45–47	Community	
	Market presence	24–26	Ethical Business	
	Indirect economic impacts	44–46	Community	
EC1*	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	45–47	Community	<a href="#">Charitable Trust Annual Report</a>
EC2*	Financial implications and other risks and opportunities for the organization's activities due to climate change	54	Environment	
EC3*	Coverage of the organization's defined benefit plan obligations	34	Workforce	
EC4	Significant financial assistance received from government		Not Disclosed	
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation		Not Disclosed	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	24–25	Ethical Business	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	34–35	Workforce	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	46–50	Community	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	48–50	Community	
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>				
DMA EN	Disclosure on Management Approach	52	Environment	

GRI	Description	Page(s)	Report Section(s)	External Links
Aspects	Energy	62–63	Environment	<a href="#">Northern Trust's 2006–2011 Environmental Reports for the Carbon Disclosure Project</a>
	Biodiversity	59–60	Environment	
	Emissions, effluents and waste	62–63	Environment	
	Products and services	57–58	Environment	
	Compliance	61	Environment	
	Transport	60	Environment	
EN1	Materials used by weight or volume	59	Environment	
EN2	Percentage of materials used that are recycled inputs	59	Environment	
EN3	Direct energy consumption by primary energy source	62	Environment	
EN4	Indirect energy consumption by primary source	62	Environment	
EN5	Energy saved due to conservation and efficiency improvements	55–56, 59	Environment	
EN6	Initiatives to provide energy-efficient or renewable energy based products/services, and reductions in energy requirements as a result of these initiatives	55–56, 59	Environment	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	54–56, 59	Environment	
EN8	Total water withdrawal by source		Not Disclosed	
EN9	Water sources significantly affected by withdrawal of water		Not Disclosed	
EN10	Percentage and total volume of water recycled and reused		Not Disclosed	
EN11*	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	59–60	Environment	
EN12*	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	59–60	Environment	
EN13*	Habitats protected or restored	59–60	Environment	
EN14*	Strategies, current actions, and future plans for managing impacts on biodiversity	59–60	Environment	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Not Disclosed	
EN16*	Total direct and indirect greenhouse gas emissions by weight	63	Environment	
EN17*	Other relevant indirect greenhouse gas emissions by weight	63	Environment	
EN18	Initiatives to reduce GHG emissions and reductions achieved	54–55	Environment	
EN19	Emissions of ozone-depleting substances by weight		Not Disclosed	

GRI	Description	Page(s)	Report Section(s)	External Links
EN20	NOx, SOx, and other significant air emissions by type and weight		Not Disclosed	<a href="#">Northern Trust's 2006–2011 Environmental Reports for the Carbon Disclosure Project</a>
EN21	Total water discharge by quality and destination		Not Disclosed	
EN22*	Total water discharge by quality and destination	59	Environment	
EN23	Total number and volume of significant spills	61	Environment	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally		Not Disclosed	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff		Not Disclosed	
EN26	Initiatives to mitigate environmental impacts of products/services, and extent of impact mitigation	57–58	Environment	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		Not Disclosed	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	61	Environment	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	60	Environment	
EN30	Total environmental protection expenditures and investments by type		Not Disclosed	
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK</b>				
DMA LA	Disclosure on Management Approach	32	Workforce	
Aspects	Employment	32–33	Workforce	
	Labor/management relations	34–37	Workforce	
	Occupational health and safety	36–37	Workforce	
	Training and education	35–36	Workforce	
	Diversity and Equal Opportunity	32, 37–42	Workforce	
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	33	Workforce	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region		Not Disclosed	

GRI	Description	Page(s)	Report Section(s)	External Links
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	34	Workforce	
LA4	Percentage of employees covered by collective bargaining agreements	37	Workforce	
LA5*	Minimum notice period(s) regarding operational changes	35	Workforce	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	36-37	Workforce	
LA7*	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender	37	Workforce	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	37	Workforce	
LA9	Health and safety topics covered in formal agreements with trade unions	37	Workforce	
LA10*	Average hours of training per year per employee by gender, and by employee category	35	Workforce	
LA11*	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	34-35	Workforce	
LA12*	Percentage of employees receiving regular performance and career development reviews, by gender	35	Workforce	
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	33	Workforce	
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Not Disclosed		
LA15	Return to work and retention rates after parental leave, by gender	34	Workforce	
<b>SOCIAL: HUMAN RIGHTS</b>				
DMA HR	Disclosure on Management Approach	32	Workforce	
Aspects	Investment and Procurement Practices	24-26	Ethical Business	
	Freedom of association and collective bargaining	37	Workforce	
	Child labor	32	Workforce	
	Forced and compulsory labor	32	Workforce	
	Indigenous rights	32	Workforce	

GRI	Description	Page(s)	Report Section(s)	External Links
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening		Not Disclosed	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	24-25	Ethical Business	
HR3*	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	32	Workforce	
HR4	Total number of incidents of discrimination and corrective actions		Not Disclosed	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	37	Workforce	
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	32	Workforce	
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	32	Workforce	
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		Not Disclosed	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	32	Workforce	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments		Not Disclosed	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms		Not Disclosed	
<b>SOCIAL: SOCIETY</b>				
DMA SO	Disclosure on Management Approach	20	Ethical Business	
Aspects	Community	24-26	Ethical Business	
	Corruption	21-23	Ethical Business	
	Public policy	23-24	Ethical Business	
	Anti-competitive behavior	21	Ethical Business	
	Compliance	21-23	Ethical Business	
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs		Not Disclosed	

GRI	Description	Page(s)	Report Section(s)	External Links
SO2	Business units analyzed for risks related to corruption	21	Ethical Business	
SO3*	Employees trained in organization's anti-corruption policies	22	Ethical Business	
SO4*	Actions taken in response to incidents of corruption	21	Ethical Business	
SO5	Public policy positions and participation in public policy development	23	Ethical Business	
SO6	Value of contributions to political parties	23	Ethical Business	<a href="#">Northern Trust's Political Contributions at FEC Website</a>
SO7	Legal actions for anti-competitive behavior	21	Ethical Business	
SO8	Value of fines for non-compliance with laws and regulations	21	Ethical Business	
SO9	Operations with significant potential or actual negative impacts on local communities		Not Disclosed	
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities		Not Disclosed	
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>				
DMA PR	Disclosure on Management Approach	20	Ethical Business	
Aspects	Product and service labeling	24	Ethical Business	
	Marketing communications	24	Ethical Business	
PR1*	Procedures for health and safety impacts of products/services	24	Ethical Business	
PR2*	Incidents of non-compliance with product health and safety	24	Ethical Business	
PR3*	Type of product and service information required by procedures	24	Ethical Business	
PR4*	Incidents of non-compliance concerning product labeling	24	Ethical Business	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	12-13	Integrity in Governance	
PR6	Programs for adherence to laws related to marketing	24	Ethical Business	
PR7	Incidents of non-compliance concerning marketing	24	Ethical Business	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		Not Disclosed	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	21	Ethical Business	
<b>FINANCIAL SERVICES SECTOR SUPPLEMENT</b>				
DMA FSS	Disclosure on Management Approach	26-27	Ethical Business	
FS1*	Policies with specific environmental and social components applied to business lines	27-30	Ethical Business	

GRI	Description	Page(s)	Report Section(s)	External Links
FS2*	Procedures for assessing and screening environmental and social risks in business lines.	27–30	Ethical Business	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions		Not Disclosed	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	28–29	Ethical Business	
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	28	Ethical Business	
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector		Not Disclosed	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	25	Ethical Business	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.		Not Disclosed	
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures		Not Disclosed	
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues		Not Disclosed	
FS11	Percentage of assets subject to positive and negative environmental or social screening	27	Ethical Business	
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	30	Ethical Business	<a href="#">Proxy Voting Guidelines</a>
FS13	Access points in low-populated or economically disadvantaged areas by type	24	Ethical Business	
FS14	Initiatives to improve access to financial services for disadvantaged people	24	Ethical Business	
FS15	Policies for the fair design and sale of financial products and services		Not Disclosed	
FS16	Initiatives to enhance financial literacy by type of beneficiary		Not Disclosed	

\*Indicates partial response

# NORTHERN TRUST GLOBAL LOCATIONS



## United States

Arizona  
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Connecticut  
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Illinois  
Massachusetts  
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Minnesota  
Missouri  
Nevada  
New York  
Ohio  
Texas  
Washington  
Wisconsin

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