

## INTRODUCTION

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 (the **Act**) and constitutes the “slavery and human trafficking statement” of The Northern Trust Company (the **Bank**), Northern Trust Global Services Societas Europaea (**NTGS SE**), Northern Trust Management Services Limited (**NTMSL**) and Northern Trust Global Investments Limited (**NTGIL** and, together with the Bank, NTGS SE and NTMSL, the **Reporting Entities**) for the financial year ended December 31, 2019. NTGS SE, NTMSL and NTGIL are indirect subsidiaries of the Bank, which itself is a subsidiary of Northern Trust Corporation (the **Corporation**). Except where the context requires otherwise, references to “Northern Trust”, “we”, “us”, “our” or similar terms means the Corporation and its subsidiaries, including but not limited to the Reporting Entities, on a consolidated basis.

Northern Trust firmly believes that all work should be done voluntarily and without slavery, servitude, forced or compulsory labor or the involvement of human trafficking (**Modern Slavery**). We take the risk of Modern Slavery occurring within our business and in our supply chain seriously and view relationships with vendors as an opportunity to encourage behavior and practices that are consistent with our own ethical practices.

## OVERVIEW OF NORTHERN TRUST

### Northern Trust Corporation and The Northern Trust Company

The Corporation is a leading provider of wealth management, asset servicing, asset management and banking solutions to corporations, institutions, families and individuals. The Corporation conducts business through various U.S. and non-U.S. subsidiaries, including the Bank. At December 31, 2019 the Corporation had consolidated total assets of \$136.8 billion and stockholders’ equity of \$11.1 billion.

The Bank is an Illinois banking corporation headquartered in Chicago and the Corporation’s principal subsidiary. Founded in 1889, the Bank conducts its business through its U.S. operations and its various U.S. and non-U.S. branches and subsidiaries.

At December 31, 2019, the Bank had consolidated assets of \$135.9 billion and common bank equity capital of \$9.3 billion.

### Northern Trust’s Business

Northern Trust focuses on managing and servicing client assets through two client-focused segments: Corporate & Institutional Services (C&IS) and Wealth Management. Asset management and related services are provided to C&IS and Wealth Management clients primarily by the Asset Management business.

C&IS is a leading global provider of asset servicing and related services to corporate and public retirement funds, foundations, endowments, fund managers, insurance companies, sovereign wealth funds, and other institutional investors around the globe. Asset servicing and related services encompass a full range of capabilities including, but not limited to: custody; fund administration; investment operations outsourcing; investment management; investment risk and analytical services; employee benefit services; securities lending; foreign exchange; treasury management;

brokerage services; transition management services; banking; and cash management. Client relationships are managed through the Bank and the Corporation's other subsidiaries, including support from locations in North America, Europe, the Middle East, and the Asia-Pacific region. At December 31, 2019 total C&IS assets under custody/administration, assets under custody, and assets under management were \$11.31 trillion, \$8.50 trillion, and \$917.5 billion, respectively.

Wealth Management focuses on high-net-worth individuals and families, business owners, executives, professionals, retirees, and established privately-held businesses in its target markets. The business also includes the Global Family Office, which provides customized services to meet the complex financial needs of individuals and family offices in the United States and throughout the world with assets typically exceeding \$200 million. In supporting these targeted segments, Wealth Management provides trust, investment management, custody, and philanthropic services; financial consulting; guardianship and estate administration; family business consulting; family financial education; brokerage services; and private and business banking. Wealth Management is one of the largest providers of advisory services in the United States, with assets under custody/administration, assets under custody, and assets under management of \$738.8 billion, \$735.7 billion, and \$313.8 billion at December 31, 2019. Wealth Management services are delivered by multidisciplinary teams through a network of offices in 19 U.S. states and Washington, D.C., as well as offices in London, Guernsey, and Abu Dhabi.

Asset Management, through the Corporation's various subsidiaries, supports the C&IS and Wealth Management segments by providing a broad range of asset management and related services and other products to clients around the world. Investment solutions are delivered through separately managed accounts, bank common and collective funds, registered investment companies, exchange traded funds, non-U.S. collective investment funds, and unregistered private investment funds. Asset Management's capabilities include active and passive equity; active and passive fixed income; cash management; alternative asset classes (such as private equity and hedge funds of funds); and multi-manager advisory services and products. Asset Management's activities also include overlay services and other risk management services. Asset Management operates internationally through subsidiaries and distribution arrangements and its revenue and expenses are allocated fully to C&IS and Wealth Management. As discussed above, Northern Trust managed \$1.23 trillion in assets as of December 31, 2019 including \$917.5 billion for C&IS clients and \$313.8 billion for Wealth Management clients.

#### **Northern Trust's Employee Base**

As of December 31, 2019, Northern Trust has approximately 19,800 full-time equivalent employees globally.

## **MEASURES TAKEN TO PREVENT MODERN SLAVERY IN OUR BUSINESSES**

### **Northern Trust Policies in relation to Slavery and Human Trafficking**

Northern Trust's three guiding principles are "Integrity", "Service" and "Expertise"; how we do business is as important as what we do.

Our Code of Business Conduct and Ethics and our Standards of Conduct Policy reflect our commitment to acting ethically and with integrity in all our business relationships and to the adoption of sound business practices. Northern Trust's culture supports open communication and reporting of concerns at all levels.

All employees, as well as third parties, have access to an Employee Hotline through which they can raise any concerns in relation to ethical business practices (and other issues) in confidence and without fear of recrimination.

In addition, we have a range of policies, procedures and training that pertain to human rights issues that, among other things, may help identify customers whose financial activity may show involvement in human trafficking such as Anti-Money Laundering and Anti-Bribery and Corruption Policies.

### **Northern Trust as an Employer**

As a global financial services firm, we have a broad base of employees who work across various business lines, regions and functions to deliver products and services to our clients, as well as employees who provide expertise to the company in risk, compliance, technology, legal, finance, and human resources. Northern Trust is committed to respecting the human rights of our employees through our internal employment policies and practices which reference our conformance with public policies including the International Labor Organization's standards and the Organization for Economic Co-Operation and Development Guidelines.

Fostering diversity and inclusion is a cornerstone of our corporate culture, and we strive to ensure that employees are able to work in a safe, professional work environment. In addition, compensation and benefits play a critical role in our ability to attract, retain and develop our workforce. We are committed to providing competitive and equitable compensation and benefits to our employees such as health and retirement benefits and other programs to support work-life balance.

Northern Trust employees are made aware of their employment rights through a variety of channels including employee handbooks and employment contracts, where applicable.

In every jurisdiction in which Northern Trust has offices, the organization complies with Right to Work laws. Except for a very small number of paid school interns, Northern Trust does not hire individuals under the age of 18 in any of its offices across the organization. This practice insulates Northern Trust against adverse risk associated with child labor.

### **Training**

Annually employees receive specific training on the Standards of Conduct Policy which addresses both human rights and ethical issues as well as training on related matters such as diversity, anti-money laundering and anti-bribery and corruption.

### **Northern Trust and Its Supply Chain**

We rely on a large number of vendors to execute our business activities. Our vendors include both third-party service providers and Northern Trust's own group entities. The supply chain is comprised primarily of vendors providing professional services such as business and strategy consulting, recruitment agencies, legal counsel, and training and insurance providers, but also includes information technology, market data, communications equipment, software, catering, cleaning, security and office equipment vendors. There are also those vendors that support Northern Trust's client servicing requirements, including sub-custodians, brokers and distributors.<sup>1</sup> Northern Trust's third-party vendors include publicly traded organizations, privately held firms that operate in highly specialized or niche markets and quasi-governmental entities wherein Northern Trust may serve as one member of a multi-member-owned corporation.

Northern Trust's Procurement Policy requires that its Procurement team be involved at the initiation of a project and/or identification of the need to engage a third-party vendor of a product or service for all but the lowest-risk and lowest-spend purchases. The Procurement team's level of ongoing involvement varies according to the engagement complexity. The following gives an overview of our supply chain management of third-party vendors.

Prior to entering into a new third-party vendor relationship, Procurement will initiate due diligence on the potential vendor, which includes a review of the vendor's compliance with various applicable laws and regulations, including those that impose ethical standards on vendors. A subsequent risk assessment of the vendor determines the appropriate level of ongoing monitoring. The degree of monitoring and the overall inherent risk rating for each new vendor engagement is determined by an independent review of subject matter experts from across the organization. This group, referred to as the Third Party Outsourcing Committee (TOC), assigns a risk rating to the vendor based on information detailed on the risk assessment (as submitted by the vendor manager), scope of the vendor's services and a quantitative and qualitative assessment that includes but is not limited to:

- The type of information the vendor has access to at any given point in time;
- The degree/level to which Northern Trust depends on the vendor to support a critical service or business function;
- Any and all applicable regulatory compliance mandates based on the industry, service or region in which the service is provided; and
- The residual risk to the organization, defined as the level of risk to Northern Trust after review, acknowledgement and application of the vendor's risk framework and controls.

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<sup>1</sup> Please note that the discussion of Northern Trust's supply chain management contained herein focuses primarily on third-party vendors other than those providing sub-custody services, which are managed through a separate engagement and oversight program. In addition, outsourcing to other Northern Trust affiliates is managed through our Business Process Transition Program. Both of these programs provide controls akin to those described herein.

Once a contract with a third-party vendor is in place, the vendor manager (who is appointed by the applicable Northern Trust business unit) is responsible for managing the on-going business relationship with that vendor ("Vendor Manager"). The Vendor Manager is responsible for performing vendor risk management duties and responsibilities as detailed in the Vendor Management Practice Standard. The responsibilities of the Vendor Manager include but are not limited to:

- Monitoring the vendor against the terms of the contract and service level agreements; and
- Documenting, maintaining and reporting legal and other issues or incidents.

The level of oversight imposed on the Vendor Manager varies according to the vendor's risk assessment.

Northern Trust is committed to holding itself and its vendor community to high standards of business conduct and integrity. Our Vendor Code of Conduct sets out expectations for vendors on a range of issues and includes the need to promote and respect human rights by working to prevent child and/or forced labor and human trafficking in their operations and supply chains. The Vendor Code of Conduct includes a specific reference to the UK Modern Slavery Act.

Under the Vendor Code of Conduct a third-party vendor shall meet the following minimum requirements:

- Adopt sound labor practices and treat its workers fairly in accordance with local laws and regulations;
- Refrain from using forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise;
- Refrain from engaging in any acts of modern slavery;
- Take commercially reasonable steps to prevent its own subcontractors and vendors from engaging in any acts of modern slavery; and
- Notify Northern Trust if such vendor identifies any instance of modern slavery on its part or on the part of any of its subcontractors.

The Vendor Code of Conduct may be found at: <https://www.northerntrust.com/about-us/doing-business-with-us>

If a vendor is found to be in breach of its contract, including in breach of the terms of the Vendor Code of Conduct, Northern Trust will engage with the vendor to remediate the situation. If the situation is not remediated, Northern Trust may terminate the relationship with the vendor and disqualify the vendor from participating in any future bidding processes for Northern Trust's mandates.

We will continue to engage appropriately with our vendors in accordance with our Vendor Management Program to make them aware of our approach to modern slavery and encourage them to adopt their own measures to minimize the risks of slavery and trafficking occurring within their own organizations and supply chain.

**Evolving Process**

Northern Trust recognizes that modern slavery issues are both complex and fluid in nature, and we strive to maintain practices and policies that fulfill our commitment to promoting respect for human rights. We believe that this must be a continuing effort, with ongoing work to reassess our practices and our approach in light of changing global circumstances and an evolving global policy environment. We are also committed to engaging with a range of stakeholders on these important topics.

This statement has been approved by the respective Board of Directors of each of the Reporting Entities.



Michael G. O'Grady  
Chairman, President and Chief Executive Officer  
The Northern Trust Company

**Approved by the Boards of Directors of the Reporting Entities as follows:**

The Northern Trust Company: 18<sup>th</sup> February 2020

Northern Trust Management Services Limited: 18<sup>th</sup> March 2020

Northern Trust Global Investments Limited: 18<sup>th</sup> March 2020

Northern Trust Global Services SE: 27<sup>th</sup> March 2020