

CORPORATE SOCIAL RESPONSIBILITY
2011 ANNUAL REPORT HIGHLIGHTS SUMMARY



Northern Trust



CORPORATE SOCIAL RESPONSIBILITY AT NORTHERN TRUST

Volunteerism. Philanthropy. Sound business practices and ethics. And a conservation-minded approach to protecting the environment. All are integral to Northern Trust's culture of caring and form the foundation of our corporate social responsibility (CSR). Our commitment to a culture of caring means that by turning money into good works, we extend a helping hand to those who may be unable to care for themselves. We 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



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

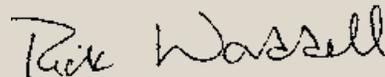
alignment of Environmental, Social and Governance (ESG) related indicators within our core businesses. We believe that CEO and executive-level leadership and engagement are critical to integrating CSR imperatives into our five-year strategic plans for each business unit. Connie Lindsey, Executive Vice 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.

A handwritten signature in cursive script that reads "Connie L. Lindsey".

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

KEY PERFORMANCE INDICATORS

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

KEY PERFORMANCE INDICATORS

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

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. 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.

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



115TH

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."

We 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.



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.

Our Approach To Stakeholder Engagement

CLIENTS

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

PARTNERS

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

SHAREHOLDERS

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





COMMUNITIES

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

REGULATORS

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

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.

PEERS

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.



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



24TH
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

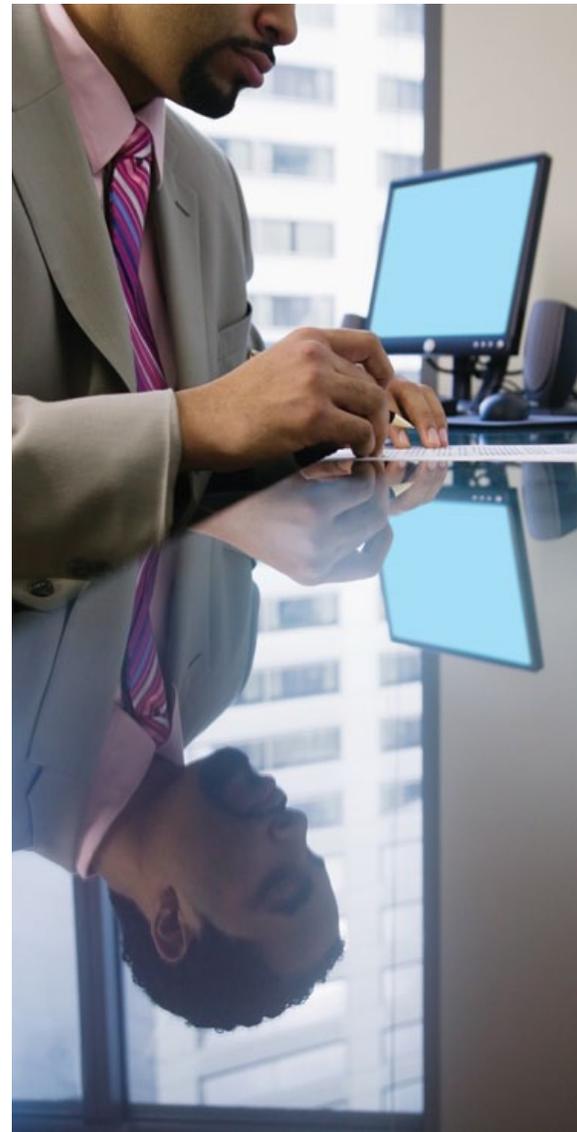
IN considering our capital needs and risk profile, it is important to understand that we do not underwrite mortgage loans to subprime borrowers. Reflecting on our time-tested risk management practices, we maintain a very strong, conservatively positioned balance sheet. Our securities portfolio is of 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 Vendor Conduct

Our Global Procurement department is lead 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 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.





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 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.

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. 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 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 strategies represent over 5% of our total index and multi-manager solutions assets.

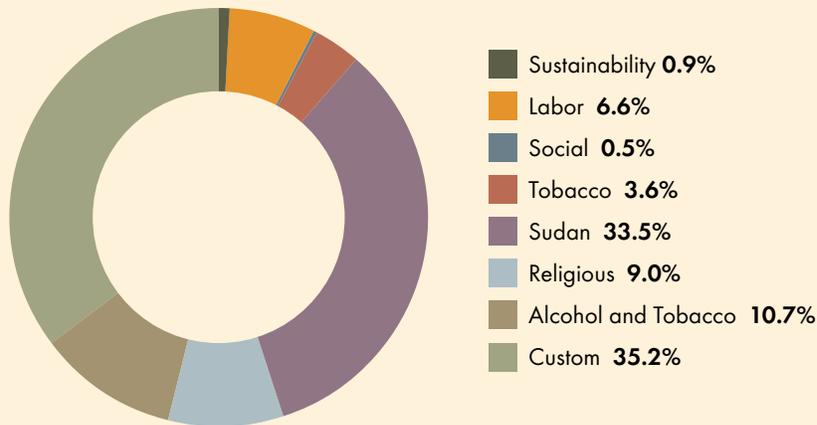
RI Principles

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.



SOCIALLY SCREENED ASSETS BY STRATEGY – December 31, 2011



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.



315,000

HOURS OF TRAINING
COMPLETED BY PARTNERS

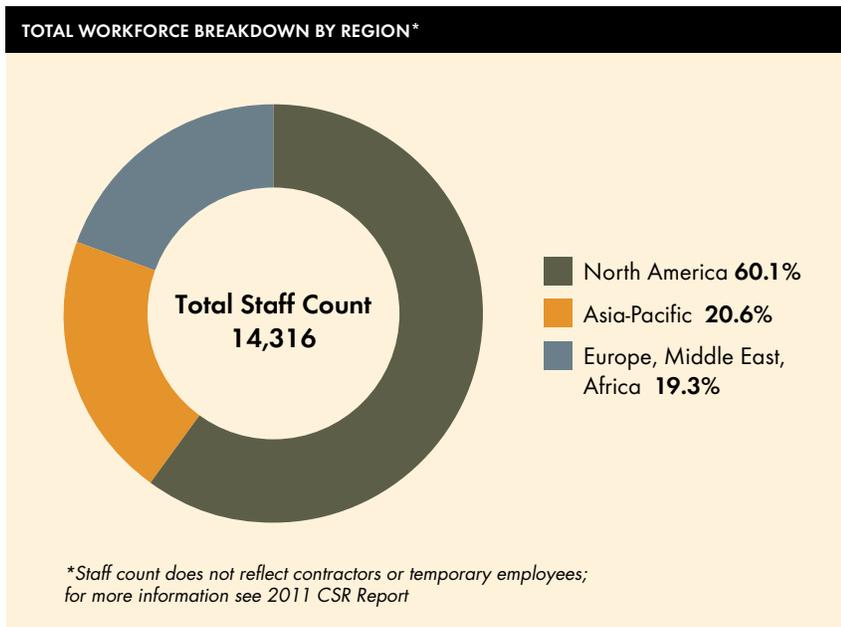
Northern Trust enforces a workforce policy that does not tolerate discrimination based on race, ethnicity, gender, gender identity, sexual orientation, physical or mental disability, religious choice and many other personal characteristics. In addition, we do not tolerate forced labor, child labor or 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

OUR human rights and workforce principles apply to all of our global company operations and clearly state our support for the protection of minority groups’ rights, women’s rights and workers’ rights. They expressly reference our conformance with International Labour Organization standards, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and other public policies. 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.





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:

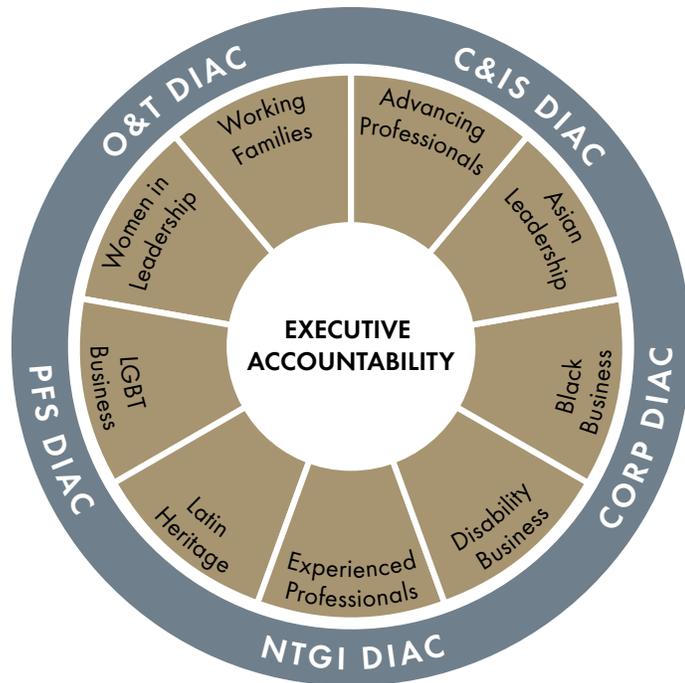
- **Advancing Professionals Resource Council (APRC)**
- **Asian Leadership Business Resource Council (ALBRC)**
- **Black Business Resource Council (BBRC)**
- **Disability Business Resource Council (DBRC)**
- **Experienced Professionals Business Resource Council (EPBRC)**
- **Latin Heritage Leadership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

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**
- **Corporate & Institutional Services DIAC**
- **NTGI DIAC**
- **Operations & Technology DIAC**
- **Personal Financial Services DIAC**





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.



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.

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.

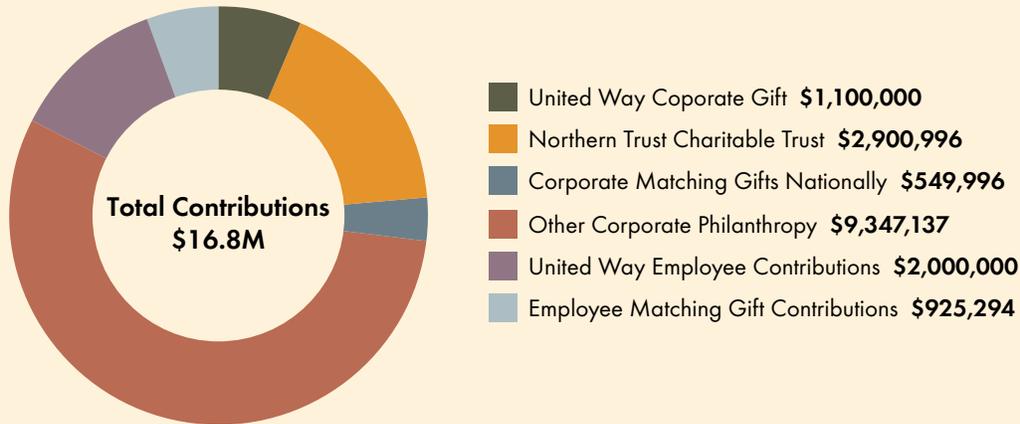
- **United Way:** Northern Trust enjoys a long and rich history of support with United Way branches across the United States. Our partner fundraising campaign raised \$2 million for United Way to support organizations whose programs focus on increasing access to income, education and health care for 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.





ANNUAL CORPORATE & EMPLOYEE CONTRIBUTIONS *



*Annual Corporate Investments not included. More information on corporate giving can be found in the Charitable Trust Annual Report and 2011 CSR Report.

■ **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 Fore 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.

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.



ENVIRONMENTAL SUSTAINABILITY



25%
REDUCTION TARGET
FOR PAPER USE IN 2012

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.



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

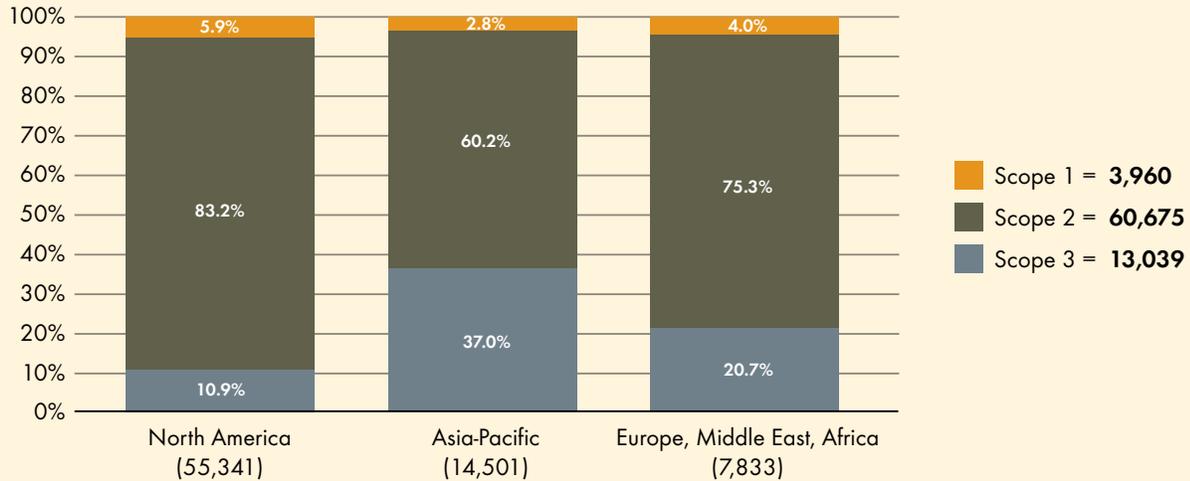
At Northern Trust, we strive to do our part to assess and lessen risk related to climate change. Our goal is to lead by example in our global operations by recycling our waste appropriately, monitoring our direct and indirect carbon emissions and taking incremental steps to reduce energy and water usage, 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.



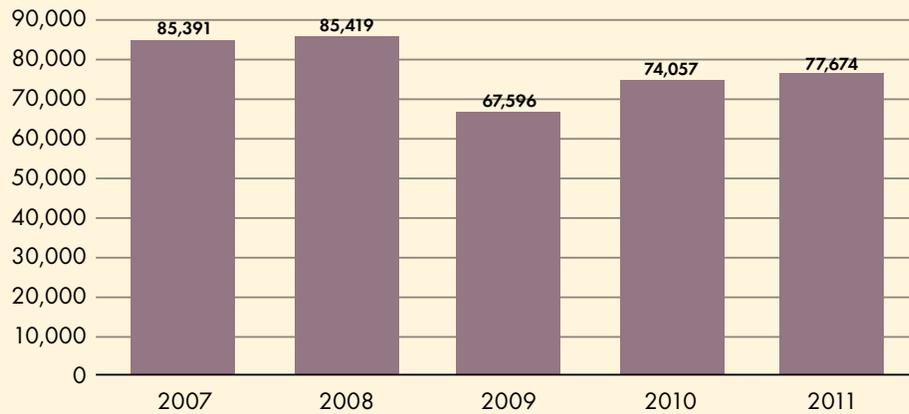
2011 GREENHOUSE GASES (METRIC TONNES OF CO2) BY REGION

Total 2011 Greenhouse Gases = 77,674



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

2007-2011 GREENHOUSE GASES (METRIC TONNES OF CO2) FOR ALL REGIONS



Our full 2011 CSR report is located at
northerntrust.com/csr

