



2021 TCFD REPORT

Introduction

In 2015, the Financial Stability Board created the Task Force for Climate-related Financial Disclosures (TCFD) and in 2017 released its final climate related financial disclosure recommendations. These recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets. They are supported by recommended disclosures that allow investors and other stakeholders to better understand how reporting organizations think about and assess climate-related risks and opportunities.

At U.S. Bancorp, we care deeply about meeting our stakeholders' needs, promoting sustainable business practices and supporting economic growth. It is one of the reasons U.S. Bank was named one of the World's Most Ethical Companies® by the Ethisphere Institute in 2022 for the eighth consecutive year. Our approach to our business encompasses corporate responsibility and risk management discipline by embedding strong environmental, social and governance (ESG) principles into our business strategy.

Managing our business in an environmentally sustainable manner is an important component of corporate responsibility and critical to the health of the overall economy. We strive to be a responsible steward of the environment and acknowledge that we have a responsibility to our customers, employees, investors and the communities that we serve to better understand the impact of our operations on global climate change and to help reduce that impact. We embrace a balanced approach that is centered on learning and partnering with our stakeholders as we address climate change and the needs of all of our stakeholders. We're continuously working to reduce our impact on the environment. We do this by decreasing our use of natural resources, implementing environmentally responsible business practices, developing products and services that help our customers reduce their carbon footprints and investing in new products, services, and partnerships. We also continue to improve our understanding of key risks that climate change poses to our company, customers and communities, and we are making strategic adjustments to our scenario analysis, policies and operational practices accordingly, as well as additional due diligence for relationships in a heightened risk industry or activity.

While this work is not new for U.S. Bancorp, we recognize an increased urgency to mitigate climate change and enhanced expectations around transparency. In an effort to meet those expectations, we shared a series of climate goals in November 2021:

- Net Zero greenhouse gas (GHG) emissions by 2050
- 100% renewable electricity in U.S. Bancorp operations by 2025
- Environmental finance goal of \$50 billion by 2030

In 2021, we also joined the Partnership for Carbon Accounting Financials (PCAF), and committed to measuring and disclosing financed emissions using PCAF standards, and aligning disclosures with the TCFD recommendations. This TCFD Report is a continuation of efforts to increase our transparency and allows us to share progress we have made through a common framework with clear, consistent standards.

While this is our first TCFD report, U.S. Bancorp has been committed to transparency in our environmental activities for many years. We have participated in the CDP report process since 2008, and in August 2022 we published our second annual ESG report. CDP is respected for corporate environmental reporting and is fully aligned with the TCFD recommendations. Both our CDP Report and ESG Report can be found at usb.com/environment. This TCFD report allows us to share more of our work with our stakeholders and we will continue to leverage this report and other disclosures to provide updates on our climate-related activities.

The work shared throughout this report illustrates how we are both identifying and addressing impacts of climate change. It's part of our overall business strategy to grow by being the most trusted choice in our industry, driving a One U.S. Bank approach, striving for simplicity and creating the future now. We are, and will continue to be, focused on driving long-term success by offering innovative products and services to meet the needs of tomorrow's green economy, as well as prudently managing climate risk, while supporting our customers and communities through an orderly transition.

These past two years have provided unexpected challenges to our business, our economy and our globe. While climate change continues to be front and center, we also recognize that there is a need to integrate change at a pace that can be supported by the creation of new technology, workforce reskilling and upskilling, and consumer demands. As such, we are executing a thoughtful strategy, and we are standing firm to our commitments that will position us as a leader for years to come. Although we cannot predict all the twists and turns that lie ahead, together with our approximately 70,000 employees, we will be ready to meet them.

Unless otherwise stated, metrics in this report cover the period of January 1 through December 31, 2021, although the narrative may include updates from 2022.

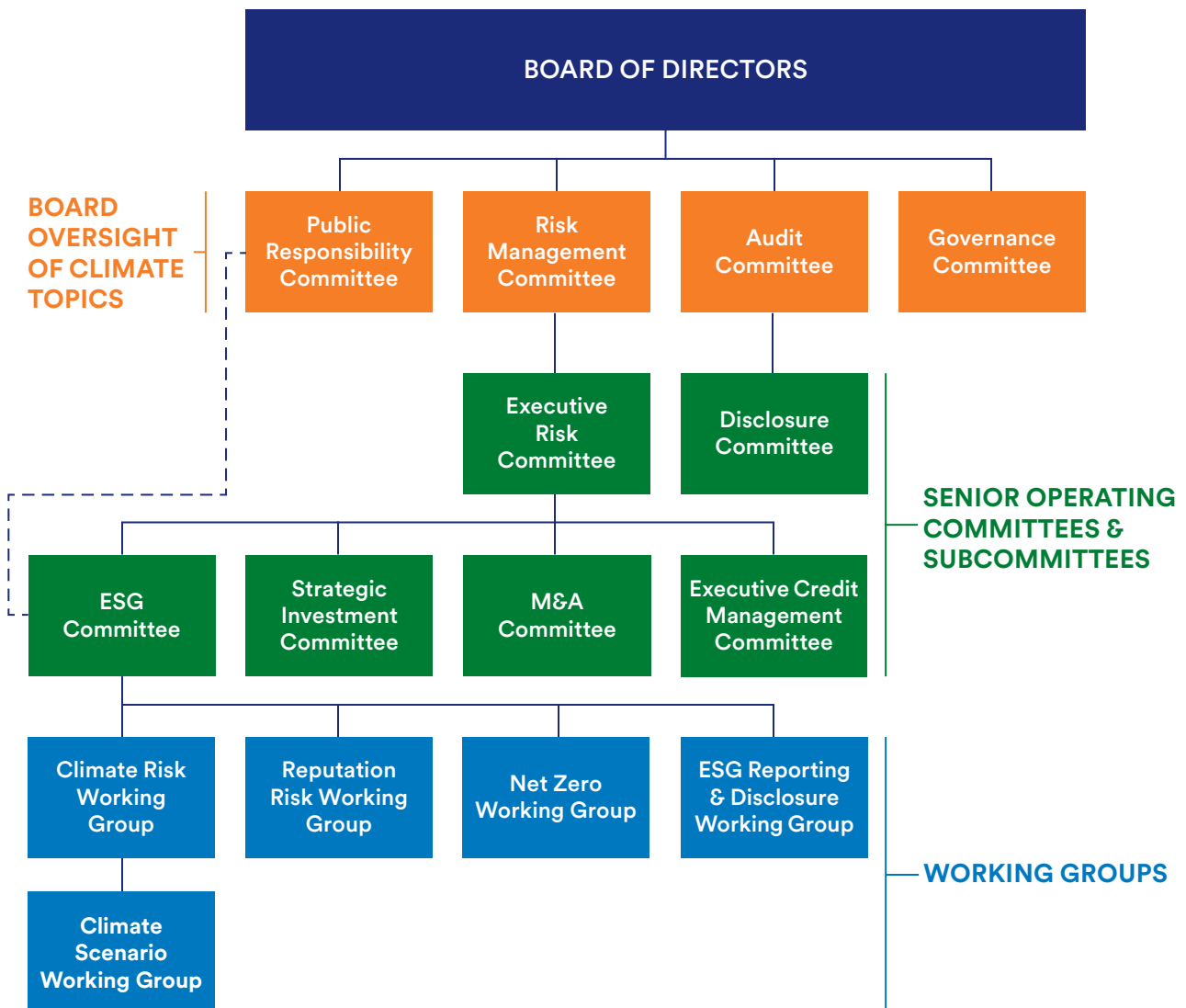
About U.S. Bancorp

U.S. Bancorp, with approximately 70,000 employees and \$573 billion in assets as of December 31, 2021, is the parent company of U.S. Bank National Association. The Minneapolis-based company serves millions of customers locally, nationally and globally through a diversified mix of businesses: Consumer and Business Banking; Payment Services; Corporate & Commercial Banking; and Wealth Management and Investment Services. U.S. Bank provides corporate trust and fund administration services in Europe. Elavon, a wholly owned subsidiary of U.S. Bank, has been a global leader in payment processing for more than 30 years. U.S. Bancorp has been recognized for its approach to digital innovation, social responsibility and customer service, including being named one of the 2022 World's Most Ethical Companies® by Ethisphere Institute and Fortune's most admired superregional bank.

PART 1: Governance

Climate matters are an important focus for our board of directors and company. Our decision-making processes and risk management framework reflect this view, aligning specific and focused oversight of certain types of ESG risks and opportunities to various board committees. The Executive Risk Committee (ERC) is the management-level risk oversight structure under the board’s Risk Management Committee. Senior operating committees support the ERC. The Public Responsibility Committee (PRC), a committee of the board of directors, has oversight of ESG strategy with relevant ESG topics overseen by responsible committees.

Climate Governance Structure



Board Oversight

The board oversees the management, business and strategy of the company and its most significant risks, and has delegated specific and focused oversight of certain types of risks and opportunities to its various committees. The board annually reviews and approves the company's three-year strategic plan, which includes the company's ESG and climate strategy. The board also receives periodic updates related to our key business initiatives, including updates on our ESG strategy and priorities, public commitments, and climate risk.

Board Committees

The board's risk oversight responsibility is primarily carried out through its standing committees.

Public Responsibility Committee (PRC):

This committee oversees our management of reputation risk and reviews our company's reputation, culture and brand management activities; reviews and considers our position and practices on matters of public interest and public responsibility; reviews public policy matters that impact our company's business activity, financial performance or reputation; oversees our policies and programs related to corporate responsibility; and oversees our ESG strategy. The PRC receives regular updates from management on the company's ESG strategy and climate-related goals and commitments, including progress on our goal announced in November 2021 to achieve net zero greenhouse gas emissions by 2050. The PRC receives information from management on priorities to achieve our ESG commitments, relevant timelines, and related metrics in order to oversee and hold management accountable for progress. The PRC also oversees our ESG disclosure and communication plans.

Risk Management Committee (RMC):

This committee oversees our overall risk management function, which governs the management of credit, interest rate, liquidity, market, operational, compliance (including Bank Secrecy Act/anti-money laundering), strategic and reputation risk, as well as other risks faced by our company, including cybersecurity and climate risk. As part of its responsibility to oversee the management, business and strategy of our company, the board has approved a Risk Management Framework that establishes governance and risk management requirements for all risk-taking activities. This framework includes company and business line risk appetite statements, which set boundaries for the types and amount of risk that may be undertaken in pursuing business objectives and initiatives. Our Risk Appetite Statement, which was updated in 2021 to include climate risk, is approved annually by the Risk Management Committee. Climate risk is integrated into our emerging risk process and is included as an emerging risk that is assessed and managed as part of our risk appetite. The RMC receives quarterly reports from management on emerging risks, including climate risk, and a "deep-dive" climate risk update, as requested by RMC.

Audit Committee: This committee oversees the company’s responsibility to the shareholders, potential shareholders, investment community and bank regulatory agencies with respect to its oversight of ethics and business conduct, regulatory reporting, financial and other disclosures and internal controls. The Audit Committee provides oversight of management’s governance over key climate disclosures, as well as controls around accuracy of the content.

Governance Committee: This committee oversees the governance of the board and the company, including by identifying and recommending to the board individuals qualified to become members of the board, developing and recommending to the board a set of corporate governance guidelines applicable to the company and overseeing succession planning for the company’s chief executive officer. In this role, the Governance Committee will have oversight of finding board directors who have the appropriate skills and qualifications to oversee our business, strategy and risks, including ESG strategy and climate risk.

Management Oversight

U.S. Bancorp management has oversight of three key areas of our climate work. Key management roles and responsibilities for each area are outlined in the table below, which is followed by descriptions of the primary committees through which they provide oversight.

Financial Risks	Reputation Risks	ESG Strategy and Revenue
<ul style="list-style-type: none"> • Loan and portfolio exposure • Credit underwriting impacts • Financed emissions calculations • Business resiliency plans • Compliance with regulatory requirements • Third party exposure monitoring • Climate scenario analysis • Market volatility monitoring 	<ul style="list-style-type: none"> • Monitoring relationships for reputation considerations • Environmental and social risk policy • Greenwashing risk 	<ul style="list-style-type: none"> • Environmental commitments • Energy consumption/ carbon emissions goals • Incorporation into strategic planning • Environmental finance revenue opportunities • Community engagement • ESG disclosure reporting

U.S. Bancorp Managing Committee:

This team of senior leaders, led by our chairman, president and chief executive officer, has responsibility to ensure the company is being prudent in managing climate risk and is meeting climate goals. ESG, including climate initiative progress is a consideration in company and managing committee performance and is considered qualitatively in incentive funding and individual executive award decisions if appropriate along with other financial and non-financial performance outcomes.

Disclosure Committee: This committee helps us meet our goal of striving to ensure that the information regarding U.S. Bancorp and its operations and financial performance provided to our shareholders and the investment community is accurate and complete. Our annual ESG Report and TCFD Report are two key reports that fall under the review purview of this committee. Consisting of certain members of management, the Disclosure Committee oversees our system of disclosure controls and procedures. Among other things, this committee evaluates the effectiveness of our disclosure controls and procedures and helps to assess the quality of the disclosures that we make in the periodic reports we file with the Securities and Exchange Commission (SEC). The Disclosure Committee is an essential step in the approval process for key climate reporting.

Executive Risk Committee (ERC):

This committee, which is chaired by the chief risk officer and includes the CEO and other members of the executive management team, oversees execution against the Risk Management Framework and company-level risk appetite statement. The ERC focuses on current and emerging risks, including strategic and reputation risks, by directing timely and comprehensive actions. Senior operating committees have also been established,

each responsible for overseeing a specified category of risk. ERC receives climate risk updates, including metrics tied to climate risk, quarterly, as well as deep dives when timely topics arise.

- The ERC also has oversight of capital expenditures and mergers and acquisitions (M&A), including financial planning related to the company's climate work, through its subcommittees. The Strategic Investment Committee, M&A Committee, Executive Credit Management Committee and ESG Committee are subcommittees of the ERC.

ESG Committee: In June 2021 we established this committee, made up of senior leaders across the organization, including our chief administrative officer, chief human resources officer, chief risk officer and chief diversity officer, and chaired by our chief social responsibility officer. The ESG Committee provides continuous updates to the chief executive officer and the U.S. Bancorp Managing Committee as well as quarterly updates to the PRC. The committee is dedicated to integrating ESG activities into our overall business strategy. It also provides clarity, direction, accountability and oversight of ESG topics so they are managed as part of existing operations, programs and processes.

Executive Credit Management Committee:

Chaired by the chief credit officer, this committee is the primary management level committee dedicated to credit management at U.S. Bancorp, to provide direction regarding the management of credit. All credit policy, including changes related to climate change risk, must be approved by this committee.

Working Groups



Climate Risk Working Group (CRWG):

Led by the climate risk executive, this group is a centralized, integrated forum for information sharing and discussion on topics related to both financial and reputational climate change risk. Key areas of focus for our CRWG are strategy development, risk analysis and reporting related to climate risk.

Climate Scenario Working Group (CSWG):

Led by the climate risk scenario analysis leader, this group was created in 2021 to facilitate the sharing of climate scenario analysis information, ideas and expertise across the company. Members of the CSWG are expected to support climate scenario analysis projects by providing subject matter expertise, access to our existing estimation methods and data, guidance/support in completing analyses and evaluation/interpretation of results.

Reputation Risk Working Group:

Led by the chief risk officer for the Strategy, Transformation and Corporate Affairs business line, this group assesses reputation risk, including those related to climate, through the lens of all defined stakeholders. It also discusses, evaluates and escalates emerging material reputation risk.

Net Zero Working Group:

Led by the head of the ESG Program Office with representation from the business, risk and credit teams, this group is responsible for executing the U.S. Bancorp Net Zero commitment. This team provides regular updates to the ESG Committee and management teams.

ESG Reporting & Disclosure Working Group:

Led by the ESG governance and disclosure lead, this group acts as thought partners to develop U.S. Bancorp's ESG disclosure strategy and acts as subject matter experts to bring forward upcoming disclosure requests and concerns within their areas of expertise. The group provides feedback regarding current report planning and content. This working group also provides input on updates to be shared with the executive level Disclosure Committee.

PART 2: Strategy

Short-Term Strategy (0-3 years):

- As we look to expand our environmental focus from our operations to all parts of the business, we are working towards disclosing emissions intensity metrics, starting with the energy and power sectors. We plan to expand to additional sectors in the next few years.
- We also formalized an environmental finance team to develop an enterprise-wide strategy, build upon current expertise and expand offerings in this space.
 - An example of this work is how U.S. Bancorp leveraged its renewable energy expertise within the tax credit space to create a renewable energy debt product we can now offer our clients in addition to other sustainable products we currently offer.

Medium-Term Strategy (3-10 years):

- In 2021, we set a goal to invest \$50 billion in environmentally beneficial business opportunities by 2030, using a 2020 baseline, to accelerate and advance the transition to a low-carbon economy.
- As part of our net zero strategy we are working on 2030 interim targets, with a focus on two initial sectors, Energy & Power.

Long-Term Strategy (10-30 years):

- In November 2021 we set a goal to achieve net zero GHG emissions by 2050.
 - This initiative provides opportunities to expand into new businesses, products and services while supporting our clients and customers.

Partnership For Carbon Accounting Financials (PCAF)

U.S. Bancorp joined PCAF in November 2021 and committed to measuring and disclosing our financed emissions using PCAF standards. In addition to assessing GHG emissions from our own operations (Scope 1 and Scope 2 emissions), we launched a cross-functional initiative to build out reporting of our financed GHG emissions (Scope 3, Category 15) using the PCAF methodology. We began this initiative by completing a comprehensive project to understand and assess the PCAF standard, relative to current data availability. Since then, we have also built sample, prototype financed emissions reporting for

key asset classes, and continue to work towards addressing gaps in data quality and coverage. We expect this effort will allow us to better understand and disclose financed emissions, inform future strategy and risk management and address potential future regulatory reporting requirements in this area. We are evaluating data quality, establishing appropriate governance, and awaiting further clarity on the SEC climate disclosure rule before determining our readiness to disclose financed emissions consistent with the PCAF methodology.

Identifying Risks

We continue to improve our understanding of key risks climate change poses to our company, customers and communities, and we are making strategic adjustments to our scenario analysis, policies and operational practices accordingly. Climate-related risks are relevant across many risk categories within our Risk Management Framework.

These risks can be freestanding, but they can also cross categories to create inter-risk exposure. For example, the increased severity and frequency of severe weather events may impact our lending portfolios (credit risk), our ability to conduct business (operational risk) and key third-party relationships (another aspect of operational risk). To better manage climate risk in our company, we developed a **Climate Risk Management Framework**, illustrated on the next page, which describes how we're integrating climate risk into each risk category by leveraging existing risk management processes supplemented by climate risk related analysis.

We recognize that risks related to climate change are dynamic and present varying degrees of impact over different time horizons. As our strategy and risk management approaches continue to evolve, we will seek to incorporate an analysis of risk time horizons, recognizing that long term risks of 30+ years are prevalent. Given the emerging nature of climate risk, the climate-related activities listed below are in various stages of maturity.



Climate-related risks are relevant across many risk categories within our **Risk Management Framework**.

We have identified the following key risks to our company posed by climate change:

Risk category	Nature of risk	Description
Credit	Physical	Natural disasters affect our customers and can impact their ability to fulfill commitments. If a customer's business is destroyed through a climate-related event, such as a wildfire or hurricane, they may be unable to conduct business. This could lead to an inability to repay debt and a reduction in future relationship opportunities. Chronic shifts caused by climate change, such as rising sea levels, may also affect our customers in low-lying areas and on seashores, impacting the value of their property and their ability to fulfill commitments.
	Transition	Companies in certain carbon-intensive industry sectors could be impacted by a shift (or market expectations of a shift) to low-carbon products or changes to regulations, which could impact their credit worthiness.
Market	Transition and physical	Climate change impacts may affect funding levels, asset valuations and market prices, impacting the ability to support our businesses and customers under a range of climate-related conditions.
Operational	Physical	Changes in temperature extremes could lead to an increase in energy used to heat and cool our over 2,000 locations. Additionally, extreme weather events can impact the safety of our employees, critical business operations, third parties and technology.
Compliance	Transition and physical	U.S. Bancorp and other U.S. financial institutions will need to be compliant with any new regulations or laws related to climate change risk that may be forthcoming. Failure to do so could result in legal or regulatory sanctions, financial losses and an erosion of trust in our brand.
Strategic	Transition and physical	An inability of banks to proactively adjust portfolio and business strategies to identify and mitigate increased transition or physical risks could result in higher credit and operational losses.
Reputation	Transition and physical	The bank supports a number of industries and sectors that have material environmental impacts. The bank's support for clients operating within these areas may create reputational concerns by certain stakeholders.

Scenario Analysis

We use climate scenario analysis to evaluate potential future states of the world and the physical and transition-related climate impacts under these different scenarios. U.S. Bancorp has evaluated these risks through prior and current projects and will continue to evaluate them through future, planned projects.

Preliminary research into climate scenario analysis at U.S. Bancorp includes work to identify high-risk sectors that may be most susceptible to climate change through physical risks, transition risks or both. In addition, we evaluated the Network for Greening the Financial System (NGFS) climate scenarios and performed a high-level, qualitative assessment on the expected direction and magnitude of climate risk impacts under each of these scenarios. We also completed an evaluation of recent climate scenario exercises run by central banks and other financial regulators around the world.

We are monitoring trends in the development and application of scenario analysis to both the physical and transition risks associated with climate change.

Transition risk: We completed several projects to evaluate climate transition risks. First, we performed initial exploration of the Paris Agreement Capital Transition Assessment (PACTA) tool to evaluate whether borrowers in our credit portfolio are aligned with the goals set under the Paris Agreement. In addition, we performed a high-level analysis on the impacts of a hypothetical carbon tax on borrowers. Finally, we continue to increase our focus on climate transition risk scenario analysis capabilities, as we are in the process of completing a bottom-up transition risk pilot analysis on borrowers within a set of high-risk sectors. Going forward, we plan to continue to evaluate the impacts of transition risks across different sectors.

We have also completed an evaluation of recent climate scenario exercises run by central banks and other financial regulators around the world.

Physical risk: We monitor a variety of physical risks that can potentially affect our loan portfolios. Given the increase in the length of wildfire season in recent years, as well as the increase in wildfire frequency, intensity and coverage area, we identified wildfire risk as an important acute physical risk that should be evaluated. This risk is even more relevant to us due to our large footprint in the western United States, which has increased significantly with the acquisition of MUFU Union Bank, N.A. (Union Bank). We completed a pilot wildfire scenario analysis, which evaluates the impacts of a group of severe wildfires within the western United States on our credit portfolio and operational expenses. Earlier this year, we also worked with real estate data firm CoreLogic® to better understand the impact of various physical risks to our residential real estate portfolio. Going forward, we plan to evaluate the impacts of additional physical risks across different sectors.

Environmental & Social Risk Policy

To guide our risk evaluation of relationships that entail higher risk, we maintain an **Environmental and Social Risk Policy**.

Our approach begins with providing access to financial services in a way that upholds all applicable federal, state and local laws and regulations. We continuously review our policies to make sure they align with changes

We continuously review our policies to make sure they align with changes in legislation and regulation.

in legislation and regulation. Our policy is designed to create enterprise-wide approach to managing and overseeing our existing and prospective relationships, including customers and other business partners, that present heightened risk based on the activities that the business conducts, and how that business is conducted.

Due diligence: We have a robust mechanism for due diligence. For relationships in a heightened risk industry or engaged in heightened risk activity, additional due diligence is performed to evaluate risks specific to that customer. The additional due diligence includes an assessment of factors such as past compliance with laws and regulations and programs in place that mitigate the potential for negative outcomes, such as damage to the environment or impact to communities.

The due diligence and review requirements help us evaluate whether a prospective or existing customer's policies and processes are sound and effective as they relate to

the environment and the community in which it operates. For customers in certain environmentally sensitive industries or sectors, meeting policy thresholds, we assess their compliance with all federal, state and local environmental laws and will evaluate compliance through due diligence. This additional environmental due diligence focuses, in part, on:

- Past and present environmental compliance with laws and regulations
- Internal framework related to environmental risk management
- Potential impact on dependent communities and indigenous people

Escalation and monitoring protocols:

Our risk and business line functions collaborate to monitor, assess and act on external information or events that may have reputation impact to the Company. Impacts are assessed to determine appropriate risk mitigation actions.

We also understand that our external relationships reflect on us. Business lines may be required to document and implement any identified mitigation activities prior to receiving approval to enter or expand a relationship with heightened risk.

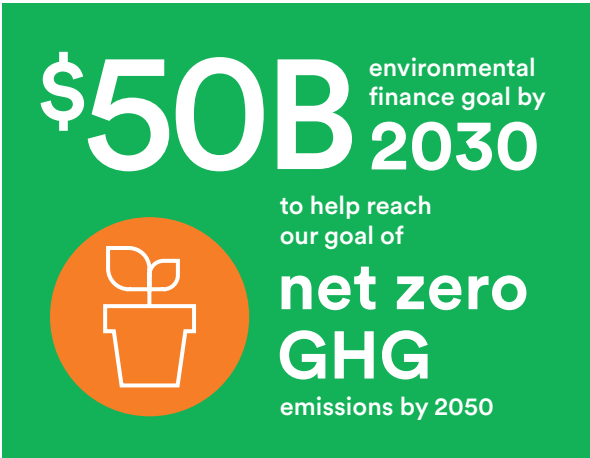
The risk mitigation activities must specifically address the risk associated with the relationship and could include activities such as enhanced monitoring and periodic reviews. Once due diligence is complete, relationships with heightened risk are escalated through a formal approval process that may require review by business line and risk executives, including the Company's chief risk officer and other Managing Committee members, as appropriate.

Instances of non-adherence or violations of the policy are monitored and may be factored into employee incentive compensation decisions.

Leveraging Opportunities

We’re mobilizing our company to achieve our \$50 billion environmental finance goal by 2030, and to help reach our goal to achieve net zero greenhouse gas (GHG) emissions by 2050, we plan to actively engage and partner with our clients on their transition to a low-carbon economy.

In an effort to capture and track finance activity to meet this goal, we developed a sustainable finance framework. Environmental themes we identified within this framework include, but are not limited to:



Sustainable finance framework category	Description
Clean power and storage	Power and heat generation from renewable energy sources including solar, wind, hydro, geothermal, biogas, nuclear
Low energy buildings	Platinum or gold Leadership in Energy and Environmental Design (LEED) certified commercial buildings along with supporting efficient retrofits of existing buildings
Sustainable transportation	Electric and hybrid vehicles, low-carbon public or new mass transit projects, manufacturing of fuel cells and batteries
Sustainable food and agriculture	Production of low-carbon food sources, sustainable land use practices to reduce deforestation
Energy sources and carbon capture, utilization and storage (CCUS)	Production of near zero emission fuels (e.g., green hydrogen), CCUS
Circular economy and resource efficiency	Increase in the reuse and recycling of materials, reduction in new materials required for new goods
Water resource management	Technologies and products that reduce, reuse or recycle water as a means of conservation (e.g., smart metering devices)

Renewable Energy

We're a national leader in financing renewable energy, committed to investing in businesses that support renewable energy efforts and sustainable business practices, while creating jobs in local communities across the United States.

U.S. Bancorp Community Development Corporation's (USBCDC) environmental finance business invests **renewable energy tax equity** in projects that help provide clean energy options to our nation's homes, towns and businesses through wind, solar and other renewable energy projects. In 2021 we invested \$830 million in renewable energy tax equity. Our solar portfolio – including utility scale solar, community solar and funds that support residential solar – spans a broad customer base, which diversifies risk within our environmental finance activities.

Looking for ways to expand our leadership in environmental financing and further help clients who are leading the push for greener energy sources, we launched a **new renewable energy debt product**, closing our first transaction in September 2022. It will help us meet growing demand and better serve our existing tax equity customers with whom we have deep relationships. It will also create opportunities to support customers across the bank – from utility customers to developers – who are making their own transitions to a greener economy.

In addition to direct investing and lending, we're also expanding our impact by attracting more companies and more capital into socially responsible and environmentally sustainable business activities through our USBCDC **Syndications platform**. Our syndications business allows us to help customers meet their financial goals while also contributing to the generation of positive social or environmental benefits.



Our environmental commitments aim to finance and facilitate activities that may benefit the following United Nations Sustainable Development Goals:

-  **Affordable and Clean Energy**
-  **Industry, Innovation, and Infrastructure**
-  **Sustainable Cities & Communities**
-  **Responsible Consumption and Production**
-  **Clean Water and Sanitation**

We pair qualified investors seeking attractive after-tax returns with customized state and federal tax credit investment portfolios. These new and vital sources of capital stimulate environmental, community and economic development projects.



New Markets & Low-Income Tax Credit Investing

We also look for ways to leverage other types of tax credit programs to invest in sustainable enterprises and support the transition to a low-carbon economy, while also supporting communities.

As a top five investor in **Low-Income Housing Tax Credits (LIHTC)**, many of the projects we invest in include energy efficient features, like solar, and follow other best practices in sustainability.

As one of the top **New Markets Tax Credits** investors in the nation – driving investments that support business growth, job creation and economic development in underserved communities – USBCDC looks for opportunities to finance sustainable enterprises and support the transition to a low-carbon economy.

Lending

We also help power the transition to a low-carbon economy **with loans to clients in our utilities portfolio** who face increasing regulatory mandates for sustainability initiatives and renewable energy. U.S. Bancorp provides loans for LEED certified buildings through our commercial real estate group, and electric vehicle (EV) financing through our auto leasing and lending division. The enactment of the Inflation Reduction Act provides additional tax and other incentives to transition into low- and no-carbon activities in transportation, energy, construction, industrials, consumer products and manufacturing – all areas where U.S. Bancorp remains active.

Commercial Products ESG Advisory Practice

In December 2020, we established a **full-service ESG practice** within Fixed Income and Capital Markets (FICM). This new vertical is the natural evolution of our ESG financing efforts, which started with our first green bond underwriting in 2014, and has since grown to cover all commercial products, such as FICM activities, supply chain finance, equipment finance, sponsor finance, subscription finance and asset-backed finance. As businesses increasingly focus on ESG criteria, many companies are looking to address these themes through financing activities. We also offer Sustainability Linked Loans that incentivize our client's achievement of ambitious sustainability performance objectives. Investors are also seeking products with ESG provisions. By offering custom solutions, our advisory practice structures products that create the most significant impact on issues central to a company's ESG vision.

New Sustainable Finance Team

We're changing our business model to help us make continual progress toward meeting the \$50 billion environmental finance goal we set in November 2021. In 2022, we **hired an executive to lead a new Sustainable Finance team**, which will work across the entire company to help us provide products and services that meet our customers' ESG needs. We continue to refine our sustainable finance framework.

We are currently evaluating the landscape of potential environmental finance activities that could support our customers' transition to a low-carbon economy. As needs or as opportunities for new products are realized, they are evaluated based on risk appetite and feasibility based on current business structure within the appropriate business line.

Adjusting to market shifts

Market shifts affect our customers, which in turn can affect our bottom line through an increase in write-offs. When we expect a market shift will affect several customers, this risk is included in our portfolio review and risk assessment.

Similarly, some shifts may create opportunities. U.S. Bancorp is continuing to look at products to assist or encourage our customers with the transition to a low-carbon economy. Examples include approving our new renewable energy debt product and exploring expanded impact investment offerings. Because of this, we see market shifts as both a risk and an opportunity to expand our business.

In addition, as climate risk events increase, we should expect the potential for more frequent market shock events. We currently maintain a strong capital structure, non-high risk trading strategies and a risk management framework that includes stress scenarios to estimate potential loss from a severe market shock.



One of the cornerstones of transitioning to a low-carbon economy is giving consumers and businesses more sustainable choices in their daily lives. In 2021, we accelerated efforts to inject sustainability initiatives and solutions into our business lines. Customers want products and services that don't make them choose between living sustainably and living their lives.



In 2021, we also started issuing a debit card made of reclaimed ocean-bound plastic. Every time one of our customers uses their Second Wave card, they're part of the process of removing damaging plastics that would end up in our oceans and remain for hundreds of years.



We also recognize that environmental impact is a complicated issue with social and economic dimensions that often go unseen. One way we're working to address these interdependencies is through a partnership with First Mile, an organization that's working to create a responsible and sustainable supply chain in underdeveloped countries like Haiti. Through First Mile, Haitians can find meaningful work, earn a living wage and take part in recycling plastic waste that would otherwise be bound for the Caribbean Sea. First Mile also reinvests in the economic success of these communities through WORK, its nonprofit organization that supports initiatives like youth education programs and micro loans for entrepreneurs.



Net Zero

We have been focused on reducing emissions within our own operations for years. Since 2014, we have reduced our operational GHG emissions by over 60 percent, and in November 2021, we set a goal to source 100 percent renewable electricity by 2025.

At the same time, we also set a goal to achieve net zero GHG emissions by 2050, expanding our current focus on our own operations to focusing on all parts of our business. As we look at integrating our net zero strategy across the enterprise we intend to actively engage and partner with our clients on their transition to a lower carbon economy. We also will leverage the \$50 billion environmental finance commitment we made last year to support clients on their transition.

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emissions by 2050.**

Our objective is to provide transparency to our stakeholders on the challenges and opportunities we see as we progress towards meeting our commitment. These challenges and opportunities may fluctuate given the complexities in the regulatory environment, data availability, and current economic needs.

Our methodology for developing our net zero strategy begins with assessing our impact through the evaluation of our highest carbon emitting sectors, starting with the Energy and Power sectors. This decision was made in close collaboration with our business line, recognizing the role U.S. Bank can play in deploying capital, partnering with our clients, and investing in new products and solutions. While our initial focus is on Energy and Power, we will expand our work to other high carbon emitting sectors in alignment with industry best practice and recognizing where there are significant risks and opportunities to support the transition.

As we move towards target-setting, we are looking across our financing and activity facilitation in these sectors and will include our lending, capital markets and tax equity investments to empower our entire business to advance this goal. We will align our commitment with science-based targets to meet the necessary decarbonization pathways and provide consistency for stakeholders. Our ability to set targets is dependent on available data and methodologies.

We recognize the need for capital to build a more sustainable infrastructure with more advanced technologies. We intend to evaluate our net zero commitment using a physical emissions intensity calculation to encourage growth and investment in sustainable solutions. Through this calculation we will have the ability to monitor client progress, as well as the ability to monitor our progress as it compares to the decarbonization pathways outlined by the International Energy Agency (IEA) for these sectors. The IEA is an intergovernmental organization that works to shape energy policies for a secure and sustainable future.

In order to identify the type of activity to include within this first analysis of our net zero commitment, we reviewed materiality, data availability and impact. Within the Power sector, we anticipate including Power Generation in our target due to its influence on sector emissions. We intend to focus on scope 1 emissions, which are generated directly from the company's operations and are relatively more significant than scope 2 and 3 given the nature of the industry.

We anticipate a change in our emissions baseline with the addition of Union Bank assets and are reconsidering adjusting our baseline year to include this activity.

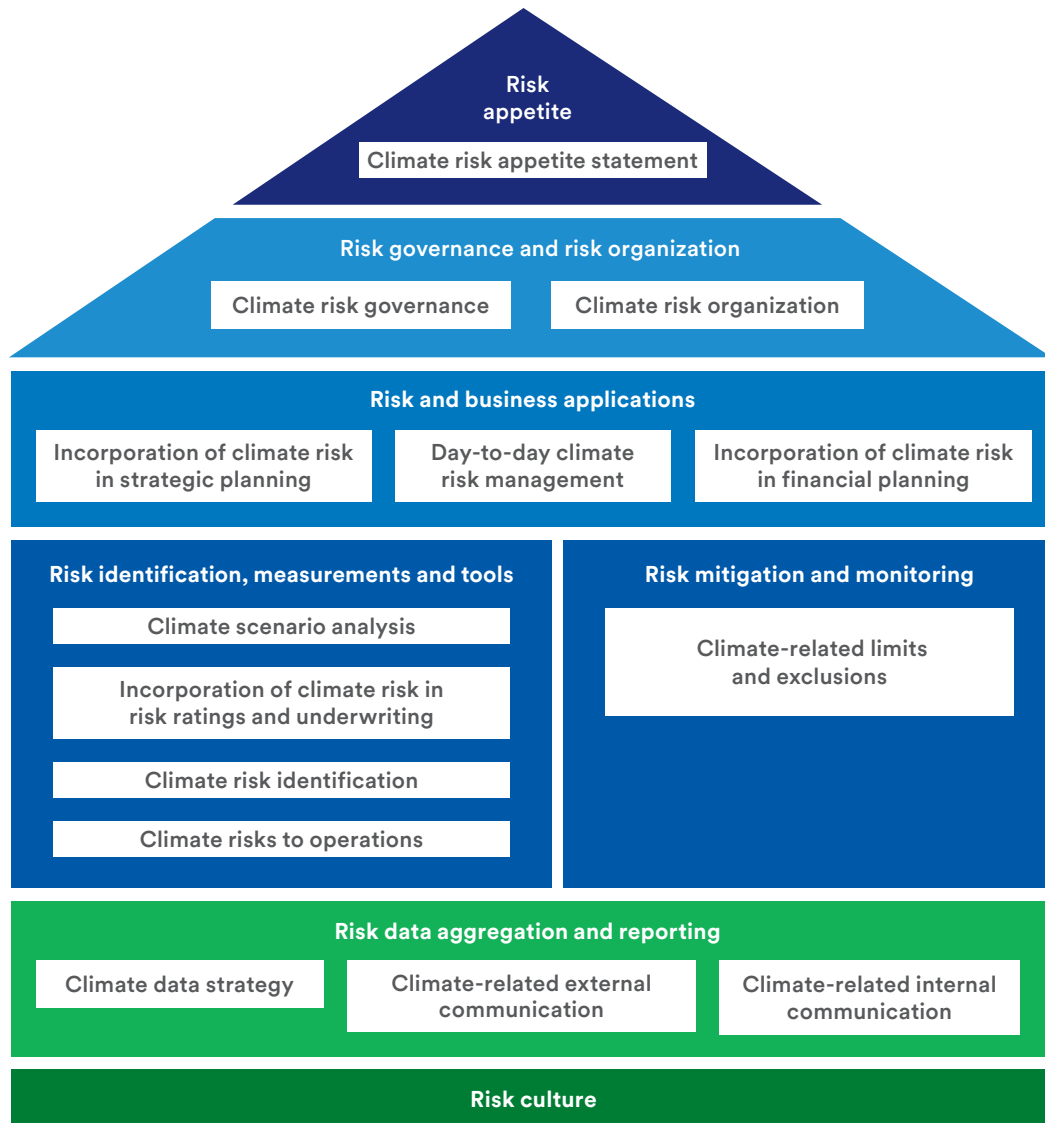
In the Energy sector, we anticipate including upstream and integrated activity. Upstream is defined as companies involved in the exploration and production of fossil fuels, while Integrated includes companies involved in multiple parts of the Energy value chain, including upstream. We are evaluating the inclusion of scopes 1, 2, and 3 for the Energy sector due to the materiality of emissions across all activities. We recognize that oil and gas companies do not have direct control over their scope 3 emissions and the ability to reduce scope 3 emissions will be dependent on technological advancements, enhanced policy and the decrease of downstream consumption. Definitions for scopes 1, 2 and 3 can be found on page 27 of this report.

During this past year, significant work has been done to calculate our financed emissions and determine interim reduction targets using the IEA Net Zero 2050 Scenario. Prior to this publication, however, several factors came in to play resulting in a decision to hold on announcing our baselines and targets. Most notably, U.S. Bancorp acquired Union Bank. We anticipate a change in our emissions baseline with the addition of Union Bank assets and are considering adjusting our baseline year to include this activity. Additionally, the IEA adjusted its Net Zero 2050 Scenario in October, resulting in the need to recalculate our targets.

The sustainability landscape is evolving, potentially impacting our ability to advance our ESG goals. We are currently faced with challenges such as data quality and availability, limited guidance on methodologies, and the delay in the announcement of the new SEC climate disclosure rules. While we recognize we may continue to face headwinds, we are committed to doing what is right for our stakeholders, our communities, and our planet. As we continue our efforts, we may need to recalibrate our targets and methodologies but we will be transparent with any adjustments we need to make. We look forward to continuing to provide updates on our work through future disclosures.

PART 3: Risk Management

Climate risk is the potential for adverse effects due to climate change. We view climate risk as a horizontal risk that impacts each established risk category. Therefore, climate risk considerations are being integrated and managed within the existing risk management framework.



The integration of climate risk into the risk management framework is intended to support a variety of positive outcomes, including providing support for our company’s environmental commitments and strategies and aligning with regulatory focus on climate risk management principles. We plan to leverage existing processes and risk management activities, which will be supplemented by climate risk specific analysis, activities and data to manage this risk effectively and efficiently.



Climate Risk Team

The Climate Risk Team is led by the climate risk executive. The team functions within the Risk Management and Compliance organization, reporting to the chief risk officer. This team is responsible for integrating climate risk into the risk management framework. Specific focus areas include:

- Managing and tracking status of enterprise climate risk initiatives
- Development of the Climate Scenario Analysis activities
- Ownership of the Climate Risk Framework
- Ownership of the Climate Risk Dashboard
- Engaging in climate-related reporting, regulatory/supervisory guidance reviews and qualitative and quantitative analyses
- Leadership and subject matter expertise for Climate Risk Working Group and Climate Scenario Working Group
- Providing climate-related support for risk category stakeholders, including capital stress testing participants and international subsidiary activities

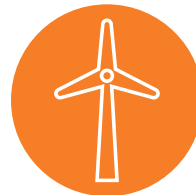
Integration into risk management processes

Risk management processes are performed on an ongoing basis in accordance with the company's Risk Management Framework. To be effectively managed, risks must first be identified and measured. We use a variety of tools and processes to identify and measure climate-related risks, including, but not limited to the Climate Risk Dashboard and Climate Scenario Analysis. These tools and processes

identify and measure not only existing risks but also risks that are emerging due to external factors or changes in the business.

The company's risk response and control processes include the establishment and communication of various risk limits, and requirements and expectations through policies, procedures and other guidance. These are typically established and overseen by designated operating committees and second line of defense functions for each risk category.

Monitoring and testing are performed to evaluate risk levels and compliance with control processes and procedures, and to ensure ongoing alignment with risk appetite limits and policy requirements. The following information highlights how climate risk considerations are currently embedded into existing risk management processes.





For example, we recognize that there are industries in our lending portfolio that are considered environmentally sensitive and a case study for how we identify, assess and respond to these types of risks is in our energy and power (utilities) industries. We are increasing monitoring and oversight of those portfolios as transition risks in the future may impact them to a greater degree than other portfolios. This includes leveraging key elements of our Risk Management Framework, including risk monitoring, reporting, and trending analysis. As a result, our quarterly reporting includes exposures to all environmentally sensitive industries in the Climate Risk Dashboard.

Risk category-specific activities

As we incorporate climate risk into our risk management framework, there are varying levels of applicability of coverage based on the specific risk category. We also recognize that the industry and our company continue to evolve in the monitoring of climate risk. Risk programs are continuing to evaluate internal enhancements and understand industry practices that can help manage this risk over a long-term horizon.

Examples of specific risk category activities and incorporations into the Risk Management Framework are listed below:

Risk category	Description
Credit	<p>The Credit Risk Management organization has risk management activities in place that contribute to addressing climate-related risks in the loan portfolio, including:</p> <ul style="list-style-type: none"> <li data-bbox="480 789 1349 863">  Required completion of an enhanced due diligence questionnaire for customers with potentially high environmental impact <li data-bbox="480 894 1192 936">  Other portfolio-specific risk mitigation requirements <li data-bbox="480 968 1333 1083">  Production of a Quarterly Environmentally Sensitive Industries Report, which highlights exposures of clients in environmentally sensitive industries <li data-bbox="480 1115 1224 1157">  Periodic analysis of climate-related portfolio exposures
Market, liquidity and interest rate	<p>Market risk, liquidity risk and interest rate risk incorporate climate change risk via existing risk management activities. Physical and transition risks from climate change act as another driver of market or liquidity events.</p>

Risk category table continued on next page.

Risk category	Description
<p>Operational</p>	<p>Business resiliency</p> <p>The Enterprise Resiliency Group established and maintains guidelines that incorporate industry best practices for the operational resiliency of critical business processes and technology. To achieve operational resiliency, business process and technology owners – in partnership with and under the guidance of the Enterprise Resiliency Group – build and maintain response plans to address threats and risks including natural disasters, severe weather and climate related events. The Enterprise Resiliency Group’s Crisis Management Department manages and coordinates the enterprise response to adverse events that threaten to harm the company and our stakeholders, employees, assets or reputation. The enterprise response focuses on the safety of all employees, customers and assets of the company; minimizing disruption of service and inconvenience to customers; and returning to a business-as-usual state as quickly as possible.</p> <p>Third-party risk management (TPRM)</p> <p>TPRM assessment of climate change is embedded into existing TPRM oversight programs, specifically including the existence of environmental sustainability policies and related activities, along with requiring each third-party to acknowledge a code of conduct including a commitment to continuously improving business activities to reduce environmental impact and invest in products that help the environment. TPRM is continuing to focus on environmental sustainability questions and enhanced country risk tools.</p> <p>Operational risk scenario analysis</p> <p>The Operational Risk Scenario Analysis Program develops scenarios for plausible events over a materiality threshold. Natural disaster/climate scenarios are developed in accordance with the Operational Risk Scenario Analysis Policy.</p> <p>Operational risk produces a quarterly Natural Disaster Dashboard that tracks operational and business disruptions, as well as credit risk impact of natural disasters.</p>
<p>Compliance</p>	<p>The regulatory change management (RCM) process identifies and evaluates changes in laws and regulations, including regulations and guidance issued by the company’s U.S. and non-U.S. banking regulators, as well as U.S. federal banking regulator enforcement actions, U.S. federal laws and certain state laws impacting the company’s products and services. Related legal or regulatory changes are considered for incorporation into compliance risk assessment processes as they become effective, including the Enterprise Compliance Risk Assessment (ECRA) and the Fair and Responsible Banking Risk Assessment (FaRB RA). The assessments are leveraged to measure the quantity of inherent and residual risk, as well as the effectiveness of controls.</p>

Risk category table continued on next page.

Risk category	Description
Strategic	Strategic Risk Management provides governance and monitoring of the risks generated from the strategic plan, including any climate change strategies or responses to climate change impacting the external environment. With our public environmental commitments there are increased strategic risks related to the necessary strategy, technology and resources to accomplish our environmental commitments. We would expect to see business lines and risk management incorporate these commitments into the company's 3-year strategic plan.
Reputation	Relationships with heightened reputation risk must be escalated through our Environmental and Social Risk Policy process to ensure a risk assessment is completed and additional layers of approval and oversight occur. For relationships meeting the policy thresholds, business lines are required to perform additional environmental due diligence on the companies operating within certain environmentally sensitive industries to better guide decisions. The due diligence and review requirements help us evaluate whether a customer's policies and processes are sound and effective as they relate to the environment and the community in which it operates. As environmental work progresses, there will also be the potential for increased risk of greenwashing. Reputation risk management will continue to monitor this risk in partnership with other business lines and risk functions.

Climate risk exposure

We've used various metrics to begin understanding the impact of physical risks and transition risks on our lending activities. We have:

- Completed an analysis of residential real estate exposure to various physical risks using the Federal Emergency Management Agency (FEMA) National Risk Index.
- Benchmarked our exposure in climate-risk sensitive industries to peer banks.
- Made a preliminary effort to understand financed emissions intensity by industry using industry level averages, with the understanding that estimates are preliminary and may need to be finetuned using client-specific emissions disclosures.

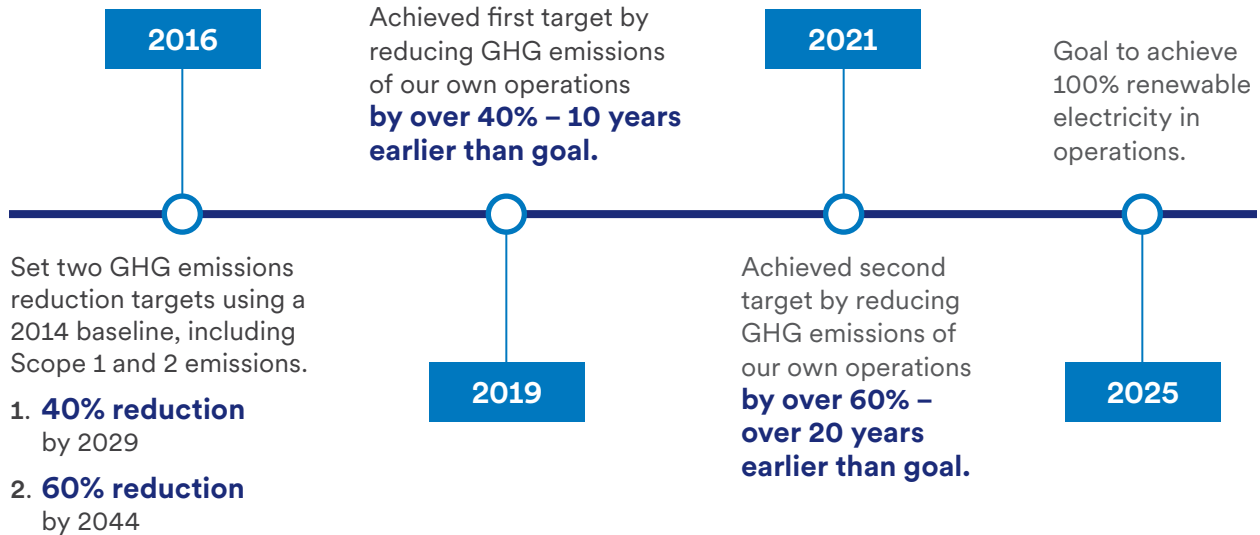
The table below shows U.S. Bancorp loans outstanding for industry groups with significant credit exposure that are identified as most likely to be impacted by certain physical risks and/or transition risks under the [Task Force on Climate-related Financial Disclosures \(TCFD\) recommendations](#). This assessment helps us better understand the potential impacts of climate risks to our loan portfolios and identifies areas of focus for monitoring. We acknowledge that these segments may see varying levels of impact. As our understanding of emerging climate risks and maturity of climate risk assessment evolves, we may update our assessment of climate-sensitive industries. Industry groups are generally consistent with TCFD guidance and are based on the North American Industry Classification System (NAICS) and other internal reporting standards. The loans outstanding data is consistent with our 2021 annual report.

Industry Group	Loans	Percent
Agriculture	1,796	1.6%
Automotive	7,590	6.8%
Building Materials	2,687	2.4%
Capital Goods	4,099	3.6%
Energy	2,299	2.1%
Food and beverage	4,097	3.6%
Metals and mining	3,342	3.0%
Power	3,028	2.7%
Real-Estate Related	16,646	14.9%
Transportation	3,895	3.5%
Total	49,479	44.2%
Total Commercial	112,023	100.0%

Commercial Real Estate	Loans	Percent
Commercial Mortgages	28,757	73.6%
Construction & Development	10,296	26.4%
Total Commercial Real Estate	39,053	100.0%

PART 4: Metrics & Targets

Operations



Climate change has the potential to affect our operations budget through more extreme heating and cooling seasons. In an effort to reduce risk and impact, our Corporate Real Estate group is tasked with managing our energy use. As a result, we developed an operational strategy that is twofold: continue seeking opportunities to purchase renewable energy for our facilities while also working to reduce energy use at our facilities. Purchasing renewable energy allows us to better manage our energy costs and leaves us less vulnerable to energy fluctuations, while reducing the energy we use allows us to lower risk through increased efficiency, leaving us less vulnerable to extreme weather.

- This has resulted in opportunities to save money with facilities that are more efficient by following sustainable principles in the design phase and retrofitting.
- It has also allowed us to increase vendor partnerships, such as purchasing renewable energy through our utility vendors.
- To formalize our commitment, U.S. Bancorp announced in November 2021 our goal to obtain 100 percent of operational electricity from renewable sources by 2025.

Emissions and energy consumption reporting

Emissions (metric tonnes CO ₂ e)	2014 (base year)	2019	2020	2021
Scope 1	60,412	48,639	41,461	41,335
Scope 2 (market-based)	354,799	176,447	151,677	97,538
Scope 3.5 (waste generated in operations)	26,387	8,528	7,110	7,480
Scope 3.6 (business travel)	24,629	38,762	12,856	7,302
Scope 3.7 (employee commuting)	Did not report	79,195	28,664	29,239
Scope 3.13 (downstream leased assets)	63,399	44,088	34,854	38,777
Total emissions	529,626	395,659	276,622	221,671
Scope 2 (location-based)	354,799	255,929	212,620	191,919
Emissions - Intensity Metrics				
Scope 1 & 2 (market-based) - per \$1 million revenue	20.00	10.10	8.28	6.08
Scope 1 & 2 (market-based) - per 1,000 square feet	14.40	8.20	6.85	5.06
Energy Use (MWh)				
Consumption of fuel	249,954	294,944	217,935	216,204
Consumption of purchased or acquired electricity (non-renewable sources)	527,868	361,750	305,593	222,632
Consumption of purchased or acquired electricity (renewable sources)	31	137,050	137,586	214,800
Consumption of purchased or acquired steam	47,580	27,344	25,335	24,919
Consumption of purchased or acquired cooling	16,829	12,863	9,962	9,616
Total energy consumption*	842,262	833,951	696,411	688,171

*Scope 1: Direct emissions from owned or controlled sources.

*Scope 2: Indirect emissions from purchased energy.

Additional Information

Looking ahead

Over the next year, we will continue to make progress on building out our climate work and expanding our capabilities by:

- Monitoring the changing landscape including new regulations and disclosure guidelines and requirements
- Continuing to work with our regulators to provide input and information that assists with developing effective regulations around climate
- Building data requirements and architecture to execute reporting and disclosure
- Engaging with clients to collaborate and support a balanced and responsible transition
- Providing training on climate risk and further integrating climate risk into business strategy
- Strengthening partnerships with leaders in the transition to a low carbon economy

Resources

- [2021 ESG Report](#)
- [2021 Annual Report](#)
- [2021 Proxy Statement](#)
- usbank.com/environment
 - Environment and Social Risk Policy Statement
 - Most Recent CDP Reporting
- **Investor relations contact:**
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Legal Statements

Important Information About This Report

This TCFD report should be read in conjunction with U.S. Bancorp’s 2021 Annual Report and 2022 Proxy Statement, both of which contain additional information about the company. While this report includes information about U.S. Bancorp that we believe are issues or priorities of the company and our stakeholders, the information that is not disclosed in our other public disclosures filed with the Securities and Exchange Commission was not deemed to be material as defined by or construed in accordance with securities law or as used in the context of financial statements and reporting.

Forward-Looking Statements

This report contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. Forward-looking statements often use words such as “anticipates,” “targets,” “expects,” “hopes,” “estimates,” “projects,” “forecasts,” “intends,” “plans,” “goals,” “believes,” “continue” and other similar expressions or future or conditional verbs such as “will,” “may,” “might,” “should,” “would” and

“could.” Forward-looking statements involve inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated. For discussion of the risks that may cause actual results to differ from those described in forward-looking statements, refer to U.S. Bancorp’s Annual Report on Form 10-K for the year ended December 31, 2021, on file with the Securities and Exchange Commission, including the sections entitled “Corporate Risk Profile” and “Risk Factors” contained in Exhibit 13, and all subsequent filings with the Securities and Exchange Commission under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934. In addition, factors other than these risks also could adversely affect U.S. Bancorp’s results, and the reader should not consider these risks to be a complete set of all potential risks or uncertainties. Readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events. No reports, documents or websites that are cited or referred to in this document shall be deemed to form part of this report. Additionally, this report contains statements based on hypothetical scenarios and assumptions. These statements should not necessarily be considered as being indicative of current or actual risk or forecasts of expected risk.