2019 Corporate Social Responsibility Report: Achieve Greater
SEPTEMBER 1, 2020

Core Aspects

Governance
Connie L. Lindsey, Executive Vice President and Head of Corporate Social Responsibility and Global Diversity, Equity & Inclusion, is responsible for the design and execution of a comprehensive CSR strategy. Ms. Lindsey reports directly to Michael G. O'Grady, Chairman, President and Chief Executive Officer of Northern Trust Corporation (the "Corporation"). Ms. Lindsey also chairs the Executive CSR Council, a group of senior employees 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. The Board's Corporate Governance Committee facilitates this oversight. The Board's Business Risk Committee provides oversight of certain financial and operational risks associated with climate change and other environmental risk factors through its oversight of the Corporation's global risk management framework and risk management policies.

Ethics
We expect all employees to uphold our core values, exercise the highest ethical judgment and comply with the laws and regulations that govern our business. We expect employees to treat all information appropriately based on its classification. Breaches of highly sensitive client or business information may result in disciplinary action. All employees are required to take the following five courses annually: "Anti-Money Laundering (AML) & Economic Sanctions," "Anti-Bribery, Corruption and Fraud," "Global Privacy and Data Protection," "Information Security," and "Standards of Conduct." All employees are also required to certify their compliance with the Code of Business Conduct and Ethics. All certifications and training courses were completed by 100 percent of employees in 2019. Additionally, we provided employees within the Asia-Pacific (APAC) and Europe, Middle East and Africa (EMEA) regions with expanded
AML, conduct and privacy training in accordance with the regulatory characteristics of those respective regions.

**Government Relations and Political Contributions**

Northern Trust concentrates its public policy positions in areas most relevant to its businesses including U.S. federal, state, municipal and European Union financial regulatory reform efforts. We work with the trade associations of which we are members, and meet directly with federal, state and municipal legislators, regulators and other government officials globally to discuss our positions and make recommendations for improved policy and regulation. At the U.S. federal level, we focus on proposed regulatory and policy changes that will affect our businesses through enhancing the safety of client assets, the safety and soundness of the financial system and the strength of the global economy. At the state and municipal levels, we regularly meet with elected and appointed officials to discuss public policy positions that will affect our businesses. In appropriate circumstances, we file comment letters to proposed federal regulations, copies of which are publicly available.

The Corporate Governance Committee of our Board of Directors provides oversight of the political, lobbying and other public advocacy activities of Northern Trust, including significant trade association memberships.

**POLITICAL CONTRIBUTIONS BY EMPLOYEES**

Northern Trust expects employees to seek guidance and pre-clear certain individual political contributions in accordance with the guidelines set forth in federal, state and municipal "pay-to-play" policies and procedures.

**CORPORATE AND POLITICAL ACTION COMMITTEE POLITICAL CONTRIBUTIONS**

Northern Trust contributes corporate funds to industry trade organizations in support of the companies public policy objectives. Participation in these organizations is important to gaining industry insight, fostering relationships and developing professional opportunities within the industry. The principal trade associations to which we belong are the American Bankers Association, the Bank Policy Institute, the Investment Company Institute and the Securities Industry and Financial Markets Association. We also belong to the Illinois Bankers Association, the California Bankers Association and the Florida Bankers Association.

Northern Trust engages in the political process to advance and protect its long-term interests and does so at all times without regard to private political preferences of our executives. Northern Trust does not contribute directly to political parties, committees, or candidates for public office. However, we sponsor both a federal-only political action committee (PAC) and a multi-candidate PAC, both of which are permitted to solicit a restricted class of Northern Trust's U.S. employees for contributions used to fund candidates who support legislation important to Northern Trust. All contributions to the PACs are voluntary; employees are neither favored nor disadvantaged based on their participation. The leadership of each PAC reviews proposed political contributions based on the public policy interests of Northern Trust. Our PAC contributions in 2019 totaled $46,500. Federal lobbying reports may be found at:
Climate Change Strategy
Northern Trust recognizes that the long-term viability of our business and our clients is tied to the health and well-being of our planet. We therefore commit to protecting the environment and 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 abilities of future generations to meet their own needs. We do this by integrating environmental considerations into our company-wide processes, committing to continually improving our business practices and delivering tangible, positive results related to the environment. Northern Trust’s Workplace Services manages our real estate portfolio, procurement and facilities services with the objective of reducing the negative environmental impacts of our supply chain. We use energy to power our data centers and facilities, the majority of which are in North America. As a result, the bulk of our GHG emissions come from our North American operations. Since we began tracking our carbon footprint (comprised of the carbon dioxide equivalent of all GHGs produced from our operations) in 2006, 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 environmentally friendly building strategies and practices outlined by the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) program, which has awarded our offices in North America and APAC one LEED platinum certification, six gold certifications, two silver certifications and one general certification. In addition, we use reliable and sophisticated tracking programs to monitor and manage our environmental performance and calculate our annual carbon footprint.

In 2019, each of our offices located in Ireland signed the Business in the Community Carbon Pledge, which committed all signatory companies to reducing their Scope 1 & 2 GHG emission intensity by 50 percent by 2030. The pledge is a commitment for Irish businesses to invest time and resources into creating a more sustainable operation by increasing energy efficiency while striving to achieve the global carbon reduction targets set in the Paris Agreement to maintain global temperatures at less than 2° Celsius above preindustrial levels. After completing a comprehensive emissions study in 2017 that formed our baseline, we set a goal to reduce our total Scope 1, Scope 2 (using the market-based approach) and Scope 3 carbon emissions by 25 percent per full-time employee (FTE) by 2020. As of December 31, 2019, we have reduced our carbon emissions by approximately 32.35 percent since 2015 and achieved 100 percent renewable electricity usage in our Harlow and Bank Street locations in the United Kingdom.
We are currently working with the Science Based Targets Initiative to develop a framework for the science-based targets for financial institutions generally and to set our own science-based target. In the meantime, we are committed to continuing our efforts to reduce our GHG emissions.

**Non-Governmental Organizations and Advocacy Groups**

Collaborating 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. By joining communities of investors who hold the health of our planet in high regard, Northern Trust strives to effect positive change to our environment. The NGOs with which we collaborate include the U.S. Green Building Council, the Carbon Disclosure Project and the Institutional Investors Group on Climate Change.

**The Sustainability Network**

The Sustainability Network is Northern Trust’s global employee environmental engagement program aimed at increasing awareness of sustainability issues, promoting best practices and unifying environmentally focused business operations. This program enables close collaboration among our building managers and employee volunteer "sustainability champions" in delivering consistent environmental messaging, gauging employee feedback and advocating for conservation and the protection of environmental resources. Through organizing environmentally focused volunteer opportunities and Earth Day celebrations, the Sustainability Network has been a key activator of behavioral change in Northern Trust's culture. In 2019, the Sustainability Network continued to increase awareness of sustainability issues, promote best practices and unify environmentally focused business operations. In response to "sustainability champion" feedback, it has expanded beyond the workplace to focus on how employees can enhance sustainability in their day-to-day lives.
Local Communities
Northern Trust functions as a global citizen whose commitment to building a healthy, sustainable environment involves deep regard for our surrounding communities. We understand our footprint affects the larger ecological system and the lives of community members, and we believe in the power of community-based actions to effect positive change for the good of our planet. Northern Trust commits its resources, including capital support and employee volunteerism, to local initiatives and organizations focused on environmental awareness and protection.

Procurement
Northern Trust's suppliers provide services in the categories of business, technology and market data to support the needs of our clients and employees globally. As detailed in our Supplier Code of Conduct and Global Procurement Policy, Northern Trust expects our providers to conduct business in an ethical, legal and socially responsible manner. We regularly review suppliers' adherence to our policies and pursue corrective measures when necessary. We use the U.S. Office of Foreign Assets Control to screen each vendor to ensure compliance with all economic and trade sanctions.

Northern Trust is committed to integrating ethical, social and environmental factors into our global procurement policy. Aspects of our global procurement program include:

- Completing due diligence requiring any supplier providing goods and/or services outside of the U.S. to complete an anti-bribery questionnaire
- Requiring suppliers to obey the laws of the country of manufacture sale and distribution
- Coordinating a supplier management program that assesses risk monitors performance and promotes continuous improvement activities

Our approach to supplier relationship management (SRM) ensures we establish an appropriate level of oversight and structure with each of our suppliers. This process maximizes...
relationships with suppliers resulting in ongoing risk mitigation and value delivery that meets or exceeds contracted value. We continue to invest in and review new SRM techniques and processes that will increase coverage to additional supply categories.

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

- Provide and implement the framework to monitor and manage vendors
- Ensure consistency and compliance with regulatory guidance
- Instill a continuous improvement philosophy into the supplier relationship
- Ensure compliance with contractual terms and conditions

The SRM 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 the responsibility for specific activities required by the segmentation
- Monitoring and reporting on the status of open vendor issues

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 a world-class, global procurement organization. How and with whom we do business reflects our commitment to developing and supporting diverse business owners. Diverse suppliers contribute to our success, foster increased competition and innovation and enhance our ability to provide clients with excellence in service. Northern Trust's supplier diversity program is led by a senior-level manager, the Director of Supplier Diversity. In 2019, we spent more than $160 million with minority, women, veteran, LGBTQ+, disabled and small business enterprises. Northern Trust continues to bring diverse suppliers into our supply chain.