



Corporate Social Responsibility

ACHIEVE GREATER

NORTHERN TRUST 2016 CORPORATE SOCIAL RESPONSIBILITY REPORT



“At Northern Trust, we believe organizations with a demonstrated commitment to corporate social responsibility create greater value for shareholders and key stakeholders.”

FREDERICK H. WADDELL

Chairman and Chief Executive Officer

STRATEGIC CORPORATE SOCIAL RESPONSIBILITY PILLARS



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LETTER FROM CONNIE L. LINDSEY AND FREDERICK H. WADDELL



We are pleased to present our seventh Corporate Social Responsibility (CSR) Report prepared using Global Reporting Initiative (GRI) standards. At Northern Trust, we believe organizations with a demonstrated commitment to corporate social responsibility create greater value for shareholders and key stakeholders. To achieve this, we have aligned our CSR efforts with our guiding principles of service, expertise and integrity. Through these principles, we are dedicated to meeting the evolving needs of our clients, shareholders and other key stakeholders through innovative and ethical business practices. Above all, we aim to serve as a responsible corporate citizen in the diverse communities and environments in which we live and work.

In 2016, we conducted our biannual refresh of our material aspects as part of our ongoing practice of stakeholder engagement. This process helped inform the pillars of our CSR strategy: Core Aspects, Partners, Shared Value and Sustainable Products. These pillars are the foundation that will support the growth of our business for years to come, and they will allow us to continue to “Achieve Greater” on behalf of all of our stakeholders.

Northern Trust’s more than 17,000 employees serving our clients around the globe bring enthusiasm and expertise to improving our society and environment with integrity on a daily basis. Highlights of our 2016 work include:

- Named one of the World’s Most Ethical Companies for the third consecutive year
- Maintained a Community Reinvestment Act (CRA) rating of "Outstanding"
- Received an award of "Tier 1 status" by the Financial Reporting Council
- Sponsored our first Hiring our Heroes Corporate Fellowship Program

We are proud of our work and the impact it has on our employees, clients, shareholders and other key stakeholders. We thank them for their contributions to our success in 2016 and look forward to our future collective achievements. Thank you for your interest in our CSR journey.

Connie L. Lindsey

*Executive Vice President,
Head of Corporate Social
Responsibility and Global
Diversity & Inclusion*

Frederick H. Waddell

Chairman and Chief Executive Officer

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

INDEPENDENT ACCOUNTANTS' REPORT



KPMG LLP
Aon Center, Suite 5500
200 E. Randolph Street
Chicago, IL 60601-6436

The Board of Directors and Management
Northern Trust Corporation:

We have reviewed management of Northern Trust Corporation's assertion that the accompanying 2016 Corporate Social Responsibility Report of Northern Trust Corporation (the Company) for the year ended December 31, 2016 (the 2016 Corporate Social Responsibility Report) includes the required elements in accordance with the Global Reporting Initiative Standards: Core option. The Company's management is responsible for its assertion. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

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 assumption that affect reported information. The selection of different but acceptable measurement techniques can result in materially different measurements. Different entities may make different but acceptable interpretations and determinations.

Based on our review, we are not aware of any material modifications that should be made to management of Northern Trust Corporation's assertion in order for it to be fairly stated.

KPMG LLP

Cambridge, Massachusetts
September 27, 2017

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BASIS FOR REPORT

REPORT CONTENT

This report has been created in response to interactions with key stakeholder groups. 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.

PERIOD, SCOPE AND BOUNDARY

This report is based on information obtained, created and compiled for the fiscal year ended December 31, 2016. Our previous report was for the year ended December 31, 2015. The boundary of this report includes 100% of our leased and owned offices and 100% of our workforce in all global regions in which we operate. In 2016, we expanded our operations in the Asia-Pacific (APAC) region by opening a new facility in Pune, India. We are only reporting on aggregated data from wholly owned subsidiaries. No joint ventures or other entities are included unless otherwise noted. There are no restatements from prior years and no significant changes in size, structure, supply chain or ownership from previous reporting periods.

STAKEHOLDER ENGAGEMENT

We actively engage in dialogue with our stakeholders – clients, partners (employees), shareholders, communities, regulators, suppliers and peers. These stakeholder groups are determined based on our business strategy of serving corporations, institutions and affluent individuals worldwide. Each stakeholder group affects our reputation, policies and best practices. We believe it is imperative to consult regularly with these groups through periodic in-person meetings, electronic communication, conferences and other platforms. Through these interactions, we receive suggestions and concerns related to our business practices.

REPORTING FRAMEWORK

This is our seventh year using the GRI framework. As a member of the GRI Standards Pioneer community, this is our first report using GRI Standards, the GRI's fifth generation of guidelines for sustainability reporting. Under these guidelines, this report has been prepared in accordance with the GRI Standards, Core Option.

MATERIAL ASPECTS

The report and its index provide details on the material aspects and topics that reflect economic, environmental and social impacts relevant to our business. Our focus during 2016 was conducting a new materiality assessment. During 2017, we will set specific key performance indicators and will continue to measure progress against these indicators.

Core Aspects – Governance, Ethics and Operations, Responsible Sourcing and Environmental Impacts

Employees – Global Talent Management, Diversity and Inclusion

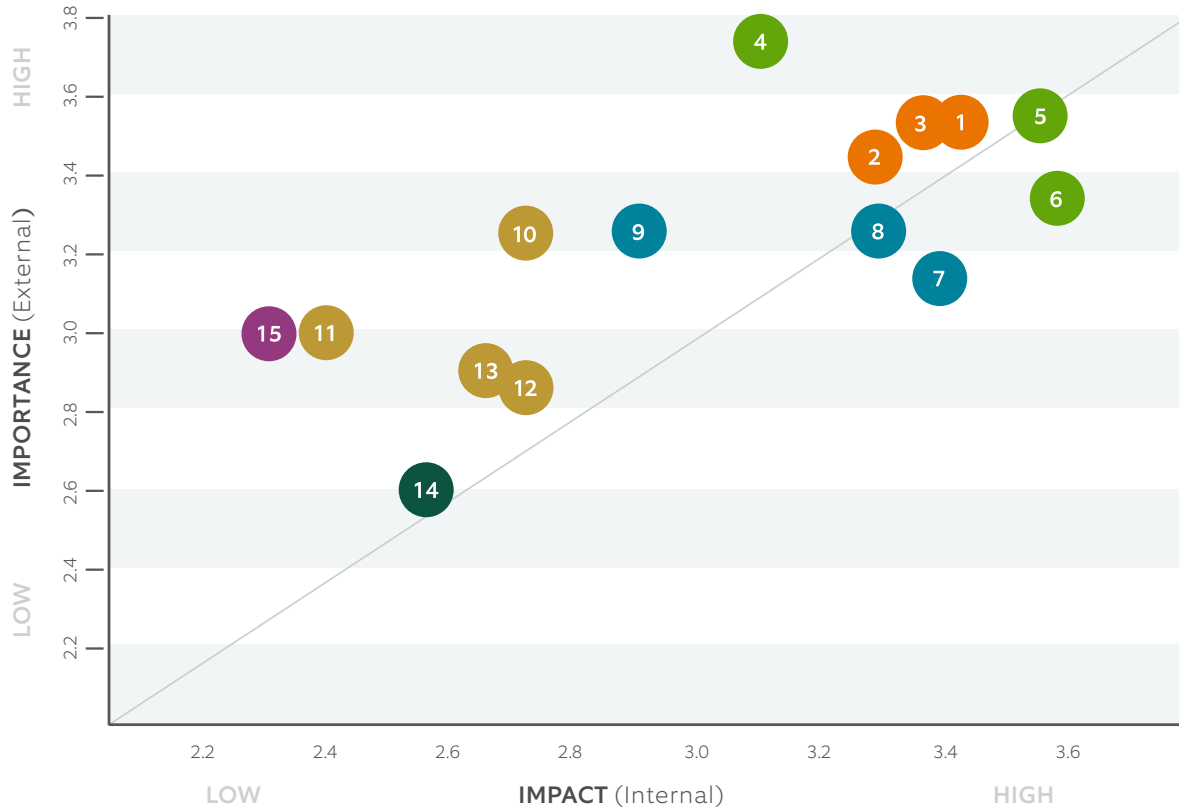
Shared Value – Community Development, Global Philanthropy and Volunteerism

Sustainable Product & Services – Environmental, Social and Governance (ESG) Integration, Responsible Investment Products and Services

EXTERNAL ASSURANCE

Refer to the Independent Accountants' Review Report from KPMG on page 6. Questions related to this report can be sent to CSRatNT@ntrs.com.

MATERIALITY MATRIX



Governance and Risk Management

1. Board oversight
2. Transparency
3. Management of legal and regulatory framework

Ethics and Compliance

4. Ethical conduct
5. Data privacy and security
6. Anti-money laundering (AML) and anti-bribery and corruption (ABC)

Employees

7. Global talent management
8. Employee diversity and inclusion
9. Employment Practices

Community

10. Economic impact
11. Fair lending / Community Reinvestment Act
12. Global philanthropy
13. Volunteering

Operations

14. Direct environment impact

Products and Services

15. ESG investment products

HONORS

BEST BANKS IN AMERICA

Forbes 2016

BEST PRIVATE BANK IN THE UNITED STATES

Financial Times Group, 2016

ONE OF THE “WORLD’S MOST ETHICAL COMPANIES”

Ethisphere Institute

2016 – Third Consecutive Year

100 BEST ADOPTION-FRIENDLY WORKPLACES LIST

Dave Thomas Foundation For Adoption, 2016

TOP 50 COMPANY FOR EXECUTIVE WOMEN

National Association For Female Executives

2016 – Seventh Consecutive Year

TOP 50 COMPANIES FOR LATINAS TO WORK FOR IN THE UNITED STATES

Latina Style Magazine, 2016

100 BEST COMPANIES FOR WOMEN IN INDIA

Working Mother & AVTAR, 2016

FTSE4GOOD GLOBAL INDEX

2016 – Tenth Consecutive Year

DOW JONES SUSTAINABILITY NORTH AMERICAN INDEX

2016 – Sixth Consecutive Year

NORTHERN TRUST HIGHLIGHTS

(as of and for the year ended December 31, 2016)

Assets under
custody

\$6.7
trillion

Assets under
management

\$942
billion

Return on equity

11.9
percent

CORE ASPECTS

Governance

Connie L. Lindsey, Executive Vice President and Head of Corporate Social Responsibility and Global Diversity & Inclusion, is responsible for the design and execution of a comprehensive CSR strategy. Ms. Lindsey reports directly to Frederick H. Waddell, the Chairman and Chief Executive Officer of Northern Trust Corporation (the "Corporation"). Ms. Lindsey also chairs the Executive Corporate Social Responsibility Council, a group of senior partners throughout the organization that enables the implementation of Northern Trust's CSR strategy through the setting and tracking of goals related to material aspects of our CSR strategy, including sustainability initiatives.

The Corporation's Board of Directors provides general oversight of Northern Trust's corporate citizenship and social responsibility matters of significance to the Corporation and its subsidiaries. This oversight was facilitated by the Board's Corporate Social Responsibility Committee in 2016, and going forward will be facilitated by the Board's Corporate Governance Committee, which assumed the primary duties, powers and responsibilities of the Corporate Social Responsibility Committee in April 2017. Oversight of certain financial and operational risks associated with climate change and other environmental risk factors is also provided by the Board's Business

Risk Committee through its oversight of the Corporation's global risk management framework and risk management policies.

Ethics

All global partners are expected to adhere to and uphold our core values, exercise the highest ethical judgment and comply with laws that apply to their duties. Partners also must follow all laws and regulations and avoid any situation that may trigger a conflict of interest. We expect partners to treat all information as confidential; breaches of confidentiality obligations may bring disciplinary action. All partners are required to take three courses annually: "Global AML & Sanctions," "Information Security at Northern Trust" and "Standards of Conduct Policy."

All partners are required to certify their compliance with the Code of Business Conduct and Ethics and complete the Standards of Conduct Policy Training course, which contains information related to anti-corruption. Both certification and training were completed by 100% of partners.

Annual anti-corruption training is required for client-facing personnel as well as global marketing, finance, audit, legal and compliance professionals. In addition, we provide expanded anti-corruption training to partners in Europe, the Middle East and Africa (EMEA) and APAC in accordance with regulatory requirements.

WHAT IS TRUSTWORTHY?

Trustworthy is a monthly video series that features stories about real people in challenging business situations. The stories highlight both good and poor decision-making and explain the consequences that can affect both the individual and the Northern Trust business. By presenting stories that are engaging, thought provoking and relevant to our business, Trustworthy aims to help each partner remember the importance of adhering to our core principles: service, expertise and integrity.

OPERATIONS

Corporate Services Group and Environmental Policies

Northern Trust's Corporate Services Group, charged with management of our real estate portfolio, procurement and facilities services, executes Northern Trust's objective to reduce effectively or eliminate negative environmental impacts from our supply chain. We detail our environmental expectations of vendors by providing them with our Supplier Code of Conduct. Vendors' sustainable practices are factored into the selection process, and we regularly review suppliers' adherence to the Supplier Code of Conduct and pursue corrective measures when necessary, as noted in our Global Procurement Policy.

Northern Trust recognizes that the long-term viability of our business and that of our clients is tied to the health and well-being of our planet. We therefore commit to protecting and preserving the environment and to eliminating or mitigating any negative environmental impacts from our operations.

We align our business with the fundamental principle of sustainability—meeting the needs of the present generation without compromising the ability of future generations to meet their own needs. We do this by integrating environmental considerations into our company-wide decision-making processes, committing to improving continually our business practices and delivering tangible, positive results related to the environment.

We use energy to power our data centers and facilities, the majority of which are located in North America. As a result, the bulk of our greenhouse gas (GHG) emissions stem from our North American operations. We first started tracking our carbon footprint, comprised of the carbon dioxide equivalent of all GHGs produced in our operations, in 2006. Since then, we have improved our data collection processes and calculation methodologies to align with the GHG Protocol.

Working closely with our building managers, Northern Trust follows the best environment-friendly building strategies and practices outlined by The U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program. Among our offices in North America and APAC, we have received two LEED platinum certifications, seven gold certifications, one silver certification and one general certification. In addition, we use reliable and sophisticated tracking programs to assist with monitoring and managing our environmental performance and to calculate our annual carbon footprint.

After a comprehensive study was completed in 2015, we set a goal to reduce our total Scope 1, Scope 2 (using the market-based approach) and Scope 3 carbon emissions by 3% per full-time employee (FTE) by 2020, with our 2015 emissions as a baseline. As we have currently reduced our emissions by 9.65% in the first year after setting this goal, we will look to set a new goal by the end of 2017.

Market Based: MT CO₂e per FTE

	2015	2016
Scope 1 - per FTE	0.190	0.139
Scope 2 - per FTE	2.850	2.636
Scope 3 - per FTE	1.242	1.095
Total - per FTE	4.282	3.869
Total Full-Time Employees	16,152	16,874

Non-Governmental Organizations and Advocacy Groups

We believe partnering with non-governmental organizations (NGOs) and advocacy groups allows us to maintain transparency and hold ourselves accountable to our environmental sustainability practices. Northern Trust and our surrounding communities benefit when we publicly report our environmental footprint—such as our GHG emissions, energy use and the risks and opportunities associated with climate change—under the supervision and guidelines of reputable third-party organizations. And by joining communities of investors who hold the health of our planet in high regard alongside the success of their business establishments, Northern Trust strives to affect positive change in the corporate responsibility as it is directed towards our environment.

The NGOs with which we collaborate include the U.S. Green Building Council, the Carbon Disclosure Project and Institutional Investors Group on Climate Change.

Enterprise Enablement

Northern Trust's Enterprise Enablement Department works to ensure our infrastructure is used efficiently and contributes to our ongoing efforts in conservation and sustainability. Because powering data centers accounts for a considerable amount of our carbon footprint, we attempt to consolidate servers or downsize them through virtualization. We also optimize power and resource utilization by life-cycling older equipment into more energy-efficient devices, increasing signage encouraging recycling, using teleconferencing to reduce business travel and defaulting to smart printing features.

Partners Think Green

Partners Think Green (PTG) is Northern Trust's global partner environmental engagement program aimed at increasing awareness of sustainability issues, promoting best practices and unifying environmentally focused business operations under the same umbrella. The PTG program enables close collaboration between our building managers and PTG champions—partner volunteers—in delivering consistent environment-related messages, gauging partner feedback throughout policy implementation

and advocating for increased commitment to conservation and protection of environmental resources. PTG organizes Earth Day celebrations as well as other environment-related volunteer opportunities and has been a key activator of behavior change in Northern Trust's culture around climate change and other environmental issues.

Local Communities

Northern Trust functions as a global citizen whose contribution to building a healthy, sustainable environment involves deep regard for the surrounding communities. Our footprint affects the larger ecology and can make tangible differences in the lives of community members, which is why we are meticulous in forecasting and reducing any environmental risks or harms induced by our business operations.

We also believe in the power of community-based actions in affecting positive change for the good of our planet and future generations. Northern Trust commits its resources in ways not limited to capital support and partner volunteerism to assist with local initiatives and organizations focused on environmental awareness and protection. We are a longstanding sponsor of the Chicago Botanic Garden as well as other land trust organizations and local youth programs that aim to increase appreciation of biodiversity and motivate sustainable actions in everyday life.

Procurement

Northern Trust expects vendors to employ high standards of recycling and waste management governance and to conduct business in an ethical, legal and socially responsible manner. We specify these terms and conditions in our procurement policy and review it during vendor evaluations. Northern Trust's 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 is committed to integrating ethical, social and environmental factors into our global procurement policy. Each vendor signs a vendor code of conduct and provides a clear view into its CSR policies. We check our vendors against the U.S. Office of Foreign Asset Control to ensure we comply with any economic and trade sanctions.

Other aspects of our global procurement program include:

- As part of Northern Trust's due diligence process, each vendor providing goods and/or services outside of the United States to Northern Trust completes an anti-bribery vendor questionnaire. Risk accuracy and truthfulness are reviewed by our global procurement and global compliance departments to determine whether we will continue to conduct business with each vendor.

- At a minimum, vendors are expected to obey the laws of the country of manufacture, sale or distribution. In addition, we expect all suppliers to adhere to the requirements and standards in our Supplier Code of Conduct.
- Our top 100 vendors comprise more than 74% of our total U.S. spending.

The goals of Northern Trust’s vendor management program are to:

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

The vendor management process includes:

- Using vendor segmentation
- Applying a governance model appropriate for the vendor’s designated segment

- Administering jointly developed key performance indicators
- Developing and implementing a vendor management plan
- Assigning vendor managers with the responsibility for specific activities that the segmentation requires
- Monitoring and reporting on the status of open vendor issues
- Establishing performance improvement goals for ongoing vendor relationships as needed
- Conducting regular vendor business review meetings

Our procurement policy promotes a fair and objective bidding process by neither requiring the use of local suppliers nor measuring our spending with local or regional suppliers.

Supplier Diversity

Supplier diversity is an essential component of developing a world-class global procurement organization. Northern Trust’s supplier diversity program is led by a senior-level manager, the director of supplier diversity. Northern Trust considers supplier diversity a corporate strategy

supported by senior management and executed via our procurement professionals. How and with whom we do business reflects our commitment to developing and supporting diverse business owners. Diverse suppliers who work with us as partners contribute to our bottom line and foster increased competition and innovation as well as enhance our ability to provide clients with excellence in service.

In 2016, we spent approximately 12% of our annual expenditure with minority- and women-owned companies and firms owned by individuals with disabilities. Northern Trust continues to bring diverse suppliers into our supply chain.

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

PARTNERS (EMPLOYEES)

400K

Northern Trust partners averaged 25 hours of training-for a total of more than 400,000 hours across the organization-in 2016.

Northern Trust's partners are critical to our success, and we take our search for and retention of top talent seriously. Our talent identification, talent sourcing and recruiting strategies are targeted to specific locations using a variety of channels including job boards, colleges, networks, associations and online social networks. Hiring decisions are based on a variety of factors, including educational background, relevant experience, past accomplishments, professional licensing and strong evidence of integrity and ethical behavior.

Talent Management and Education

Northern Trust's talent management team has designed and created blended learning solutions in a customized training portfolio of core, manager, sales and client servicing programming that delivered more than 400,000 hours of training in 2016. In addition, these teams launched new onboarding sales and client service curricula, developed a new behavior approach for partners and designed a new manager philosophy.

Paired with this new manager philosophy are targeted learning and development opportunities for managers. Training classes, guidebooks, articles, webinars and suggested web pages are organized by leadership level and encompass a range of topics including team development, results delivery, performance management, emotional intelligence, agility and productivity. Northern Trust

also offers external development programming for managers on various management and leadership topics. These interactive programs provide peer networking opportunities and direct access to well-known expert facilitators.

In addition, Northern Trust offers an educational assistance program that encourages partners to pursue further education. A new mentoring guidebook serves to encourage partners at all levels to seek mentoring opportunities. The guidebook includes tools and resources to enable a mentoring relationship.

For high-potential partners, Northern Trust Talent Management administers multiple leadership programs tailored by career level. These leadership programs are focused on building a healthy pipeline of leadership talent to meet our evolving business needs.

The Northern Trust Rotational Development Program is designed to build the technical skills, business acumen and leadership abilities of recent college graduates. Program members participate in meaningful job rotations over an eighteen-month period. On-the-job learning is supplemented with additional development activities, including a comprehensive program orientation, mentoring, leadership speakers, a book club, community service events, a competitive business case challenge and targeted training courses.

The Enterprise Talent Leadership Program aims to prepare high-performing mid-career partners for leadership success through the following program components:

- Leadership assessment and self-awareness
- Career mapping and development planning
- Mentoring assignments
- Targeted development and leadership skill-building
- Exposure to senior leadership

Diversity

Northern Trust values diversity as an essential element of our corporate culture. The broad array of perspectives that result from acquiring, developing and retaining a globally diverse workforce is a crucial contributor to our excellence and innovation across our business practices and our community engagement.

The Diversity and Inclusion function reports to Northern Trust's head of corporate social responsibility and global diversity and inclusion, who directly reports to the chief executive officer. Two chief diversity and inclusion officers are responsible for the design and execution of topic-relevant programs across the Americas, EMEA and APAC.

Our diversity and inclusion strategy is driven by the overarching leadership of Northern Trust's management group, which realizes and embeds our vision at all business levels. A sub committee of our Board of Directors is also responsible for providing oversight with respect to our diversity and inclusion policies, programs and strategies.

We strive to enhance the pipeline of minority talent through an integrated strategy that includes three key elements: key role development, talent acquisition and career progression.

In 2016, our talent acquisition and diversity and inclusion functions co-sponsored the "Hiring Our Heroes" initiative in our Tempe Arizona office to help veterans, transitioning service members and military spouses find meaningful employment opportunities. The 10-week program was the first of its kind in Arizona, which is home to nearly 500,000 veterans. The 10 Northern Trust participants gained corporate experience through assignments in our technology, operations and finance functions. With Northern Trust guidance, participants established professional networks and developed new skills.

The program was highly successful, resulting in nine new permanent or contract placements at Northern Trust. "The 'Hiring Our Heroes' program has had a meaningful impact on the community by helping support local veterans transitioning back into the workforce, and on Northern Trust by providing us with the opportunity to recruit and hire some great talent," said Pam Higdon, director of Northern Trust's Tempe Operating Center.

Northern Trust believes in fostering an inclusive environment where our partners' unique mix of attributes and diversity of perspectives can serve as catalysts for innovation. To help ensure our commitments to diversity, inclusion and innovation are embedded in the fabric of our company, Northern Trust sponsors 11 business resource councils (BRCs). These councils are partner-initiated, governed and led, and are open to all Northern Trust

"The 'Hiring Our Heroes' program has had a meaningful impact on the community by helping support local veterans transitioning back into the workforce, and on Northern Trust by providing us with the opportunity to recruit and hire some great talent."

– Pam Higdon
Director of Northern Trust
Tempe Operating Center.

partners around the globe who share an affinity for the strategic mission of the group.

Northern Trust's BRCs help foster a culture of inclusion by helping partners support one another in their personal and professional growth, providing networking and mentoring opportunities, supplying assistance on branding strategy and business development across communities and demographic groups and serving as liaisons to prospective and existing clients. The BRCs also play a vital role in the recruitment, retention and development of a globally diverse workforce and serve as an advocate on behalf of their constituencies, further enabling Northern Trust to be an employer of choice.

GLOBAL DIVERSITY AND INCLUSION STRATEGY AND GOVERNANCE



SPOTLIGHT ON LIFE

The newest BRC at Northern Trust is the Living In Fullness Every Day (LIFE) Business Resource Council. A group of partners identified an opportunity for a new BRC and, over the course of few years, steadily, resolutely and "faithfully" brought the idea to fruition.

With approximately 250 members, the LIFE BRC aims to facilitate a safe and welcoming environment for all Northern Trust partners to celebrate their diverse beliefs, practices and religions. The organization's May 2016 kick-off event featured a panel discussion of religiously diverse Northern Trust partners that was moderated by the president and chief executive officer of the Chicago Sunday Evening Club.

"I found the discussion to be engaging, deeply meaningful, and a way we can truly celebrate and honor diversity across our organization. I also want to thank the LIFE BRC leaders for their hard work and time spent organizing and launching the group" said an event participant.

One of the key 2016 successes of the LIFE BRC was the commissioning of a space in the main building of Northern Trust's Chicago office for prayer, meditation and self-reflection for our partners, clients and prospects.

COMPOSITION OF NORTHERN TRUST'S GLOBAL WORKFORCE*

	Asia-Pacific	Europe, Middle East, Africa	North America	Total
Permanent Full-Time	4,870	3,085	8,919	16,874
Permanent Part-Time	3	198	114	315
	4,873	3,283	9,027	17,189

WORKFORCE BY ETHNICITY AND GENDER**

Job Categories	White	Black	Hispanic	Asian	Native American	Hawaiian	Two or More Races	Total	Global Females
Exec/Sr Mgmt	313	22	19	12	1	0	2	369	163
Entry/Mid Mgmt	1,072	145	129	147	2	1	15	1,511	1,196
Professionals	4,304	859	747	660	6	20	95	6,691	6,138
Administrative	182	83	67	8	0	0	6	346	401
Other	16	13	17	2	1	0	0	49	14
Total	5,887	1,122	979	829	10	21	118	8,966	7,912

*As of December 31, 2016

**As of December 31, 2016. Ethnicity statistics include U.S. locations only. Gender statistics include all global locations. All statistics include both permanent and temporary employees.

Human Rights and Workforce Principles

Northern Trust's human rights and workforce principles apply to all global operations and clearly state our support for the protection of minority groups' rights, women's rights and workers' rights. Our principles expressly reference our conformance with public policies including the International Labour Organization's standards and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises. Partners worldwide also may exercise freedom of association with regard to collective bargaining and trade agreements as permitted by applicable regional laws. We apply these standards to our suppliers and vendors as well as to our partners, who receive training on anti-discrimination, diversity and inclusion and preventing sexual harassment. We also provide training specifically on cultural change, which is especially helpful for expatriates and partners on short-term assignments abroad and global relocation. A number of senior-level company officers are responsible for overseeing the execution of our human rights and workforce standards. These standards commit us to providing fair and equal wages to partners regardless of gender and offering competitive compensation and benefits to our workforce.

SHARED VALUE

Community engagement opportunities, paid time off for volunteerism and matching gift programs provide a competitive advantage in partner recruiting and satisfaction. Partner volunteerism is consistently a priority for college graduates considering future employers. Non-profit and civic board involvement is integral to talent management as it provides partners with leadership, skills development and networking opportunities beyond the scope of their responsibilities.

Northern Trust Community Partners is a global program that helps partners identify, engage and develop relationships with local charities. These relationships include both financial and volunteer support. We offer two full days of paid time off for partners to spend volunteering with an approved non-profit organization. In addition to these hours, partners generously gave over 154,000 hours of their personal time to charitable organizations.

Community involvement is deeply rooted in the Northern Trust culture and affects the way we do business globally. Since our founding in 1889, Northern Trust has actively advanced a culture of caring and a commitment to invest responsibly in the communities we serve worldwide. This philosophy continues today through progressive community investments; contributions to

service and community organizations; partner volunteerism; gifts in-kind such as donations of meeting space, catering, supplies and other knowledge services; and directorship guidance to charitable and civic boards.

Our approach to supporting the community takes into account the way we affect our clients, shareholders, partners and the communities we serve. We execute each activity with these priorities in mind. Our scope of community involvement provides sustainable company benefits:

Brand awareness – Our brand strength relies on community sponsorships and alignment with highly respected non-profit institutions. Our charitable grants, event sponsorships, charitable and civic board representation and partner volunteerism are integral to our marketing strategy and serve to help raise brand awareness and brand equity in our target markets around the world.

Business development – We work directly with each of our business units to identify community investment opportunities related to key marketing and client relationship efforts. Given the philanthropic interests of our client base, community involvement has proven to be an effective business development tool through which we can access key clients, prospects and influencers.

Our global corporate philanthropy program awarded more than \$16 million to local and international civic and charitable organizations in 2016.

SPOTLIGHT ON "THE EXCEPTIONS"

In 2011, a diverse group of musicians from Northern Trust came together to form "The Exceptions." Since the band's humble beginnings as the house band for the company's annual United Way campaign, it has performed more than 100 times in support of Northern Trust-sponsored charities. From galas to walkathons to club performances, The Exceptions have performed for events with hundreds and even thousands in attendance.

On average, more than 30 members participate in the band on- and off-stage. Members volunteer about 200 hours per year for rehearsals, planning and performances. The Exceptions continually work to grow and keep their audiences entertained. Group members strive to "Achieve Greater" and set Northern Trust apart from its competitors.

In a profile of the band that appeared in Crain's Chicago Business, Northern Trust CEO Rick Waddell said, "I think The Exceptions represent the teamwork, expertise and creativity that distinguish Northern Trust."

The band is proud of the feedback it receives from charities, such as the following:

"Northern Trust's support, shown in many ways over the years, is bringing our important mission to life. In addition to being extremely talented musically, all of the band members who performed at our event were gracious and warm to our guests. We received numerous comments about how much the band contributed to the excitement and ambiance of the evening."

The band covers music from jazz and blues to R&B, pop and rock.

Corporate Alignment

In October 2012, the Board of Governors of the Federal Reserve System, the federal regulator responsible for monitoring the Community Reinvestment Act (CRA), approved the designation of The Northern Trust Company as a "wholesale bank."

The wholesale designation allows us to concentrate efforts and resources on direct investments that have a sustainable community impact. Northern Trust carries an "Outstanding" CRA rating, and new CRA investments totaling \$181.4 million were originated in 2016. The Board of Directors, through a subcommittee, receives an annual CRA and fair lending report and approves our policy related to community reinvestment. As of December 31, 2016, the community investments portfolio totaled \$741.3 million, consisting of the following:



Objective: Provide long-term capital and equity for the development of community and education facilities such as charter schools, health clinics and day care centers by non-profit partners.

Our community development group recently provided funding for five youth focused projects that serve 7,300 children annually. This funding includes preschool education for over 2,700 low income Chicago public school students. Northern Trust also financed a college preparatory school in the city of Chicago that serves 730 low income and minority students. The quality education that Northern Trust brought to the community was instrumental to a comprehensive, place-based community development strategy that addresses the linked issues hindering neighborhood stability. Based on permit data from the City of Chicago, more than \$17.4 million of new investment has been made within a half-mile of the facility since Northern Trust's investment. Additionally, 79 new business licenses were issued in the two years

after the investment and 90 units of for-sale housing earmarked for low-to-moderate income purchasers were built.

Northern Trust provided flexible, below-market debt to a YMCA in Miami to support the development of an 18,000 square foot intergenerational center. The \$5 million center opened in 2016 with Head Start services for high-poverty children and an array of wellness programming for low-income seniors.

Two recent investments in homeless shelters provide emergency shelter, medical and behavior health services and supportive housing for over 15,500 clients annually.



\$584.1
million investment

AFFORDABLE HOUSING

Objective: Support the creation and retention of affordable rental housing and affordable homeownership in partnership with non-profit lenders and developers.

Working closely with a group of local Habitat for Humanity affiliates, Northern Trust designed a new mission-driven mortgage-backed security product that has addressed regulation changes that reduced lending to Habitat affiliates. Northern Trust has since invested \$22.3 million in this product with eight different Habitat affiliates, allowing those affiliates to reinvest the dollars to create additional affordable homes for low-income families.



\$60.9
million investment

JOB CREATION

Objective: Support non-profit micro-loan origination programs and the expansion of businesses and job creation through private equity funds.

Since 2012, Northern Trust's community development investments have created approximately 8,600 permanent full-time jobs. For instance, Northern Trust's 2016 investment in a non-profit social enterprise that makes jewelry has helped to create 101 jobs for homeless women and victims of sex trafficking in Dallas. Additionally, Northern Trust's credit facility to support the redevelopment of a vacant hospital in Detroit to a skilled nursing facility has led to the creation of 205 permanent FTE jobs.



\$20.4
million investment

WEALTH ACCUMULATION

Objective: Make equity investments and certificates of deposits in community development banks to provide capital to develop products and services to meet the needs of the unbanked, underbanked and underserved members of our communities.

In 2012, the failure of a minority banking institution in Chicago created the very real risk of 1,100 foreclosures in the low-/moderate-income community. Northern Trust helped facilitate the sale of this institution to a non-profit, community focused savings and loan, ensuring it would be kept open as a community asset and more than 1,100 families could remain in their homes.

SPOTLIGHT ON AKOLA

Northern Trust's Community Development and Investment Group closed an investment in Akola, a non-profit social enterprise business in Dallas and Uganda that manufactures and sells sustainable jewelry.

Akola is a 100% full-impact business, creating social change by training and employing low income women using a model of sustainable dependable employment with holistic program supports. By working for Akola, the women are able to support their families with livable wages five times above the poverty line and are able to provide for the basic needs of their families and save for the future.

SUSTAINABLE PRODUCTS AND SERVICES

The foundation of Northern Trust's responsible investment principles, as with our entire decision-making process, is that we will act in a manner to protect our clients' financial well-being.

At the end of 2016, Northern Trust Asset Management managed \$54 billion of assets globally that incorporate ESG criteria, including six ESG funds and two newly launched ESG exchange-traded funds (ETFs). With ESG trends continuing to strengthen, our ESG pooled fund platform grew to over \$5 billion. Northern Trust's investment oversight solutions offer our investors comprehensive analysis, insights and monitoring, as well as asset class portfolios that include traditional market-based metrics and ESG exposures.

We have a comprehensive set of investment policies encompassing responsible investing factors such as our bespoke ESG pooled fund policies, our engagement policy that pertains to our European index funds, corporate governance and internal engagement principles and our custom proxy voting policy with ESG guidelines. In 2016, we also published our Northern Trust Stewardship Statement, which touches on the company's commitment

NORTHERN TRUST ESG FUNDS

Northern Trust funds integrate or screen for a variety of different ESG factors including United Nations Global Compact, tobacco, weapons, firearms, gambling and nuclear weapons.

As an asset manager, we also have the capability to:

- Manage assets to a socially responsible index. We have partnerships with all of the leading index providers and can design additional ESG indices on behalf of clients.
- Manage assets to a traditional index while excluding a client-directed list of companies. We currently manage restricted accounts to most major index series across asset classes. Accounts can be managed to replicate the risk & return characteristics of the broad index or the restricted index.
- Manage assets to a traditional index while interpreting a client's Socially Responsible Investing SRI/ESG guidelines. We currently manage a group of accounts for which we interpret the client guidelines and create a restricted list to synchronize with the investment management process.

NORTHERN TRUST MANAGED FUNDS

Northern Trust Global Sustainability Fund

Northern Trust World Custom ESG Equity

Northern Trust World Custom ESG EUR Hedged Equity Index Fund

Northern Trust North America Equity Index UCITS

Northern Trust Europe Equity Index

Northern Trust Emerging Markets Custom Low Carbon Optimised Equity Index Fund

Northern Trust Emerging Markets Custom ESG Equity Index Fund

Northern Trust Emerging Markets Custom ESG Equity Index UCITS FGR Fund

Northern Trust Asset Management is a signatory to the United Nations Principles for Responsible Investing (UNPRI), with which it also partners on a variety of working groups including equity, fixed income, outreach and assurance.

to proxy voting, engagement and transparency. Stewardship aims to enhance the quality of engagement between institutional investors and companies in order to promote the long-term success of companies, such that the ultimate providers of capital (investors) also prosper. Responsibility for stewardship is shared between companies and investors, and effective stewardship benefits both parties as well as the economy as a whole. In light of our efforts, Northern Trust Asset Management was awarded Tier 1 status by the Financial Reporting Council.

As a leading investment manager, we recognize our additional influence and responsibilities to our clients and to society as a whole. Northern Trust Asset Management has utilized the services of Hermes Equity Ownership Services (EOS) to implement shareholder engagement across 21 of our EMEA equity products. The basis for Hermes EOS' approach in carrying out engagement activities on behalf of the funds, is the Northern Trust Responsible Ownership Engagement Policy.

Northern Trust's global platform for ESG investing is aligned with our fiduciary heritage and commitment to offer solutions to meet our clients' diverse objectives. Northern Trust manages three of the top 10 largest ESG index funds globally. Our Northern Trust World Custom ESG Fund had the #1 global inflow for an ESG index fund in 2016. Northern Trust is an industry pioneer and award-winner in smart beta strategies with

our proprietary Northern Trust Quality Score and factor analytic tools that analyze factor exposures of our clients' portfolios.

Our team of ESG experts actively engages with the wider sustainability community by sharing thought leadership, expertise and insight to help push sustainability and stewardship forward. Northern Trust Asset Management is a signatory to the United Nations Principles for Responsible Investing (UNPRI), with which it also partners on a variety of working groups including equity, fixed income, out-reach and assurance. We also report information to the Carbon Disclosure Project (CDP) and actively participate in the investor advisory group at the Sustainable Accounting Standards Board (SASB). Additionally, Northern Trust Asset Management is a member of the Institutional Investor Group on Climate Change (IIGCC) and the Banking Environment Initiative (BEI).

SELECTED MEMBERSHIPS

THE UNITED NATIONS ENVIRONMENTAL PROGRAMME – FINANCE INITIATIVE (UNEP FI)

The UNEP FI is a global partnership between UNEP and the financial sector. More than 200 institutions, including banks, insurers and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance.

THE BOSTON COLLEGE CENTER FOR CORPORATE CITIZENSHIP (BCCCC)

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

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTING (UNPRI)

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

BANKING ENVIRONMENT INITIATIVE (BEI) – CAMBRIDGE UNIVERSITY INSTITUTE FOR SUSTAINABILITY LEADERSHIP

The chief executives of some of the world's largest banks created the BEI in 2010. Its mission is to lead the banking industry in collectively directing capital towards environmentally and socially sustainable economic development.

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