

NORTHERN TRUST CORPORATION

AUDIT COMMITTEE CHARTER

Effective October 22, 2019

(Supersedes the Audit Committee Charter Adopted October 16, 2018)

The By-laws of Northern Trust Corporation (the “Corporation”) provide that the Board of Directors of the Corporation (the “Board”) shall appoint annually at its organization meeting an Audit Committee (“Committee”) and its Chairman (the “Committee Chairman”). The By-laws also provide that the Committee shall perform such functions as are set forth in an audit committee charter, as adopted by the Board, both for the Corporation and its subsidiaries (collectively, “Northern Trust”) on a consolidated basis and for such individual banking subsidiaries as the Board shall direct. This Committee Charter also governs the Committee as and when it acts as the audit committee of the board of directors of The Northern Trust Company.

I. Purpose.

The Committee’s purpose is to oversee the accounting and financial reporting processes of Northern Trust, management’s operation of a comprehensive system of internal controls over such processes, and the audits of the consolidated financial statements of Northern Trust. The Committee shall provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal financial control and legal compliance functions of Northern Trust, including, without limitation: (a) assisting the Board’s oversight of (i) the integrity of Northern Trust’s consolidated annual and quarterly financial statements and earnings releases, (ii) Northern Trust’s compliance with legal and regulatory requirements, (iii) the qualifications and independence of the independent registered public accounting firm engaged for the purpose of preparing or issuing audit reports for inclusion in the Corporation’s Annual Report on Form 10-K (the “public accountants”), and (iv) the performance of Northern Trust’s internal audit function and the Corporation’s public accountants; and (b) preparing the report required to be prepared by the Committee pursuant to the rules of the U.S. Securities and Exchange Commission (the “SEC”) for inclusion each year in the Corporation’s proxy statement relating to its annual meeting of stockholders.

II. Committee Membership, Independence and Experience.

The Committee shall consist of at least four directors. Committee members and the Committee Chairman shall be appointed annually by the Board taking into consideration the recommendations of the Corporation’s Corporate Governance Committee and the benefits of a regular rotation in the membership of the Committee, including the Chairmanship, balancing in each case the need for fresh perspective with the need for experience and continuity. The Board may fill vacancies on the Committee and may remove a member from Committee membership at any time with or without cause. At least one member of the Committee shall be a member of the Compensation and Benefits Committee.

Each member of the Committee shall be an “independent director” under the Corporation’s Corporate Governance Guidelines and satisfy the independence requirements applicable to Committee membership under: (a) the listing rules of The Nasdaq Stock Market LLC; (b) Section 10A of the Securities Exchange Act of 1934 (the “Exchange Act”); and (c) the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) and applicable rules and regulations thereunder. Furthermore, each member of the Committee must not have participated in the preparation of the financial statements of the Corporation or any current subsidiary of the Corporation at any time during the past three years.

At least one member of the Committee shall be an “audit committee financial expert” as defined by the rules of the SEC, and all members of the Committee shall be able to read and understand fundamental financial statements at the time of their appointment to the Committee. At least two members of the Committee shall have “banking or related financial management expertise” as determined by the Board pursuant to FDICIA and applicable rules and regulations thereunder.

Director’s fees (including any additional amounts paid to chairmen of committees and to members of committees of the Board) are the only compensation a member of the Committee may receive from the Corporation.

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Corporation’s proxy statement relating to its annual meeting of stockholders.

III. Committee Structure and Operations.

Meetings.

The Committee shall meet in person or by telephone conference, videoconference or other means of communications permitted under applicable Delaware law as frequently as necessary to fulfill its duties and responsibilities, but no less frequently than quarterly. Additional meetings may be held, or actions may be taken by unanimous written consent, as deemed necessary or appropriate by the Committee Chairman or by any other member of the Committee. Minutes of each meeting shall be prepared by the Secretary or any Assistant Secretary of the Corporation or such other person designated by the Committee Chairman as Acting Secretary of the Committee and, when approved, shall be distributed to all Board members.

The Committee may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as it may deem necessary or appropriate. The Committee shall meet separately, periodically, with: (a) management; (b) Northern Trust’s internal auditors; and (c) the Corporation’s public accountants.

Quorum; Manner of Acting.

A majority of the Committee's members shall constitute a quorum, and the act of a majority of the members at which a quorum is present shall be the act of the Committee. In the event of a tie vote on any issue, the Committee Chairman's vote shall decide the issue. In the absence or disqualification of a member of the Committee, the members present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board who meets the Committee membership requirements set forth herein to act at the meeting in the place of any such absent or disqualified member.

Resources.

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities. In particular, the Committee shall have direct and unrestricted access to Northern Trust's management and non-management personnel, all corporate records and the Corporation's public accountants. The Committee shall have the authority to engage independent counsel and other advisors, without the approval thereof by the Board or management, as it deems necessary to carry out its duties. The Committee also may use the services of the Corporation's regular advisors. The Committee may request any such advisors to attend a meeting of the Committee or to meet with any members of the Committee.

The Corporation must provide for appropriate funding, as determined by the Committee, for payment of: (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (b) compensation to any advisors employed by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Delegation of Authority.

The Committee may, in its discretion and subject to the requirements of applicable law, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

IV. Committee Responsibility and Authority.

The Committee's responsibility is one of oversight. The responsibility for the completeness and accuracy of the financial statements rests with Northern Trust's management. The responsibility of the Corporation's public accountants is to perform an audit and to express an opinion as to whether Northern Trust's annual consolidated financial statements are free of material misstatement and presented in accordance with generally accepted accounting principles ("GAAP").

In fulfilling their duties and responsibilities hereunder, each member of the Committee shall be entitled to rely in good faith on: (a) the integrity of those persons and organizations within and outside Northern Trust from which he or she receives information; (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board);

and (iii) representations made by Northern Trust's management as to any information technology, internal audit and other non-audit services provided by the Corporation's public accountants to Northern Trust.

V. Committee Oversight Activities.

The Committee shall have the authority to perform the following oversight functions for Northern Trust on a consolidated basis:

Financial Reporting and Control Review Activities.

- Being directly responsible for the appointment, compensation, evaluation, retention and oversight of the work of any independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, and having each such independent registered public accounting firm report directly to the Committee.
- Reviewing and, in its sole discretion, approving in advance the Corporation's public accountants' annual engagement letter, including the proposed fees contained therein, as well as establishing and maintaining policies and procedures for the approval of all audit and, as provided in the Sarbanes-Oxley Act of 2002 (the "Act") and the SEC rules and regulations promulgated thereunder, all permitted non-audit services engagements and relationships between Northern Trust and such public accountants in advance of such services (which approval should be made after receiving input from Northern Trust's management, if desired). The Committee may delegate to its Chairman or one or more of its other members (each, a "Designated Member") the authority to pre-approve any audit or permitted non-audit services engagements and relationships, provided that each decision of a Designated Member to pre-approve such an engagement or relationship must be reported to the Committee at its next scheduled meeting.
- Reviewing the performance of the Corporation's public accountants, including the lead partner of the public accountants, and, in its sole discretion, making decisions regarding the replacement or termination of the public accountants when circumstances warrant.
- Reviewing and discussing with management, the Corporation's public accountants and, if appropriate, Northern Trust's internal auditors, the following:
 - (1) Northern Trust's annual audited consolidated financial statements and quarterly consolidated financial statements, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto, and the certifications required under Sections 302 and 906 of the Act;
 - (2) such accounting policies (and changes therein) of Northern Trust, including any financial reporting issues which could have a material impact on Northern Trust's consolidated financial statements, as are deemed appropriate for review by the Committee prior to any interim or year-end filings with the SEC or other regulatory body;

- (3) major issues regarding accounting principles and financial statement presentations, including: (A) any significant changes in Northern Trust's selection or application of accounting principles; (B) any analyses prepared by management and/or the public accountants setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including effects of alternative GAAP methods on Northern Trust's consolidated financial statements; and (C) all alternative treatments of financial information within GAAP that have been discussed by the public accountants and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the public accountants;
 - (4) all other material written communications between the public accountants and management, such as any management letter or schedule of unadjusted differences;
 - (5) the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the consolidated financial statements of Northern Trust; and
 - (6) any other matters required to be brought forth by Public Company Accounting Oversight Board Auditing Standard No. 1301.
- As appropriate, receiving and discussing with the Corporation's Chief Executive Officer and Chief Financial Officer and other senior members of management, Northern Trust's internal auditors and the Corporation's public accountants:
 - (1) their assessments of the adequacy of internal financial controls, including the responsibilities, budget and staffing of Northern Trust's internal audit function;
 - (2) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and periodic reports with respect to the correction of any such significant deficiencies and/or material weaknesses;
 - (3) any fraud, whether or not material, that involves management or other employees who have a significant role in Northern Trust's internal control over financial reporting;
 - (4) any significant changes in internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting, including any corrective actions or resolutions with regard to significant deficiencies and material weaknesses or the ability of management to override or compromise Northern Trust's internal financial control system;
 - (5) the reports issued with respect to the annual consolidated financial statements, the internal financial control structure and procedures for financial reporting, and compliance with laws and regulations relating to these statements or structure and procedures for financial reporting and the basis for such reports; and

- (6) the reports of the internal auditors on the internal audit program and the results of internal audit examinations, including significant findings.
- Reviewing and approving all related person transactions disclosable pursuant to Item 404 of Regulation S-K in accordance with the Corporation's Related Person Transactions Policy.
 - Reviewing and approving, at least annually, the Corporation's policy for reserving for credit losses.
 - Determining whether to recommend to the Board that the audited consolidated financial statements be included in the Corporation's Annual Report on Form 10-K.
 - Discussing the Corporation's earnings press releases and financial information provided by the Corporation to analysts and rating agencies through discussion of the types of information to be disclosed and the types of presentations to be made.
 - Discussing the Corporation's major financial reporting risk exposures and the guidelines and policies governing the process by which management monitors and controls financial reporting risk to the Corporation. Recognizing that it is the responsibility of one or more other Board Committees to discuss risks to the Corporation other than financial reporting risk and the guidelines and policies governing the process by which management monitors and controls those risks, the Committee should, in a general manner, remain informed with respect to the processes by which those Committees accomplish those tasks.

Chief Audit Executive and Internal Audit Function

- Approving the appointment of the Corporation's Chief Audit Executive, who shall report directly to the Committee and administratively to the Chief Executive Officer. The Committee shall evaluate the performance of the Chief Audit Executive and, at least annually, or at other appropriate intervals, the Committee shall share its evaluation of the Chief Audit Executive with the Board's Compensation and Benefits Committee and participate with the Compensation and Benefits Committee in reviewing and setting the Chief Audit Executive's compensation.
- Providing oversight to Northern Trust's internal audit function, including any components thereof outsourced to a third party. In conjunction with such oversight, the Committee shall: (1) annually review and approve (a) the audit plan of the internal audit function, including budget and staffing levels, and any material changes thereto, (b) the charter of the internal audit function, (c) the internal audit policy, and (d) the internal audit function's risk assessment methodology and resulting risk assessment; (2) ensure that the Chief Audit Executive annually confirms the organizational independence of the internal audit function; and (3) receive communications from the Chief Audit Executive, who will report directly to the Committee on internal audit activities or other matters that he or she determines necessary.

Other Oversight Activities.

- Overseeing and discussing with management the Corporation's compliance with applicable laws and regulations and matters relating to legal compliance risks.

- Discussing with the Corporation's General Counsel and/or other appropriate members of management legal, regulatory and tax matters that may have a material impact on the Corporation, its business, or its financial statements.

- On an annual basis, obtaining and reviewing a written report from the Corporation's public accountants describing:
 - (1) the public accountants' internal quality-control procedures;
 - (2) any material issues raised by the most recent internal quality-control review, or peer review, of the public accountants, or by an inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the public accounting firm, and any steps taken to address any such issues;
 - (3) the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the public accountant's communications with the Committee concerning independence; and
 - (4) all relationships between the public accountants and the Corporation.

- Evaluating the independence of the Corporation's public accountants by, among other things:
 - (1) obtaining from the public accountants a written statement of the aggregate fees billed for each of the categories of services set forth in Item 9 of Schedule 14A under the Exchange Act;
 - (2) actively engaging in a dialogue with the public accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of the public accountants;
 - (3) ensuring that the lead audit partner and reviewing audit partner responsible for the current fiscal year audit of Northern Trust's consolidated financial statements have not performed audit services for Northern Trust for more than the previous four consecutive fiscal years;
 - (4) ensuring that the Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or Controller (or other person serving in an equivalent position) was not, within one year prior to the initiation of the audit, an employee of the public accountants who participated in any capacity in Northern Trust's audit;
 - (5) considering whether there should be regular rotation of the public accountants; and

- (6) receiving and reevaluating the internal policy with regard to Northern Trust's hiring employees or former employees of the public accountants.
- Reviewing on a regular basis with the Corporation's public accountants any difficulties encountered by the public accountants in the course of any audit work, including any restrictions on the scope of the public accountants activities or on access to requested information, and any significant disagreements with management. In connection therewith, the Committee should review with the public accountants the following:
 - (1) any accounting adjustments that were noted or proposed by the public accountants but were rejected by management (as immaterial or otherwise);
 - (2) any "management" or "internal control" letter issued by the public accountants to the Corporation; and
 - (3) the responsibilities, budget and staffing of, and the public accountants' relationship with, Northern Trust's internal auditors.
 - Resolving any disagreements between the Corporation's public accountants and management regarding financial reporting.
 - Confirming that Northern Trust's interim consolidated financial statements included in the Quarterly Reports on Form 10-Q have been reviewed by the Corporation's public accountants.
 - Receiving and discussing periodic reports from the Corporation's public accountants, management and Northern Trust's internal auditors and assessing the impact on Northern Trust of significant accounting or financial reporting developments that may have a bearing on Northern Trust.
 - Establishing and maintaining free and open means of communication between and among the Committee, the Corporation's public accountants, Northern Trust's internal auditors and management, including providing such parties with appropriate opportunities to meet separately with the Committee on a periodic basis.
 - Establishing and maintaining procedures for: (1) the receipt, retention and treatment of complaints received by Northern Trust regarding accounting, internal accounting controls or auditing matters; and (2) the confidential, anonymous, submission by employees of Northern Trust of concerns regarding questionable accounting or auditing matters.
 - Receiving and discussing reports on such other matters as the Committee deems appropriate.

Other Activities.

- Making regular reports to the Board summarizing the matters reviewed and actions taken at each Committee meeting. In connection therewith, the Committee should review with the Board any significant issues that arise with respect to the quality or integrity of Northern Trust's

consolidated financial statements, Northern Trust's compliance with legal or regulatory requirements, the performance and independence of the Corporation's public accountants, or the performance of the internal audit function.

- Preparing any report or other disclosures, including any recommendation of the Audit Committee to the Board, required by the rules of the SEC to be included in the Corporation's proxy statement.
- Reviewing and reassessing the adequacy of this Committee Charter on an annual basis and submitting any recommended changes to the Board for approval.
- Conducting and reviewing with the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Committee Charter.
- Discharging any other duty or responsibility assigned to it by the Board.

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