

2020

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT



Message from the Chairman, President and CEO

Creating long-term value every day

The past year challenged us all in ways no one ever expected. We faced a global pandemic, civil unrest and a renewed call for social and racial justice. We performed essential services, and we relied more on our front-line workers—including thousands of U.S. Bank employees—than ever before.

At U.S. Bank, our core values are guiding our response during this important time in our 157-year history. They allow us to stay true to our culture, our communities and each other—even as we transform our business to meet changing customer behaviors and expectations. They also emphasize our commitment to doing the right thing in any environment.

This Environmental, Social and Governance (ESG) Report, our first, is one way we are telling that story. It describes our ethical, speak-up culture, our efforts to protect customer data and privacy, our commitment to building a workforce for the future, and our focus on creating financial well-being and inclusion in the communities we serve. It also shows how we will assess and mitigate climate change risks. Our actions and results show we are a resilient, strong and responsible company.

We work hard to earn the trust of our customers and communities and create value for our shareholders and other stakeholders every day. We will drive long-term success through transparency and acknowledgment of the work that needs to be done.

Thank you for learning more and for supporting our commitment.

Sincerely,



Andy Cecere
 Chairman, President and Chief Executive Officer
 U.S. Bancorp
 March 9, 2021



U.S. Bank core values



We do the right thing.



We power potential.



We stay a step ahead.



We draw strength from diversity.



We put people first.

Responding to challenges in 2020

Under the leadership of our Board of Directors (Board), in 2020 we worked together as one U.S. Bank to respond to significant challenges. At the outset of this ESG Report, we wanted to highlight our response to two pressing challenges that impact employees, customers and the communities we serve.

COVID-19 pandemic

Since the pandemic started, our top priority has been to keep our customers, employees and communities safe using guidance from the Centers for Disease Control and Prevention and local and state public health experts. As an essential service, our customers relied on us more than ever during this challenging time, and we continued to serve their banking and financial needs.

Our COVID-19 response efforts are coordinated by a centralized command center, overseen by our chief risk officer. The command center brings together key teams to streamline efforts on employee and workplace health and safety, business continuity, communications, and mitigation of potential or actual business impacts.

For our employees, we adopted best practices for personal protective equipment and other safety measures at our locations. We also implemented work-from-home or remote work, work rotation and other plans based on business line, location, situation and staffing needs. Approximately 75% of our workforce is working remotely without significant impact to customer service or business continuity.

We implemented plans across our various business activities to ensure continuity of critical processes, including those supporting our customers and employees. That included temporary changes to our branch operations based on guidance from local, state and federal officials. We continue to monitor directives from public officials and, based on their guidance, close or limit access to sites. Detailed information on how we are assisting customers can be found on usbank.com.

COVID-19 has challenged us in many ways, but thanks to our coordinated response and the dedication of our employees, we have helped keep people safe and continued to serve our customers.

Racial inequities

The tragic death of George Floyd took place just a few miles from our headquarters, calling attention to the challenges of racial inequities in our society. We are responding in part by working with community partners to identify opportunities to address the needs of the communities we serve. To date, we have committed \$116 million to address social and economic inequities. Of that \$116 million, we committed to \$100 million annually in access to capital for Black business owners, created a \$15 million Rebuild and Transform Fund within our U.S. Bank Foundation, and provided \$1 million to Black-led community development financial institutions (CDFIs), through the U.S. Bancorp Community Development Corporation.

Racial inequities

(Continued)

Through a series of community conversations with U.S. Bank senior leaders, bank mortgage representatives, elected officials, nonprofit housing agency executives, vested community advocates and faith-based community leaders, we have listened, discussed and identified areas where the need is greatest. Based on these discussions, we are creating programs, products and services to help address the racial wealth gap. This includes providing greater access to capital for Black-owned businesses and Black entrepreneurs and doubling the number of Black-owned suppliers we do business with by June 2021. We know that as a financial services institution, we can utilize our core capabilities to play an important role in addressing the racial wealth gap.

Our work throughout 2020 led us to launch U.S. Bank Access Commitment, a series of initiatives across the business to increase wealth building opportunities. These initiatives, [announced in February 2021](#), include:

- A \$25 million microbusiness fund focused on businesses owned by women of color. The fund is focused on providing access to capital, technical assistance and networking;
- The DREAM (Delivering Resources that Enable Access to Mortgage) Initiative, which will focus on advancing Black homeownership and increasing Black representation in the mortgage industry for individuals and families; and
- An equity investment in Goalsetter, a Black-owned kids and family finance app that provides a next-generation, education-first banking experience for U.S. kids and teens, focused on financial literacy. U.S. Bank was one of the first corporations to provide investment into the app.

Importantly, we're working to make our bank more inclusive by hiring, retaining and promoting diverse talent. We've expanded diversity hiring efforts to require our recruiters to present hiring managers with diverse candidate slates that include at least one woman and/or person of color when hiring for all roles at all levels of the organization. We also recently launched a program that pairs executives with women leaders, Black leaders and Hispanic leaders to increase visibility and accelerate their advancement. Recognizing the importance of diversity in all aspects of our business, we also elevated the role of chief diversity officer to report directly to the CEO and join our managing committee.

See the [Workforce of the Future](#) section of this report for more information about the role of diversity, equity and inclusion in our talent strategy.

About this report

We are pleased to present our first ESG Report, which discloses how we are addressing the business risks and opportunities presented by key environmental, social and governance issues. The report provides information on how we operate our business, which we believe is as important as what we do. Throughout the report, we connect long-term value creation to our core values.

This report covers the period of January 1, 2020 through December 31, 2020, and addresses activities of U.S. Bancorp and its subsidiaries, including U.S. Bank National Association. The report accompanies U.S. Bancorp's [2020 Annual Report](#) and [2021 Proxy Statement](#) and should be read in conjunction with those materials. Please also see the [Community Impact Report](#) for highlights of our volunteerism, philanthropy and community engagement efforts during 2020.

This ESG Report is intended to provide—in one place—comprehensive, reliable information about issues of interest to our stakeholders that isn't included in our other reports. While this report includes information about topics that we believe are important to our company and our stakeholders, the information is not necessarily "material" as defined by or construed in accordance with securities law or as used in the context of financial statements and reporting.

This report contains forward-looking statements, which may include our current expectations and assumptions regarding our future activities, plans, and objectives and other future conditions. Please see the ["Forward-looking statements"](#) section in the Appendix for more information about factors that could cause our actual results to differ significantly from our forward-looking statements. Where applicable, the disclosures in this report have been informed by the Sustainability Accounting Standards Board (SASB) standards for commercial banks and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This report focuses on five ESG topics:



Ethics and business conduct

- Our ethics and business conduct program
- Fostering a culture of ethics and integrity
- Infusing ethics into our day-to-day business activities



Workforce of the future

- Continuing to build a diverse workforce
- Building a highly skilled workforce
- Maintaining an engaged workforce



Financial well-being and inclusion

- Financial education and well-being offerings
- Inclusive products and services for consumers
- Partnering with small businesses
- Community development financing



Data protection and privacy

- Data governance and framework
- Keeping information secure
- Respecting our customers' and online visitors' privacy



Climate change impact

- Governance
- Strategy
- Risk management
- Metrics and targets

These topics were selected based on feedback from a multi-stakeholder ESG materiality assessment conducted in 2018 with the sustainability nonprofit organization Ceres; continuing investor feedback through regular shareholder engagement efforts (discussed in our proxy statement); and topics identified by SASB as being the most material sustainability topics for commercial banks.

Board oversight of ESG

We believe that ESG considerations should be integrated into how we operate, not separated from our corporate strategy. Accordingly, our foundational decision-making processes and risk management framework seek to address ESG matters in the context of our entire business instead of in a separate function.

Our Board has delegated specific and focused oversight of certain types of risks and opportunities to its various committees. As considerations related to the ESG topics addressed in this report are embedded within the work we do every day, the oversight of these topics is addressed by the Board committees that oversee those risks and opportunities.



Ethics and business conduct

The [Audit Committee](#) oversees the effectiveness of the systems established by management to implement our ethics guidelines, including the reporting and resolution of ethics concerns, ethics education and awareness initiatives, and employees' compliance with our Code of Ethics and Business Conduct.



Workforce of the future

The Board reviews our corporate strategy, and the role of a diverse, skilled and engaged workforce is a key element of that strategy. The [Compensation and Human Resources Committee](#) provides dedicated oversight of our human capital strategy and talent programs, including recruitment, performance management, and talent development activities. A workforce based on diversity, equity and inclusion (DEI) is one of the pillars of our overall DEI program, which is overseen by our [Public Responsibility Committee](#).



Financial well-being and inclusion

As a financial institution, U.S. Bank is subject to a variety of laws and regulations that ensure we meet the needs of the communities we serve without discrimination. The [Risk Management Committee](#) oversees the programs that support our compliance with these laws. Our focus on reducing gaps in access to financial services for historically underserved consumers, and our investment and involvement in our communities generally, is overseen by our Public Responsibility Committee.



Data protection and privacy

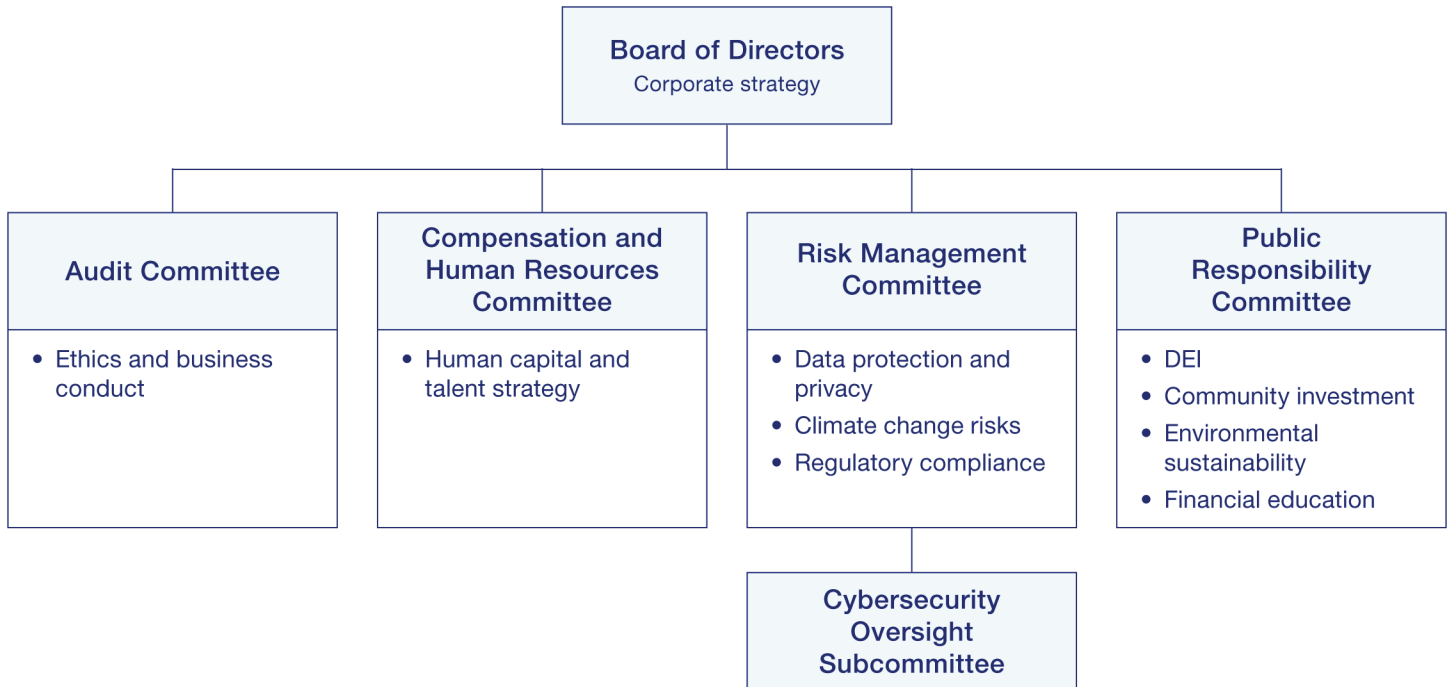
The Risk Management Committee is responsible for overseeing the management of risks facing our company, including data protection and privacy risks. To provide for more focused attention to cybersecurity risks in particular, the Risk Management Committee formed a [Cybersecurity Oversight Subcommittee](#) to provide dedicated oversight to the effectiveness of our cybersecurity programs and our practices for identifying, assessing and mitigating cybersecurity risks across all business functions.



Climate change impact

Changes to the climate result in a broad range of risks for our company, which are overseen by various Board committees. In particular, the Risk Management Committee oversees management's execution of our Risk Management Framework, which includes policies to govern the management of credit, operational, compliance and other risks that could be generated by climate change. The Public Responsibility Committee oversees policies and programs related to corporate responsibility matters, including environmental sustainability, and reviews company positions and practices that pose reputation risk.

Board oversight of ESG *(Continued)*



In addition to these topical areas of focus, considerations related to the generation of this report are overseen by the [Governance Committee](#), as part of its attention to engagement with and disclosures to shareholders and other interested stakeholders concerning corporate governance, environmental and social matters. The disclosures contained in the report, and the controls surrounding them, are made under the oversight of management's Disclosure Committee, which operates under the oversight of the Board's Audit Committee.

Please see our [2021 Proxy Statement](#) for detailed information about Board-level oversight of our risk management structure and the management-level risk structure underlying that Board oversight.

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About U.S. Bancorp

U.S. Bancorp (NYSE traded: USB), with nearly 70,000 employees and \$554 billion in assets as of December 31, 2020, is the parent company of U.S. Bank National Association, the fifth-largest commercial bank in the United States. Based in Minneapolis, we blend our relationship teams, branches and ATM network with digital tools that allow customers to bank when, where and how they prefer. We are committed to serving our millions of retail, business, wealth management, payment, commercial and corporate, and investment services customers across the country and around the world as a trusted and responsible financial partner. This commitment continues to earn us a spot on the Ethisphere Institute's World's Most Ethical Companies® list and puts us in the top 5% of global companies assessed on the CDP A List for climate change action.

We offer products and services through four major lines of business:

Corporate and Commercial Banking offers lending, equipment finance and small-ticket leasing, depository services, treasury management, capital markets services, international trade services and other financial services to middle market, large corporate, commercial real estate, financial institution, nonprofit and public sector clients.

Consumer and Business Banking delivers products and services through banking offices, telephone servicing and sales, online services, direct mail, ATM processing and mobile devices. It encompasses community banking, metropolitan banking and indirect lending and mortgage banking.

Wealth Management and Investment Services provides private banking, financial advisory services, investment management, retail brokerage services, insurance, trust, custody and fund servicing through four businesses: Wealth Management, Global Corporate Trust & Custody, U.S. Bancorp Asset Management, and Fund Services.

Payment Services includes consumer and business credit cards; stored-value cards; debit cards; corporate, government and purchasing card services; consumer lines of credit and merchant processing.

For a comprehensive overview of each line of business, please see our [2020 Annual Report](#).





Ethics and business conduct

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U.S. Bank core values



We do the right thing.



We power potential.



We stay a step ahead.



We draw strength from diversity.



We put people first.

Every business decision we make begins and ends with our commitment to ethics, to doing the right thing.



Our industry is experiencing rapid change and managing unprecedented challenges, but our commitment to doing the right thing is a powerful constant. At U.S. Bank, upholding the highest ethical behavior is at the core of our culture, central to every decision as we work to earn the trust of our customers and the communities we serve every day.

At U.S. Bank, ethical standards are continually reinforced from the very top of the organization, and we are held accountable by the strong ethics policies we have put in place. Our Global Ethics Office (GEO) oversees the Ethics and Business Conduct Program, which guides employees and leaders as we engage every day with our customers, community, shareholders, regulators and one another. The rigorous structure and ethical culture we have instilled helped us recently earn recognition as one of the World’s Most Ethical Companies® for the seventh year in a row.

Our ethics and business conduct program

Program governance and framework

The dedicated GEO was established with the creation of the global chief ethics officer position in 2017. This role reports to our general counsel and is accountable to our Conduct Risk Committee, Executive Risk Committee and, ultimately, the Audit Committee of our Board. The GEO provides regular information and reporting to these committees and to regulators about the program.

The GEO works across the company to ensure the right structures, programs, policies and resources exist so that ethics informs our business decisions and our day-to-day work. We also leverage data and employee surveys to identify trends, broad focus areas and business line specific opportunities that will enhance our culture of ethics.

We use a prevention-detection-response framework to define the deliverables and desired outcomes of our program:

	Prevention			Detection		Response	
Activities	Policies & Procedures	Education & Awareness	Engagement & Outreach	Metrics & Analysis	Reporting	Escalation & Investigation	Program Monitoring & Assessment
Outcomes	Clearly articulated standards and behavioral expectations for all employees	Increased internal and external awareness of the value of ethics and integrity at U.S. Bank	Employees at all levels of the organization feel ownership of ethical culture	Identification of actionable insights for maintaining and enhancing ethical culture	Ethical leadership of the organization enabled by effective governance and informed oversight	Identification and remediation of issues in order to foster speak-up, listen-up, and follow-up behaviors	Continuous review of the program for effectiveness and innovation opportunities



Fostering a culture of ethics and integrity

Our [Code of Ethics and Business Conduct](#) (Code) guides our employees in their daily activities and interactions. To set a consistent global tone, we have a single Code (available in five languages) that applies to all employees regardless of their location. Our employees in Europe are also subject to a Whistleblowing Policy in accordance with European and other applicable country-specific law.

Our Code and companion policies set an expectation that employees speak up and raise concerns when they see conduct they don't believe aligns with our Code or our core values. We foster a culture of ethics and integrity based on three pillars:

- **Speak up:** Employees feel empowered to raise concerns without fear of retaliation;
- **Listen up:** Leaders encourage speaking up, create a safe environment for doing so, listen respectfully, and always extend the benefit of the doubt; and
- **Follow up:** Leaders recognize and reward ethical behavior, escalate concerns appropriately and monitor for retaliation.

Our success requires that we have an environment where psychological safety is understood and appreciated. Through our ethics program, we help leaders and employees understand our expectations and why a feeling of safety is important—from allowing people to be themselves at work to fostering innovation and challenging the status quo.

Ethics policies

Several of our policies work in tandem with our Code to ensure our daily business activities align with our commitment to doing the right thing.

<p>Unethical Conduct Escalation, Investigation and Reporting Policy</p>	<p>Designed to ensure employees understand their obligation to report certain significant concerns, which are escalated to executive leadership for review and further escalation as appropriate.</p>
<p>Gift and Entertainment Policy</p>	<p>Includes procedures for obtaining approvals for and reporting gift and entertainment activity; is designed to prevent actual or perceived conflicts of interest and inappropriate or illegal influence.</p>
<p>Sales Practices Oversight Policy</p>	<p>Designed to ensure a unified approach across our organization to prevent or otherwise detect sales misconduct.</p>
<p>Third Party Code of Conduct</p>	<p>Makes clear that third-party service providers, suppliers, and vendors must adhere to the same standards that guide our operations. All third parties are required to abide by this code.</p>



Reporting channels and investigation process

Regardless of an employee's location, there are multiple channels through which to raise concerns. Employees may contact:

- Their immediate manager;
- Their designated Human Resources talent consultant;
- Anyone in a leadership role or in Human Resources; or
- Our Ethics Line, which was created for those who don't feel comfortable sharing a concern with leadership or Human Resources. Administered by a third-party vendor that provides translation services if needed in our international areas of operation, it reassures employees of their anonymity (where allowed by law).

We also make sure customers can raise ethics concerns. They are able to submit an ethics case through our [website](#).

Throughout the ethics case reporting and investigative process, reporters and witnesses are reminded that U.S. Bank does not tolerate retaliation against anyone who in good faith raises concerns about an ethics violation, illegal conduct, sexual or other forms of harassment, discrimination, inappropriate workplace behavior or any other serious issue. Anyone who does engage in retaliatory behavior will face disciplinary action, up to and including termination.

Sustaining ethics in a time of crisis

The COVID-19 pandemic changed the way we work and collaborate. Approximately 75% of our employees worked remotely for much of 2020, while the remainder worked on the front lines or in other office-critical roles to continue serving our customers. Regardless of where they're working, all employees are balancing professional, personal and health priorities.

Across our ethics-related channels and tactics, we acknowledge the challenges employees are facing and explore a variety of topics—including isolation, pressure and fear—to help them continue doing the right thing. We encourage employees to find ways to stay connected, get the input and perspectives they need to make informed and appropriate decisions, and speak up and ask for help when they're feeling overwhelmed.





Infusing ethics into our day-to-day business activities

Employee training and certification

We require our employees in all jurisdictions to participate annually in ethics training and certify they will abide by our Code. As of September 1, 2020, 100% of our active employees completed the certification. We also engage employees with fresh training approaches, including real-life ethics cases brought to life by a portrayal of the decisions faced by those involved and the consequences, including terminations for misconduct. To incorporate accessibility measures in our training materials, we provide transcripts of our training for those who are hearing impaired, and our most recent Code incorporates attributes for those who have impaired vision.

Awareness, communication and outreach

The GEO utilizes a variety of methods to connect with employees and infuse ethical thinking in our daily work, including in-person and virtual town halls as well as intranet content in written, audio and video formats. We closely monitor feedback about our communications and analyze metrics to refine our strategy and messaging for maximum impact.

Ethics Ambassador program

We launched our Ethics Ambassador program in 2019 to train and support a cohort of leaders from across our business lines to help them monitor and enhance the ethical culture in their areas. Ambassadors provide a direct channel to their business unit's employees and leadership, enabling them to help us amplify our messages, encourage use of our program's resources and engage leaders to reinforce our speak-up culture. They also help ensure our program stays current and relevant in meeting the diverse needs of our unique business units.



Seven-time World's Most Ethical Companies® honoree

U.S. Bank is proud to have been named one of the World's Most Ethical Companies® by the Ethisphere Institute for the seventh consecutive year in 2021. This program honors companies that excel in promoting ethical business standards and practices internally, enabling managers and employees to make good choices, and shaping future industry standards by introducing tomorrow's best practices today.

To select honorees, Ethisphere calculates a company's Ethics Quotient® by examining five weighted categories: the company's ethics and compliance program (35%); culture of ethics (20%); corporate citizenship and responsibility (20%); corporate governance (15%); and leadership and reputation (10%).



Workforce of the future

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U.S. Bank core values



We do the right thing.



We power potential.



We stay a step ahead.



We draw strength from diversity.



We put people first.

We meet the needs of our customers by first meeting the needs of our employees, providing them with the tools, resources and support they need to do their best work. A diverse, equitable and inclusive workplace that effectively builds talent is essential to our long-term success.



With nearly 70,000 employees in the United States and abroad, we recognize that **talent is our greatest asset** and critical to our long-term success. As customer needs evolve, so too must the skills and capabilities of our employees. This guides our approach to build and develop the workforce of the future.

To enable our continued growth, we:

- Continually invest in developing a **diverse, highly skilled** and **engaged** workforce;
- Draw strength from an increasingly diverse employee base and leadership team, striving to reflect the communities we serve;
- Have a culture that recognizes, develops and rewards exceptional talent; and
- Implement focused efforts to achieve high levels of employee engagement.

Continuing to build a diverse workforce

Led by Human Resources and the Diversity, Equity and Inclusion office, and implemented with our leadership team across the company, our efforts to increase workforce diversity focus on attracting, engaging, retaining and developing diverse talent. Beyond meeting mandates of Equal Employment and Affirmative Action laws, we believe in the power of diversity. Therefore, we do all we can to foster an inclusive environment that allows employees to demonstrate their unique talents and contribute in ways that differentiate us, pushing us forward with innovative, thoughtful solutions for our customers and communities. We are committed to creating and sustaining an inclusive workforce that drives business growth and propels accountability for diversity and inclusion at all levels of the organization.

Talent recruitment

We have developed several important recruitment strategies to increase the representation of women at leadership levels and people of color at all levels, which include:

- Ensuring equitable hiring practices, broadly communicating job openings and building and interviewing candidate slates inclusive of all qualified talent. We require for all job openings diverse candidate slates that include at least one woman and/or person of color when hiring for all roles at all levels of the organization;
- Partnering with educational institutions and student organizations that serve diverse populations. This includes participating in career fairs and education initiatives and creating internship opportunities, with a special focus on historically Black colleges and universities (HBCU) and localized community internship programs;
- Participating in conferences, workshops and other events hosted by multicultural professional organizations or those that would otherwise attract diverse populations;
- Increasing participation in, and partnerships with, internal employee Business Resource Groups as well as community outreach programs; and
- Providing U.S. Bank recruiters and leaders with education, resources and tools to support diverse, inclusive and equitable hiring practices. In 2020, we launched a new inclusive hiring initiative that includes training designed for our in-house recruiters focused on diverse sourcing methods, behavioral-based interviewing and unconscious bias training.

We also have focused recruiting efforts for military personnel. We recognize the unique experiences and skills our military colleagues bring to the private sector, and we actively engage and recruit in this segment.



Fostering an inclusive work environment

We also need to **develop** and **retain** diverse talent. This is an important component of our efforts to increase diversity in management and leadership positions. We understand that to increase the representation of women at leadership levels and people of color at all levels, it's critical that we create a culture where all employees are valued, empowered and given equitable access to build and advance their careers. We strive to create an inclusive environment where all employees feel empowered to speak up, offer new ideas, respectfully challenge each other and the status quo and be part of the organization's success.

We have a three-dimensional approach to advancing diverse leadership. First, we have a system in place that aims to eliminate bias and barriers that prevent women and people of color from having equal access to opportunity. Second, we have baseline expectations for our leaders that include creating an inclusive environment as well as core behaviors designed to encourage inclusive leadership. Leaders are evaluated on these expectations during performance reviews. Third, we have customized education and learning plans/programs to help women and people of color build on their existing talents and learn new skills and capabilities.

Diverse candidate slates (the "Rooney Rule")

Building a diverse workforce requires the consideration of a diverse pool of talent. A requirement to use diverse candidate slates when hiring to fill open roles is sometimes called the "Rooney Rule" after a diversity-focused interviewing policy of the National Football League initially promoted by Dan Rooney, former owner of the Pittsburgh Steelers. Variations of the Rooney Rule have been implemented in corporate settings.

Our hiring guidelines require that our recruiters present hiring managers with diverse candidate slates that include at least one woman and/or person of color when hiring for all roles at all levels of the organization. While this requirement states our minimum expectations, the guidelines encourage our recruiters and hiring managers to include multiple women and/or people of color in candidate slates. The guidelines also emphasize the importance of diversity among interviewers used in the hiring process.





Fostering an inclusive work environment

(Continued)

Programs in place to retain and advance our future leaders include:

- A new managing committee sponsorship program specifically designed to strengthen and diversify our executive leadership pipeline. The Managing Committee Sponsorship Program pairs executives with women leaders, Black leaders and Hispanic leaders to increase visibility and accelerate their advancement;
- Leadership development cohorts for women, Black and Hispanic employees, designed to advance more individuals in those segments to higher levels of U.S. Bank;
- A global Inclusive Leader Program to help senior leaders drive performance through inclusive behavior best practices. This effort has reached more than 2,000 leaders since its launch in 2019. Our goal is to reach all senior leaders in 2021;
- A pilot program with the McKinsey Black Leadership Academy involving nearly 150 leaders enrolled in two programs designed to enhance leadership capabilities and skills based on the needs of the organization and our employees;
- A long-standing mentoring program available to all employees. Through the MentorConnect program, mentors and mentees come together to build an understanding of the business and build strong connections across the organization; and
- An industry-leading 10 Business Resource Groups, which provide multiple avenues for employees to come together to discuss topics of interest to them, develop professional skills and engage in community-based volunteering. Each organization is sponsored by a member of our managing committee and supported by the company with a budget to enable activities and programs that support employee advancement and development. Almost one-third of our employees participate in one or more Business Resource Groups.

To ensure diverse employees are fairly compensated, we have processes in place to address any gender and racial pay inequities within our workforce. This work starts with fair hiring practices: We have robust guidelines in place for both internal and external job postings to ensure we make fair compensation decisions based on the demands and value of the role, candidate experience, and pay related to comparable internal positions. We also conduct periodic exams of our employees' pay levels across gender and racial categories, with the assistance of a third-party consultant. When gender- or race-based disparities in pay are identified, we adjust to eliminate those disparities.

Measuring our progress

We believe transparency around our data and active benchmarking is critical to continued progress. That is why we support the release of transparent DEI data to measure the progress being made in the financial services industry. We have voluntarily submitted this information annually to the Office of Minority and Women Inclusion (OMWI) within our respective federal regulatory agencies, starting with 2016 data we submitted in 2017. This practice makes us unique in our peer group. We also benchmark against other firms and industry metrics to monitor and review representation across Equal Employment Opportunity (EEO) categories. At the bottom of this [section](#), we share the information we will be reporting to the Equal Opportunity Commission on our EEO-1 report for 2020.



Measuring our progress

(Continued)

We recognize that despite areas of progress—women now comprise 57% our total workforce—we have more work to do in our efforts to develop a more diverse workforce. A challenge we are actively addressing is to find more effective ways to enable upward career progression for those who join U.S. Bank in entry-level positions. These positions tend to have a higher percentage of people of color and women and experience higher attrition rates than more senior roles. Many of these employees have the potential to advance, and we are working diligently to create the career development paths to further enable their potential as future leaders.

One way we monitor our progress in advancing women and people of color to senior roles is to review our data in the highest EEO employee levels: Executive/Senior Level officials and managers, and First/Mid-level officials and managers. Since 2016, we have increased the percentage of people of color at the top EEO employment level from 8% to 13% and at the second highest level from 21% to 23%. The percentage of women at the highest level has grown from 29% in 2016 to 32% in 2020. At the second highest level, the percentage of women has remained 50% for the last three years.

Percentage of U.S.-based U.S. Bank employees in top two EEO employee levels

Employee level	Employee segment	2016	2017	2018	2019	2020
Executive/Senior level officials and managers	Women	29%	30%	31%	31%	32%
	People of color	8%	9%	10%	12%	13%
First/Mid-level officials and managers	Women	53%	53%	50%	50%	50%
	People of color	21%	22%	22%	22%	23%

Leader accountability

To ensure accountability, our CEO chairs our DEI Committee and, in 2020, we elevated the role of chief diversity officer to report directly to the CEO and join our managing committee. DEI work is reported to the Public Responsibility Committee of the Board on a semiannual basis.

We also hold our business line leaders accountable for visible and measurable outcomes in their areas. Intentionality is important, and we look to our leaders to be intentional in their efforts. Progress scorecards are produced quarterly at the enterprise and line-of-business level.

To help maintain focus on these efforts throughout U.S. Bank, we have created DEI Champions for each business line. The Champions are appointed by the applicable managing committee member for the business line. Together they develop action plans and further operationalize DEI into everyday business actions. The goal is to ensure that DEI accountability and management is consistent across the organization, not just within the DEI team. Twice a year, the Champions, the chief diversity officer and the applicable managing committee member meet to discuss progress against goals and strategic opportunities for further enhancement of results.



Building a highly skilled workforce

Our enterprise talent focus is to empower employees to succeed in their current roles, develop for future roles, and grow long, fulfilling careers at U.S. Bank. We start by recruiting talented employees and then help them develop skills and capabilities through our performance and development process, talent reviews and succession planning, and educational programs. We are committed to recruiting and retaining the best talent from a diverse talent pool and investing in them at every step of their careers. We help our people achieve their full potential by supporting a culture of continuous development and learning.

Hiring highly skilled employees

To deliver exceptional service to our customers we aim to hire the best talent. Diversity is a priority throughout our hiring process, and we seek candidates from a wide range of backgrounds and experiences across all levels. We are equipping our recruiting teams with tools, technologies and information to drive expansion of our talent pipeline in line with our focus on building a strong and diverse workforce.

Our efforts are delivering results. In 2020, a very challenging year for hiring, we continued to increase the pool of women added to our workforce. Women represented 60% of all hires this year. We have also continued to increase the percentage of people of color among our new hires, with over 46% of all hires, up from 40% in 2016. For our digital talent needs, inclusive of high-skilled positions such as senior digital product managers, experience designers and agile professions, women and/or people of color comprised 68% of the new hires in 2020.

A workplace where employees can thrive

We strive to be an employer of choice for people from all backgrounds and experiences and a place where all employees feel like they belong. We offer multi-faceted professional journeys for all our employees. Among all internal moves into new positions at the bank in 2020, 36% were made by people of color, up from 29% in 2016. Women represented 63% of all 2020 internal moves into new positions.

We are also diligently working to create an inclusive workplace environment that supports all cultures, workstyles and lifestyles. Our goal is to grow and develop our employees so they can be positioned to meet the diverse needs of our customers and communities. As part of our framework for promoting an environment of diversity, we have implemented unconscious bias and inclusion training for managers as well as providing them with other supporting tools and guides. These efforts have helped provide diverse employees access to different career opportunities. Among all promotions at the bank in 2020, 32% went to people of color, up from 27% in 2016. Women represented 59% of all 2020 promotions.

Developing highly skilled employees

We provide our employees educational opportunities designed to help them succeed in their careers and contribute to business goals. Employees can access a variety of required and career development content in the Learning Center, an online learning platform for our employees. The Learning and Development team supports employees across the enterprise and employs adult-learning principles to deliver timely content in multiple modalities, including virtual and in-person sessions led by an instructor, traditional eLearning, simulations, videos and interactive job aids. During 2020, employees across the organization participated in more than 2.3 million hours of training.



Developing highly skilled employees

(Continued)

Employees maintain their skills in support of our strong reputation as an ethical and reliable banking partner through a robust suite of role-specific compliance courses. Each year, the Learning and Development team partners with compliance subject matter experts to create engaging and efficient courses in subjects ranging from banking regulations to information security, and from ethics to personal safety.

As customer preferences and expectations change, job requirements evolve, and employees must acquire new skills and capabilities to adapt to the new requirements. Employees have embraced a variety of upskill opportunities designed to develop capabilities for the future: building customer relationships, demonstrating empathy and resiliency, supporting digital transformation, solving problems, and staying a step ahead in technology and innovation. For example, we recently launched Digital Academy, which aims to help our entire workforce increase their digital fluency through five curated learning paths to guide each employee on their digital learning journey.

In addition to our internal education offerings, we offer tuition reimbursement to support our employees' development. The benefit covers up to \$5,250 annually for eligible graduate degree program courses and \$3,000 for all other eligible programs. We also provide discounts at a variety of universities, plus free, unlimited individual academic advisory services.

Additionally, leadership programs are designed to align critical capabilities to business needs and target readiness of critical leadership segments. By intentionally supporting the talent strategies within U.S. Bank, leadership development programs offer a wide range of programming focused on developing all leaders regardless of where they may be on their leadership journey. Launch into Leadership, a newly piloted, cross-functional cohort program for foundational leadership skills, targets participants selected by business lines to strengthen their skills in both self and people leadership through a three-month program (30 development hours). Roundtable coaching sessions provide managers with peer support for observation coaching skills. The four-week Boss-to-Coach program targets mid-level leaders, building skills in both people and functional leadership. Executive coaching supports selected high-potential senior leaders through engagement sessions with an industry-certified coach.

Talent and succession planning

Our annual talent planning process focuses on assessing our talent and strengthening our pipeline of leaders to drive business results. Employees are assessed on different attributes, including their potential to take on larger roles. Based on employees' career aspirations, potential next roles are discussed along with development activities needed to get them there. Resources are created to educate and enable leaders to assess their talent and mitigate bias in the talent review process.

Succession planning is conducted annually for our most senior leaders and high impact roles. The process includes identifying potential successors for different positions and assessing their readiness level to fill the role should it become vacant or as business needs evolve. We focus on ensuring that ready-now successors are in place, and through intentional development, we are building a more diverse pipeline of leaders.



Maintaining an engaged workforce

Investing in employee compensation, benefits, and recognition and offering flexible work arrangements are also important to our workforce of the future strategy. Through these efforts and increased focus on corporate responsibility, diversity, equity and inclusion, we have a team that is consistently proud to work at U.S. Bank.

Pay that is competitive and fair

We have competitive and fair pay practices globally that are designed to promote a high-performance culture and ensure all our employees are paid appropriately for their contributions. We regularly benchmark our pay levels and practices against our industry peers to attract and retain a talented workforce. We are evaluating our minimum wage level, which is currently set at \$15 per hour. We regularly monitor pay levels within our geographic footprint and make adjustments when appropriate to maintain our status as an employer-of-choice.

As highlighted below, a Premium Pay Program provided a temporary 20% hourly wage increase for our front-line employees at our branches, operations and contact centers, field operations offices and critical service locations dealing with the initial phase of the COVID-19 pandemic. Additionally, nearly all our front-line employees received a bonus in December 2020 in recognition of their effort and dedication during the pandemic.

Benefits and programs that promote wellness and engagement

We have developed a suite of benefits and programs that help us attract and retain employees while supporting their wellness and productivity.

Healthcare benefits represent a key component of our employment value proposition, and limiting the rising cost burden on our employees is important. In the U.S., we kept employee healthcare premiums flat in both 2020 and 2021 and have enhanced mental health, physical wellness and virtual health offerings.

COVID-19 response

The COVID-19 pandemic has presented challenges for our employees, both at and away from work. We have supported our employees in myriad ways during the pandemic and are using their experiences to inform our future workforce strategies and practices. Highlights of our COVID-19 response include:

- A **Premium Pay Program** to provide critical front-line employees with a temporary 20% hourly wage increase;
- Providing **personal protective equipment** including face coverings (masks), gloves and face shields—especially in our customer-facing sites;
- Adding **plexiglass barriers** where appropriate;
- **Flexible leave policies** to allow our employees the time they need to take care of themselves and their family members;
- Moving non-office critical employees (approximately 75% of our workforce) to **work from home** or remote locations to increase social distancing for our colleagues in office critical roles;
- Temporarily suspending all nonessential **business travel**.



Benefits and programs that promote wellness and engagement

Continued

Saving and preparing for **retirement** is critical for every employee, and we maintain an active cash balance pension program for which newly hired employees are eligible along with a 401(k) matching program.

We offer robust **leave programs** to provide our employees the right support for the right circumstances, which allows them to focus on work when they are ready to return.

We have a variety of formal and informal **recognition programs** in place to acknowledge and reward the contributions of our employees at all levels.

We are committed to supporting our employees with **flexible work arrangements** when they make sense for the employee and the company. Telecommuting, reduced work hours, compressed work weeks, job-sharing and similar arrangements can be powerful engagement and retention tools.

We also recognize that our employees are more engaged when they are able to contribute to their community. We offer several employee **community benefit programs** to help our employees support their communities financially or by giving of their time.

Measuring engagement

We are committed to listening to our employees, ensuring their voice is heard, which enables us to identify and resolve key issues they may be facing. Throughout the COVID-19 pandemic, we have reached **record levels of employee engagement**. During 2020, 89% of our employees surveyed said they are proud to work at U.S. Bank and 86% said they are extremely satisfied with U.S. Bank as a place to work.

Our employee listening programs are far reaching. In 2020, we transitioned away from our large, annual survey to ongoing, smaller pulse surveys so we can monitor our employee sentiment in real time. In addition, we solicit qualitative feedback to identify both where and how we can improve, such as idea challenges, employee panels and Business Resource Group activities.

During the COVID-19 pandemic, we used employee feedback to promote a smooth transition from on-site work to work-from-home for affected employees. Through the feedback loops, we evolved our support for work-from-home technology, collaboration tools like videoconferencing, and team working norms. In addition, we are using our employees' experiences to help us co-create the working arrangements of the future that will include more flexibility for our workforce. As a result, not only are we increasing the engagement levels of our employees, we are retaining our employees at record rates. This lower turnover allows us to better serve our customers, leading to long-term customer satisfaction and retention.

Putting people first as workforce needs evolve

We also have an employee care team in place to help provide support for impacted employees when we have instances of job eliminations or organizational restructures. Displaced employees continue to have access to development resources, including Udemy for Business, to help them transition into new roles. We also provide resources and communication to impacted employees about other available opportunities within the organization that would be a possible match.



The information we will be reporting to the Equal Employment Opportunity Commission on our EEO-1 report for 2020 is as follows:

Job Categories	Hispanic or Latino		Non Hispanic or Latino												Overall totals
	Male	Female	Male						Female						
			White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	White	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaskan Native	Two or more races	
Executive / Sr Officials & Mgrs	52	26	1,766	23	4	135	4	24	798	24	0	67	1	9	2,933
First / Mid Officials & Mgrs	324	308	3,480	222	25	372	15	79	3,569	289	17	285	12	102	9,099
Professionals	519	499	8,538	598	25	1,664	21	212	7,751	827	22	1,332	38	228	22,274
Technicians	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales Workers	796	1,250	3,019	251	27	318	14	161	3,741	352	32	488	22	173	10,644
Administrative Support	601	1,584	3,378	850	28	464	25	199	9,337	2,850	70	1,151	75	488	21,100
Craft Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laborers & Helpers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2,292	3,667	20,181	1,944	109	2,953	79	675	25,196	4,342	141	3,323	148	1,000	66,050
Previous Report Total	2,343	3,844	20,746	2,003	107	2,823	81	701	26,360	4,590	151	3,331	168	1,042	68,290



Financial well-being and inclusion

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U.S. Bank core values



We do the right thing.



We power potential.



We stay a step ahead.



We draw strength from diversity.



We put people first.

We seek to strengthen our communities by improving the financial well-being of our customers and expanding access to the financial services that power potential.



Improving the financial well-being of our customers, employees and communities is core to the work we do and an investment in our collective future. Our deep experience and extensive engagement in the communities we serve provide us a unique opportunity to make a long-lasting, positive impact. Through programs and products that expand access to financial education and services, we help build a path toward increased financial security for our customers and communities.

Financial education and well-being offerings

We recognize that financial matters can be intimidating. To help build confidence in managing finances, we take a holistic approach to financial education, meeting our customers when and where it is most convenient for them. We provide financial education opportunities, resources and tools, and individualized support through our online programs, mobile app, in-person and virtual workshops, and seminars, as detailed below.

Driving inclusive awareness and engagement

To reach our customers and communities, our consumer financial educational resources focus on key consumer needs across all stages of life. We use our platform, including marketing, our mobile app, online banking, branches, ATMs and bankers, to help raise awareness of the resources available.

We also participate in industry-wide engagement campaigns such as financial literacy month and cyber awareness month, and we drive engagement during key cultural heritage moments such as Lunar New Year, Hispanic Heritage Month and Veterans Day. We offer materials in languages including Spanish and Chinese, and we drive awareness of our financial education offerings through focused outreach to priority groups, including to those identifying as Female, Black, Asian, Hispanic and LGBTQ+. We also offer webinars with captioning and transcripts for attendees who are hearing impaired.



COVID-specific education offerings

U.S. Bank offered multiple resources to support customers and communities through the COVID-19 pandemic. Our hub for financial well-being information provided details on CARES Act financial support, with a focus on consumers and small businesses. We also created a digital platform dedicated to navigating emergencies with COVID-specific articles and resources and held virtual financial education activities and workshops.

In March 2020, we announced a partnership with Operation HOPE, activating HOPE Inside Disaster for individuals and small businesses to receive free virtual financial recovery support in response to the nationwide economic impact of the pandemic. Services include credit education and coaching, financial disaster budget planning for individuals and families, money management education and coaching, assistance with financial disaster recovery, creditor and mortgage debt deferment, and guidance and assistance referrals for food, clothing, shelter, and government-sponsored emergency assistance.



Resources and tools

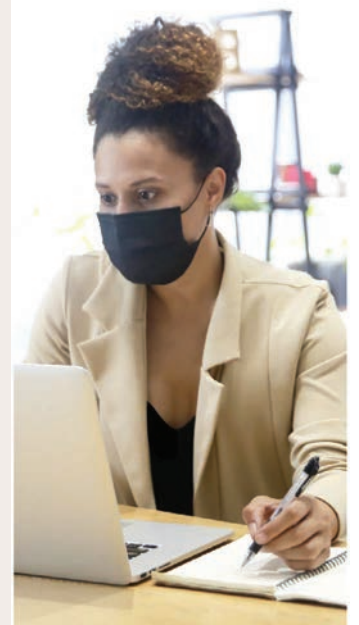
Financial IQ platform	Online financial education resource hub, which provides helpful knowledge, tools and inspiration for all consumers and business owners. It offers strategies, inspiration and thought leadership with financial education and financial literacy resources from U.S. Bank. Offered in both English and Spanish, there were 2.7 million page views on Financial IQ in 2020, and we reached 1.75 million unique visitors.
U.S. Bank Mobile App	App delivers real-time, personalized insights and tips to help customers with savings and expense management. Budgeting, spending and debt management tools are personalized to user spending habits, as well as automatic saving and transfer tools to help customers achieve their goals. Through 2020, we provided more than 1.6 billion financial insights to U.S. Bank Mobile App users.
<u>Financial Health Assessments</u>	Tool for customers to gauge what stage they are at in their financial wellness journey. Financial health is a composite measurement of a person’s financial life. Unlike narrow metrics like credit scores, financial health assesses whether people are spending, saving, borrowing and planning in a way that will enable them to be resilient and pursue opportunities over time.
<u>TransUnion VantageScore® 3.0 free credit check</u>	Resource that gives customers the ability to access their credit score for free at any time and anywhere through the U.S. Bank Mobile App. Customers can use the score simulator, review their progress and access credit education.

Employee financial well-being

We believe it’s important to empower our employees with financial knowledge, skills and behaviors that will enhance their well-being and better prepare them to serve our customers. We offer educational programs designed to help employees utilize benefits, resources and tools to achieve their financial goals. Assessments and behavioral challenges aim to improve savings habits and build credit.

Our employees are helping each other achieve financial well-being too. Our Business Resource Group chapters have delivered more than 35 “healthy habits” webinars that promote personal financial education around topics like 401(k) and retirement planning, homeownership, investment basics and fraud prevention. Our Employee Assistance Fund (EAF) supports employees when they’ve exhausted their ability to pay for essential living expenses because of an unexpected event that created a financial hardship. Since its inception in 2008, more than 3,600 employees have been helped through the EAF.

See the [Workforce of the Future](#) section of this ESG Report for more information about our Business Resource Groups, as well as retirement and other employee benefits.





Programs and guidance

SMART financial habits program	Aims to raise awareness, educate consumers on the importance of engaging with their financial health and well-being, and support healthy habit creation. SMART is an acronym with easy-to-remember steps to Save for a rainy day, Manage your budget, Access your credit score, Reduce your debt, and Track your online security. During 2020, more than 30,000 consumers engaged with the program.
Financial Foundations seminars	Offered in branches, local communities and schools, covering topics ranging from personal finance basics to mortgage lending while also serving small businesses. We completed over 120 seminars during 2020, both in-branch and virtually.
<u>Financial Wellness webinars</u>	Provide tips for setting goals, building smart financial habits, fraud prevention and more. During 2020, we had more than 2,000 participants who attended virtually, and nearly 3,500 viewed of recordings. Webinar topics for 2021 include mindful spending, saving vs. investing, credit wellness, saving by generation, gig economy, elder fraud, homeownership, financial habits, retirement, college prep, job planning and a holiday financial survival guide.
Student Scholarship program	Online learning modules for students on topics ranging from credit scores to savings to financing higher education. During 2020, more than 275,000 learning modules were completed. 58% of our student learners who identified their race/ethnic background were people of color. In 2020, 99% of students surveyed said they felt more confident in managing personal finances. After completing modules, 95% of students said they plan on following a budget to guide them in spending and savings decisions.
Goals Coaches	Piloted in our Las Vegas market, U.S. Bank employees trained in behavioral science and human achievement offer free coaching sessions to explore customers' goals, provide a life timeline map, and develop action plans to work toward goal achievement. Coaches deliver webinars on the topics of starting a career, avoiding budgeting mistakes, training the brain for smart financial habits, and saving for a rainy day. We have financial education sessions specifically for veterans and active-duty service members taught by a 20-year Air Force veteran.
Financial Wellness Coach programs	During 2020, we launched Financial Wellness Coach programs in Aurora, Colorado, and in the Pullman neighborhood of Chicago in partnership with Operation HOPE. The goal of the program is to increase credit scores, savings and confidence, with an emphasis on serving people of color and underbanked individuals.



Inclusive products and services for consumers

In addition to providing convenient access to financial education, our financial inclusion strategy seeks to provide individuals with access to useful and affordable financial products and services that meet their needs, delivered in a responsible and sustainable way.

Transparent installment loans

We are proud to have provided more than 62,000 loans and estimate that our customers have saved approximately \$19 million of their hard-earned money with a Simple Loan versus relying on other alternatives like a traditional payday loan.

The **U.S. Bank Simple Loan** is a quick and convenient way for U.S. Bank checking customers to borrow up to \$1,000 to take care of unexpected or short-term cash needs.

Key features:

- Simple pricing with no late fees or prepayment fees
- Loan funds deposited directly into the borrower's U.S. Bank consumer checking account
- Three equal monthly payments to repay the loan
- Auto payment will not process if it would cause a negative checking account balance, avoiding overdraft fees

Introduced in 2018, the Simple Loan features an entirely digital experience from application to underwriting, with dollars being available to customers in their checking account within minutes. Customers may be eligible to borrow \$100 to \$1,000 with a simple pricing structure and no hidden fees. The average loan amount is \$468.

Checking accounts without overdraft fees

We've seen an increasing number of these accounts opened each year since the product launched in 2016, including a record number in 2020.

The **U.S. Bank Safe Debit** product is a full-service "checkless checking" account that gives consumers robust banking services without overdraft fee risk.

Key features:

- A U.S. Bank Debit Card, including ability to load into a mobile wallet
- No overdraft or insufficient funds fees
- Access to online and mobile banking services
- Minimum opening deposit of \$25 and monthly fee of \$4.95

The product comes with several tools to provide control and drive financial stability. Account holders receive alerts of low balances and completed transactions, and fraud protection detects and notifies customers of any unusual card activity to help prevent fraud. Personalized insights, budgeting tools, credit information and resources are available along with savings accelerators such as micro-savings and card-based and automatic transfers.



Cards to build credit

As of December 2020, there were 92,000 U.S. Bank Secured Visa Card accounts open. Of those, 24% met the criteria for an upgrade to an unsecured credit card.

The **U.S. Bank Secured Visa Card** is a credit card that allows customers who may not otherwise qualify for a credit card to build or rebuild their credit.

Key features:

- Holder can choose payment due date
- Zero fraud liability – holders are not responsible for unauthorized transactions if their U.S. Bank Secured Card is ever lost or stolen
- No annual fee for new accounts

The U.S. Bank Secured Card provides qualifying consumers with a credit line equal to their deposit of \$300–\$5,000, in \$100 increments. The deposit is used to open a U.S. Bank secured savings account to ensure the card balance can be paid. The savings account is FDIC-insured and earns interest. Average credit lines are between \$500 and \$600.

Pathways to homeownership

From 2009 through 2020, more than 13,900 households used this program to realize their dream of homeownership, helping to revitalize communities across the U.S. Bank footprint.

U.S. Bank introduced the **American Dream Home Loan** program in the 1990s to provide a solid product that helps consumers with limited resources become homeowners.

Key features:

- Low down payment
- Assistance toward the down payment or closing costs
- Rehabilitation loan options where applicable

Individuals and households buying in low- and moderate-income neighborhoods often have a hard time saving enough money for the traditional mortgage down payment amount. In addition, these buyers often find that homes in their price range need repairs before they can be occupied. The American Dream program can allow low- and moderate-income borrowers, first-time homebuyers and others requiring additional financing options to achieve their goal of sustainable homeownership.

Partnering with small businesses

At U.S. Bank, we work to become trusted business partners and help our small business customers achieve their business and personal goals. We pursue this mission through our small business core strategic pillars:

- Leverage data and analytics to better inform our customers and bankers
- Simplify access to solutions
- Rethink engagement on the customer's terms
- Integrate internal and external solutions
- Anticipate the business customer's needs



Access and engagement

We engage our small business customers by providing them convenient access to financial services and resources geared to meet their needs. Through our digital and mobile tools, customers can manage their finances, learn new skills and apply for new solutions. For loan amounts as low as \$5,000, digital business applications may be approved and funded in minutes with no origination fee. Business checking accounts can also be opened online, with no monthly maintenance fee and 125 free transactions per month.

Our website contains advice on how small business owners can manage their business, plan for growth, improve their operations and invest. Our extensive network of branches and ATMs is available to serve our small business customers where they are, and we offer dedicated business bankers in 26 states who understand the needs of small business owners and offer tailored solutions.

Assistance for consumer and small business customers during COVID-19

We responded to the COVID-related financial hardships facing our consumer and small business customers in 2020 with several assistance options. Our dedicated [COVID-19 Information Hub](#) made the support and solutions easily accessible to our customers. We adjusted products and processes to assist customers and to provide continuous and safe access to banking services, focusing on areas that had the most impact and fostered financial security during this difficult time. These efforts included:

- Temporarily adjusting **consumer and small-business lending products and services** to make them more affordable and accessible to existing customers who may be financially impacted. This includes the Simple Loan—our transparent installment loan—and Personal Loan products for consumer customers, and products like Quick Loan and Cash Flow Manager for business customers;
- Offering **mortgage** customers forbearance and repayment solutions in order to sustain their homeownership now and into the future. We continue to proactively work with mortgage customers who need support;
- Offering **auto loan and lease** customers deferred payments, extensions and alternative options;
- Reactively waiving **credit card** fees and implementing payment deferral programs. These measures supplement the options that are regularly available to customers who are experiencing hardship, including rush replacements of cards and increased credit limits;
- Reactively refunding **deposit service** fees for impacted consumer and business customers, including overdraft protection fees and monthly maintenance fees;
- Raising **mobile check deposit** limits for many customers so they can deposit checks quickly and securely using the U.S. Bank Mobile App—and stay safe at home; and
- Temporarily waiving the fee for businesses to digitally receive money from customers with **Zelle®**, the bank-led person-to-person payment network.



Small Business Administration (SBA) programs

As an SBA preferred lender, our business loan program offers a streamlined loan process to assist small businesses. For SBA's fiscal year ending September 30, 2020, U.S. Bank ranked as the second most active SBA lender nationally in loans made. In terms of dollar amounts loaned, we ranked ninth nationally.

SBA lending is especially compelling in financing businesses that are seeking to recapitalize their business, restructure debt and retain capital. We assist businesses at all stages through the SBA program, including those that have been in operation for less than two years. We customize SBA loans based on the unique needs of the business owner. SBA loans can be used for working capital, equipment purchases, inventory, refinance, startup and acquisition of a business, commercial real estate and other general business needs.

Paycheck Protection Program (PPP) under the CARES Act

During 2020, U.S. Bank secured funding approval for more than 108,000 applicants to the PPP, an SBA program designed to assist small- and medium-sized businesses affected by the COVID-19 pandemic. Highlights of our PPP participation include:

- More than \$7.5 billion in funding;
- Potential to impact more than 900,000 workers across all 50 states and the District of Columbia;
- 87% of loans provided by U.S. Bank were for less than \$100,000;
- Average size of SBA-approved loans processed by U.S. Bank was less than \$75,000, which is significantly lower than the industry average that the SBA has reported for the entire program; and
- Nearly 85% of these loans went to businesses that reported 10 or fewer employees.

In addition to our direct participation in the PPP loan program, U.S. Bancorp Community Development Corporation (described below) moved quickly to provide \$50 million in low-interest-rate loans to seven CDFIs. These CDFIs didn't necessarily have the capacity to meet the high demand brought on by COVID-19, and our funding helped them provide PPP loans to borrowers that needed support the most.

Supporting CDFIs

We recognize the critical role CDFIs play in bringing investment to underserved communities and those who may not be eligible for traditional business financing. We value their focus on women- and minority-owned businesses and low- to moderate-income communities. U.S. Bank has a long history of support for CDFIs, providing them with more than \$450 million in capital through 2020.

To broaden access to capital for all businesses and communities, we have deepened our commitment to supporting small businesses through a strategic partnership with Community Reinvestment Fund, USA (CRF). CRF is a national nonprofit organization with a mission to empower people to improve their lives and strengthen their communities through innovative financial solutions. As a leading CDFI, CRF supports mission-driven organizations through the development of products and services aimed at increasing the flow of capital to historically underinvested communities across the country.

Through CRF's Connect 2 Capital platform, we refer small businesses who are seeking business loans to CDFIs best equipped to meet the capital and technical assistance needs of the entity. In 2020, we referred more than 350 small businesses to the Connect 2 Capital platform.



Community development financing

U.S. Bancorp Community Development Corporation (USB CDC) is the tax credit and community investment division of U.S. Bank. It was formed in 1988 as a wholly owned subsidiary of U.S. Bancorp and has more than 400 employees located in offices across the country. A national leader in community development financing, USB CDC specializes in originating and managing federal and state tax credit equity investments and community development loans.

USB CDC products

USB CDC invests in affordable housing, economic development projects in low- and moderate-income communities, historic renovations and renewable energy. Over the past 30 years, we have invested more than \$34 billion in tax credit equity and more than \$4.5 billion in community lending (affordable housing plus CDFI lending) in more than 3,000 projects, representing every state in the nation. As of December 31, 2020, USB CDC has \$11.1 billion of federal tax credit equity under management.

Low Income Housing Tax Credits (LIHTC)	Our investments in safe and affordable housing are a critical way to bring financial stability and economic opportunity to those who need it most. Our LIHTC investments finance the construction and renovation of low-income rental housing, and we also make lending available to close the financing gaps that a project may face.
New Markets Tax Credits (NMTC)	These investments help drive much-needed business growth, job creation and economic development in underserved communities. Projects can include hospitals, schools and community centers.
Historic Tax Credits (HTC)	Preserving historic structures through HTC investments helps to preserve our nation's history. Often combined with NMTC, these investments also serve as a local economic engine, bringing new affordable housing, amenities, and employment opportunities to communities in need.
Renewable Energy Tax Credits (RETC)	Through RETC, we invest in projects that help provide clean energy options to our nation's homes, towns and businesses through wind and residential, utility and community solar projects. See the Climate Change Impact section of this ESG Report for more information about our RETC.



Acting on our commitment to racial equity through community development financing

USBCDC's commitment to diversity, equity and inclusion drives the way we do business, as we look for ways to unlock new opportunities to apply a racial equity lens to our investments, lending products and strategies. For example, USBCDC has created a specialized Business Impact Group to amplify the social impact of our business products by creating greater access to capital for businesses, organizations and communities led by people of color. We do this by evaluating business processes and developing responsive product solutions to address barriers to access.

In addition, our U.S. Bank Community Development Entity (USBCDE, LLC), was awarded a \$65 million NMTC allocation from the U.S. Department of the Treasury in 2020, and a \$70 million allocation during the prior two years. USBCDE directs these allocations to projects focused on racial equity and accountability. USBCDE's NMTC projects are evaluated based on a scorecard that considers key racial equity objectives, such as whether the project decreases segregation and inequality, increases quality schools, and improves social capital. Our goal is to ensure that the benefits flow from those projects directly to the communities that need them.

Connecting USBCDC customers to tools and resources

A key priority in supporting our USBCDC customers is to provide them the full benefit of U.S. Bank resources. We make banking services and products—including deposit accounts (checking, savings, money market), as well as core operating banking products (such as lockbox and fraud prevention)—available to all USBCDC customers. We also offer USBCDC customers loan closing services and ongoing loan portfolio administration. In addition, our Specialty Finance group provides access to capital through equity investments and loans to corporations and funds in the community development field, including CDFIs.

Our culture of compliance

Financial institutions are subject to a variety of laws and regulations, including those requiring that banks meet the needs of the community, such as the Community Reinvestment Act (CRA), and others that ensure consumers and communities are protected from credit discrimination, such as the Equal Credit Opportunity Act and the Fair Housing Act. U.S. Bank has comprehensive compliance programs that achieve compliance with laws and regulations and support our strong ethical culture, embody our core values and promote a fair and inclusive financial marketplace.

Federal regulators perform a periodic assessment to evaluate a bank's compliance with the letter and the spirit of the CRA and assess the bank's record of meeting the credit needs of low- and moderate-income communities with mortgage, small business, small farm and community development loans. Regulators also evaluate the effectiveness of systems for delivering retail banking and community development services, and qualified investments that benefit the community. The regulatory assessment is comprised of three tests: Lending, Investment and Services. U.S. Bank received the highest rating, "Outstanding," in our most recent CRA examination. We also received an "Outstanding" rating on each of the three individual CRA tests.



Data protection and privacy

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U.S. Bank core values



We do the right thing.



We power potential.



We stay a step ahead.



We draw strength from diversity.



We put people first.

By appropriately safeguarding data, we head off threats to information security and respect our customers' privacy rights.



Our customers put their trust in us that we will safeguard their information. We work every day to earn that trust by carefully protecting the **confidentiality, integrity, availability and privacy** of customer data. This is not just carried out through our rigorous data protection and privacy policies and dedicated professionals working to protect customer data. Customer data protection and privacy is instilled in our culture, so every employee and partner has it top of mind in their day-to-day work.

Through clear and easily accessible policies, we tell our customers and online visitors why we collect information from them, how we will use it and with whom we will share it.

We also provide ongoing education and training to our employees and partners. This is to ensure they have the knowledge and tools necessary to protect our customers and so there is understanding of the clear expectations on implementing and maintaining security and privacy technology and processes that protect our customers.

As we continue to enhance our digital and analytics capabilities to serve our customers and increase efficiencies, we regularly evaluate our data strategy to align with principles of responsible and ethical uses of technology and information.

Data governance and framework

The enterprise data protection and privacy team at U.S. Bank includes the chief information security officer, the chief legal privacy officer and the chief operational risk officer. Each leads a function devoted to developing and supporting pertinent policies, processes and procedures. The chief information security officer has overall management authority and operational responsibility for the Information Security Program. The chief legal privacy officer partners with the chief operational risk officer to formulate and implement our data privacy strategy.

We have robust governance processes in place utilizing our Risk Management Framework. The Board oversees our management of risks related to data privacy and information security, primarily through the Risk Management Committee. The Risk Management Committee regularly receives reporting on information security matters from senior leaders. Additionally, a Cybersecurity Oversight Subcommittee of the Risk Management Committee provides dedicated oversight of cybersecurity matters.



Data governance and framework *(Continued)*

The full Board typically holds an annual cybersecurity educational session, which includes presentations from our information security and risk management functions about our cybersecurity program and features a presentation from an outside expert on a current cybersecurity topic.

The enterprise data protection and privacy team maintains the **U.S. Bank Enterprise Data Protection and Privacy Program**. It is designed to ensure the security and confidentiality of personal information, protect against any anticipated threats or hazards to the security of such information, protect against unauthorized access to or use of such information that could result in harm to individuals, and manage the proper disposal of personal information.

To achieve these objectives, the Data Protection and Privacy Program coordinates and oversees risk and control assessments across our information security, privacy, physical security and enterprise readiness risk programs, as well as business line quality assurance programs. The program also monitors compliance with applicable laws and regulations, such as the European Union's General Data Protection Regulation (GDPR).

In addition to conducting due diligence, we protect the security and confidentiality of proprietary and personal information we share with third parties by contractually requiring them to maintain appropriate controls designed to protect the information.

We also carry insurance for privacy and network security and liability events, including data breaches, ransomware demands and the loss or theft of personally identifiable information (PII). Our policy provides broad coverage and is applicable to both losses incurred directly by U.S. Bank and losses incurred by third parties for which we are legally responsible. The coverage and limits of our privacy and network insurance policy are reviewed annually by the Board.

Safeguarding data while working from home

With approximately 75% of U.S. Bank employees working remotely in 2020, our Information Security Services team partnered with technology teams and business lines to safely provide business continuity. Steps included extending virtual connectivity to our network environment to all employees working remotely; increasing penetration testing of those environments; providing company-owned equipment to ensure continued productivity and security; and creating training that specifically addresses work-from-home risks, such as how to protect devices while at home, encrypt sensitive emails and identify and report social engineering attempts.





Keeping information secure

Our **Information Security and Cybersecurity Program** identifies, prioritizes, reports and mitigates risks to acceptable levels across our distributed network environment. The program, often in collaboration with other enterprise partners, implements layered technical and operational controls at all levels of the technology and business ecosystem to protect information systems from a variety of threats, such as unauthorized disclosure, fraud, sabotage, privacy violation, service interruption and natural disaster. This layered approach reduces the likelihood that a weakness in one area will lead to compromise of information assets or intellectual property in other areas.

As new threats emerge and as technology and business practices change, the Information Security and Cybersecurity Program maintains processes and methodologies to assess and manage risks to the integrity, confidentiality and availability of enterprise information assets. Tools, technologies and processes are enhanced, implemented or removed based on the results of this risk management methodology.

We utilize a multiple-lines-of-defense approach in the testing of controls over data security threats, including business line risk management and corporate level risk management, with reporting of results and clearly defined escalation processes. Independent assessments and testing are conducted on areas of higher and emerging risks to evaluate the control environment and ensure our program keeps pace with industry practices.

Additionally, we engage Ernst & Young LLP to conduct Service Organization Control (SOC) Certification assessments against both the American Institute of CPAs (AICPA) Trust Services criteria and the National Institute of Standards and Technology (NIST) Cybersecurity Framework controls. The SOC2+ attestation report spans all business lines for U.S. Bank National Association and Elavon Merchant Services, and has been issued annually since 2017.



Security Awareness for Everyone (SAFE) training

Our SAFE Program is one of the primary ways we prepare our employees to do their part to safeguard information. This required training program gives employees the awareness they need to:

- *Clearly understand their information security responsibilities;*
- *Effectively identify risks to information in various working environments; and*
- *Carry out appropriate safeguarding practices to minimize the threats of unauthorized disclosure, alteration or destruction of sensitive information.*



Respecting our customers' and online visitors' privacy

Our Enterprise Data Protection and Privacy Program aligns with generally accepted principles that personal information must be obtained and processed only for specified and legitimate purposes. Personal information should be de-identified, or anonymized, where appropriate, and should not be collected or retained when not necessary for a specific business purpose.

U.S. Bank is committed to providing clear and easily accessible statements about its practices and policies regarding the privacy and security of information we collect from our customers and from visitors to our websites and mobile applications.

- Our [customer](#) privacy notice aligns with the model forms from regulators to describe the information we collect from our customers and applicants, how we use and share the information, and their rights to limit our sharing of the information internally or externally.
- The privacy notice applicable to [online visitors](#) is reviewed regularly to address changing legal requirements and describes the treatment of information that visitors to our websites and mobile applications provide to us or information that we collect about their devices.
- The [Privacy](#) page on usbank.com includes copies of these notices and related policies, as well as information about our programs to comply with specific state requirements, such as the California Consumer Privacy Act.

U.S. Bank continually evaluates its digital marketing practices against industry standards and practices, and the online privacy notice provides information about publicly available options to limit collection of information via cookies or similar technologies.



Climate change impact

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U.S. Bank core values



We do the right thing.



We power potential.



We stay a step ahead.



We draw strength from diversity.



We put people first.

We continually work to stay ahead of the risks climate change poses to our business through sound strategy and risk management, while we also help our customers seize the opportunities of a green economy.



We believe that running our business in an environmentally sustainable manner is an important component of corporate responsibility. As society's understanding of the wide-ranging impacts of climate change has evolved, however, so too has our understanding of the effects a changing climate can have on our business. We have taken steps to enhance how we assess the financial and reputational risks climate change poses to our company, and we have also begun to focus more on opportunities presented by a changing economy.

Our approach to disclosure of climate-related risks and opportunities has also evolved. We report to CDP each year. We received a **score of "A"** on our most recent report, which covers 2019 data, for our actions to cut emissions, mitigate climate risks and develop the low-carbon economy. The report can be found [here](#). We are continuing our CDP reporting, but we also understand that our shareholders and other stakeholders value the disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). The structure and content of this Climate Change Impact section are informed by the TCFD recommendations.

Please also see our [Community Impact Report](#) for highlights of specific projects and programs that make a positive impact on the environment and benefit our customers, employees, and communities.

Governance

Climate change represents a dynamic set of risks and strategic considerations that can impact our company in many ways over varying time horizons. Climate change is overseen by our Board as part of our existing risk management governance structure.

Board committees

The Board's oversight of climate change impacts on the company occurs primarily in the Risk Management Committee and the Public Responsibility Committee.

The **Risk Management Committee** oversees management's execution of our Risk Management Framework, which includes policies to govern the management of credit, operational, compliance and other risks that could be generated by climate change. This framework includes our Risk Appetite Statement. Climate risk is integrated into our emerging risk process and is included as an emerging risk that is assessed and managed.

The **Public Responsibility Committee** oversees policies and programs related to corporate responsibility matters, including environmental sustainability, and reviews company positions and practices that pose reputation risk. To carry out these responsibilities, this committee receives regular updates from management on climate change and other environmental matters to review our strategy, goals, possible risks and risk mitigation initiatives, and major environmental partnerships.

Management oversight

The management-level risk oversight structure under the Board's Risk Management Committee is headed up by the Executive Risk Committee (ERC). Senior operating committees support the ERC. We formed a **Climate Risk Working Group** in 2020 as a centralized, integrated forum for information sharing and discussion on topics related to climate change risk, both financial and reputational. This group meets monthly, is co-chaired by the head of enterprise risk management and the chief risk officer for strategy, transformation and corporate affairs, and includes representatives from the risk management, strategy, finance, economic analysis and legal functions, as well as from business lines offering products and services affected by climate-related risks and opportunities.



Strategy

The actual and potential impacts of climate change on the company can be categorized as either **risks** or **opportunities**. We 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. We also see opportunities in making investments in renewable energy and offering innovative products and services to meet the needs of tomorrow’s green economy.

Risk identification

Climate-related risks are relevant across many risk categories within our Risk Management Framework. The nature of these risks can be either physical or transition. **Physical** risks are related to the physical impacts of climate change. Such impacts can be *acute*, meaning that they are driven by a specific event such as a hurricane or wildfire, or they can be *chronic*, meaning that they reflect longer-term shifts in climate patterns. **Transition** risks arise from the policy, regulatory, technological, consumer preference and reputational impacts of the transition to a lower-carbon economy. The source of these risks is not the transition itself but rather the failure of companies and society to prepare for the transition.

These risks can be freestanding, but they can also cross categories to create inter-risk exposure. For instance, 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).

We recognize that climate change risks are dynamic and present varying degrees of impact over different time horizons. As our climate-related strategy and risk management approaches continue to evolve, we will seek to incorporate an analysis of risk time horizons.

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 lead to their inability 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 would 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 impair 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 will lead to an increase in energy used to heat and cool our approximately 3,000 locations. Additionally, extreme weather events can impact the safety of our employees, critical business operations, third parties and technology.
Compliance	Transition	U.S. Bank and other U.S. financial institutions will need to be compliant with any new regulations 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 have serious financial impacts in the form of higher credit and operational losses.
Reputation	Transition	Increased expectations from customers, shareholders and communities regarding disclosure and management of environmental impact have led to more scrutiny and reputation risk. As a financial services provider, our direct environmental impact may be lower than that of our customers, but we are more frequently being evaluated based on our customers’ impact due to our financial relationship with them. If we are perceived negatively by our stakeholders, our reputation can be damaged and we could lose business.

Information about how these risks fit into our Risk Management Framework can be found below under Risk Management.



Scenario analysis

We use scenario analysis to understand the potential financial impact on the company of adverse events. Natural disasters have been identified as a risk through the company's risk identification and assessment process and incorporated into the scenario design and stress testing process. With climate change increasing the frequency and/or severity of natural disasters, it is more important than ever that we understand how these occurrences will affect our customers and the company. We are monitoring trends in the development and application of scenario analysis to both the physical and transition risks associated with climate change.

Environmental and Social Risk Policy

The legal, regulatory, political, ethical, environmental and social responsibility activities of a business entity can create elevated risk for the entities they partner with—most notably, their arrangements with banks. To guide our risk evaluation and response to relationships that entail high environmental or social exposures, we maintain an **Environmental and Social Risk Policy**. Key environmental provisions of the policy can be found [here](#). This policy is a key component of an enterprise approach to manage and oversee the risks associated with our relationships based on the type of business conducted by current or potential customers or other aspects of those entities' positioning on environmental and social issues.

Operational adjustments

With climate change impacts prompting us to better manage our energy use, our operational strategy across our approximately 3,000 locations is twofold: We continue seeking opportunities to purchase renewable energy for our facilities while also working to reduce energy use at our facilities. This work has resulted in opportunities to save money and increased vendor partnerships, such as purchasing renewable energy through Xcel Energy's Renewable Connect program and PGE's Clean Wind program.

We are building our facilities to be more efficient by following sustainable principles in the design phase. We also are retrofitting our facilities to use less energy by requiring more efficient HVAC equipment when replacement is necessary, switching out light fixtures for more efficient options (LED) and installing better controls.

We extend our operational impact through the supply chain decisions we make. We ask potential vendors to share information on their environmental programs, including the key performance indicators they use to measure progress, during our vendor-selection process for all new projects. We continue to evaluate our supplier approval program to find ways to prioritize suppliers based on their climate change reduction efforts.



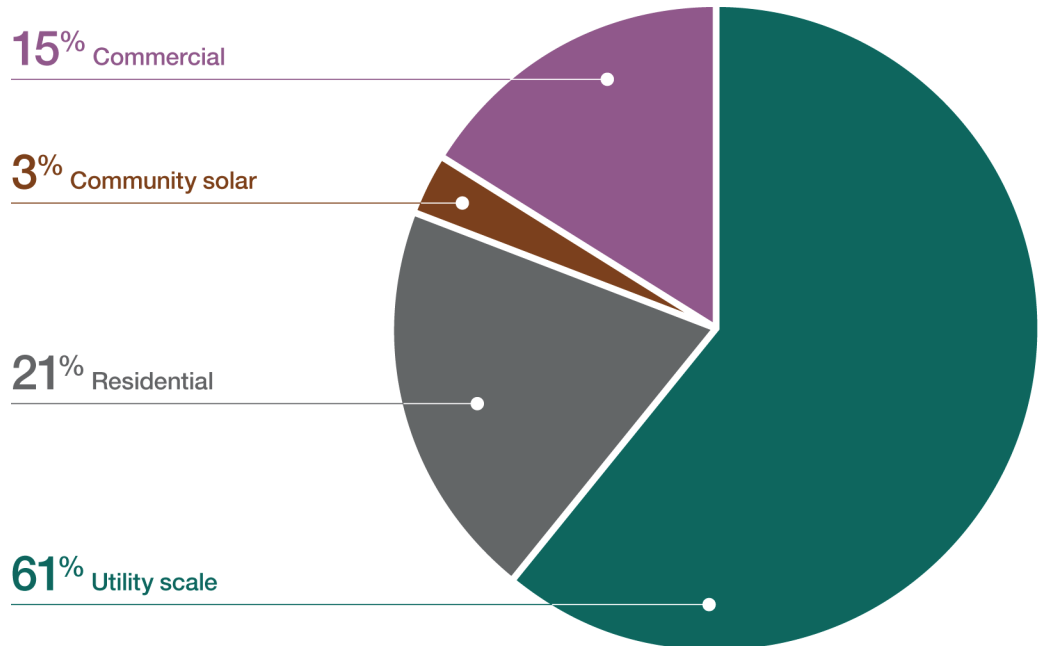
Environmental investing

Much of our environmental finance activity happens through U.S. Bancorp Community Development Corporation (USBCDC), our tax credit and community investment division detailed in the [Financial Well-being and Inclusion](#) section of this ESG Report.

Through USBCDC's **Renewable Energy Tax Credits**, we invest in projects that help provide clean energy options to our nation's homes, towns and businesses through wind, solar and other renewable energy projects. These projects are not only good for the environment, but they also create tens of thousands of jobs in local communities around the country. We commit more than \$1 billion annually in renewable energy investments, and since 2007, the USBCDC has committed more than \$12 billion in solar, energy storage, wind, biomass and fuel cell technologies.

As part of that commitment, we have financed \$11 billion in solar, or **more than 15% of all solar projects in the United States**, over the past 10 years. Our solar portfolio spans a broad customer base, which diversifies risk within our environmental finance activities.

USBCDC 2020 solar portfolio composition



Environmental lending

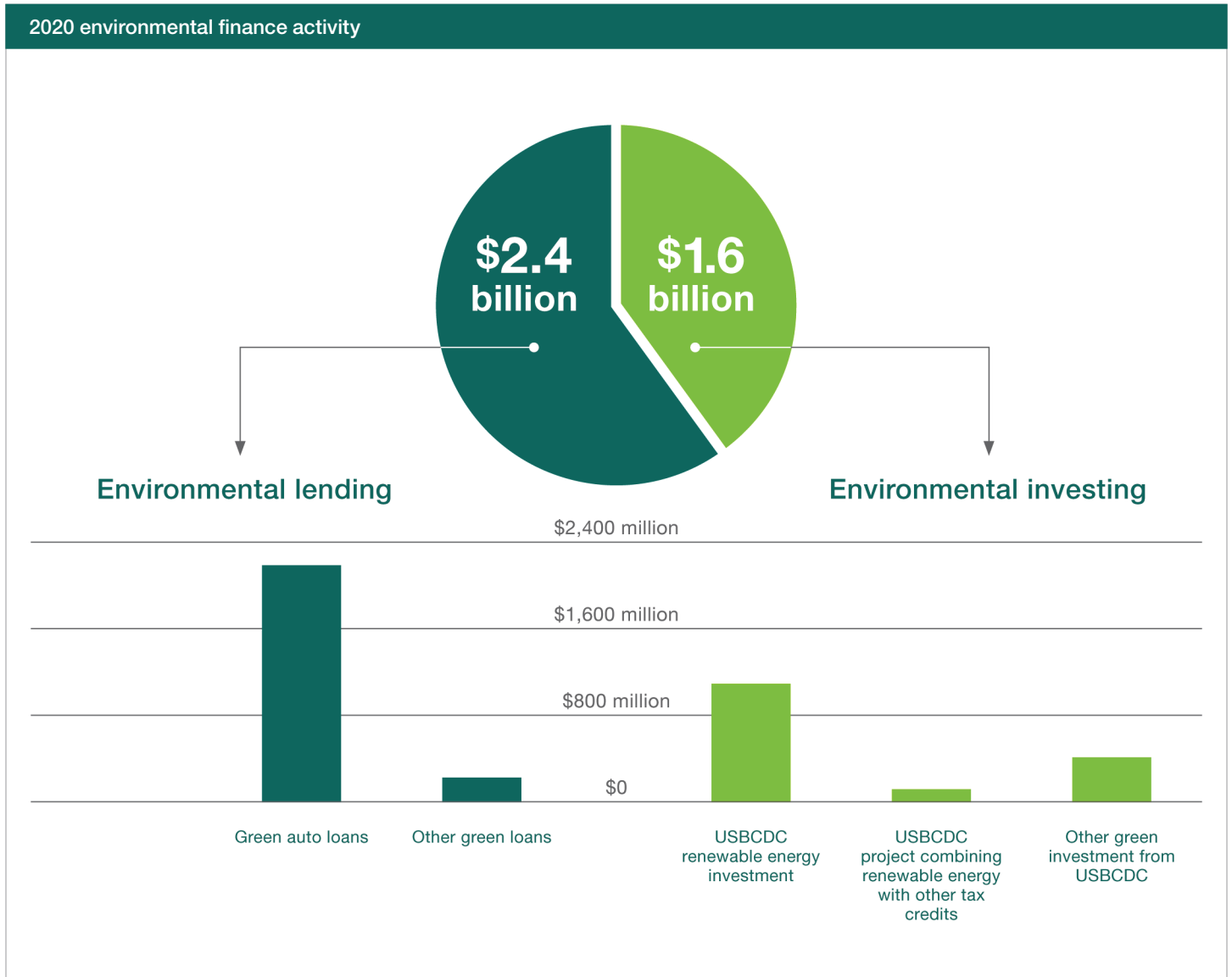
In addition to tax credit financing, we also power the transition to a low-carbon economy with loans to customers who manufacture or sell environmentally friendly products or who offer services that help reduce environmental impact. For example, clients in our utilities portfolio must expend meaningful capital resources to ensure that their operations meet or exceed increasing regulatory mandates for renewable energy. We help them meet those goals for a cleaner environment by providing loan commitments.



Environmental lending

Continued

Other opportunities include commercial real estate loans to build LEED-certified buildings and financing for brownfield developments, manufacturers who implement environmentally friendly practices, environmental services and renewable energy power generation. Green auto lending has become our leading program in this space. From 2008 through 2020, U.S. Bank financed \$7.8 billion in capital to electric vehicle lending and leasing through its equipment finance and auto leasing division.





Exploring further opportunities

As new opportunities to invest and lend in the green economy emerge, we evaluate many of these potential products through a value-based prioritization process. Essentially, our process balances a product's net value to U.S. Bank (considering its alignment with our goals, financial benefits and any multiplier benefits) with ease of implementation (considering resource requirements and conformity with our credit risk framework). We are currently evaluating the landscape of potential environmental finance activities that could help our customers transition to a low-carbon economy.

Risk management

Our Risk Management Framework covers management of all risks across its risk categories that may negatively impact the company, including risks stemming from climate change. Our chief risk officer leads the independent risk management organization, which provides oversight of our risk-taking activities. In addition, every business line and support function has a team specifically focused on all relevant types of risks: risks at the business unit level (product specific), risks at the asset level (credit risk for assets within our portfolio), and risks at the company level (reputation).



Environmental justice partnerships

We prioritize partnerships with organizations that work to combat climate change while benefiting economically underserved communities. Low-income communities and communities of color are disproportionately affected by climate change, and we believe it's important to address these inequities as part of our holistic approach to environmental and social challenges.

- **GRID Alternatives'** mission is to make renewable energy technology and job training accessible to underserved communities. We are a large supporter of GRID's Tribal Program, which provides job training for high-paying solar jobs to tribal members, as well as hands-on experience installing low-cost solar on tribal lands.
- Through our board seat on the **Solar Energy Industry Association**, we have an active role on that organization's Diversity Equity Inclusion and Justice Task Force. Areas of focus for the task force include identifying minority-owned businesses and ensuring that member companies use inclusive hiring and promotion practices.
- **New Partners Community Solar's** mission is to provide affordable clean energy to low-income communities in Washington, D.C. We financed a New Partners project in which all energy savings are returned to low-income residents of the District.

Please see the [Community Impact Report](#) for more information on these partnerships.



Risk management *(Continued)*

We utilize a multiple-lines-of-defense approach in the management of risk, looking at business line risk management, corporate level risk management and assurance/validation/verification of our risk management processes, with escalation processes and procedures clearly defined. Every employee is responsible for managing risk, which is emphasized through our commitment to an ethical culture.

Below we describe how we apply our Risk Management Framework to the climate-related risks we identified in the previous section.

Credit risk	We monitor our portfolios for climate-based credit risks and consider making changes to credit policies as necessary to mitigate those risks. Our credit risk management function maintains a quarterly report on credit exposure to environmentally sensitive industries. Management leverages the report to analyze exposure and monitor trending of exposure.
Market risk	We manage climate-related market risk using our existing tools and risk management processes. Financial markets are highly sensitive to changes in corporate credit risk, and existing processes would limit trading exposure to companies that begin to experience stress due to climate-related industry trends, such as the energy sector.
Operational risk	Our Enterprise Resiliency Group established and maintains guidelines that incorporate industry best practices for the operational resiliency of critical business processes and technology. The Enterprise Resiliency Group's Crisis Management Department manages and coordinates the enterprise response to adverse events that threaten to harm the organization, its stakeholders, employees, assets or reputation. Third Party Risk Management (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 agree to a code of conduct including a commitment to continuously improving business activities to reduce environmental impact and invest in products that help the environment.
Compliance risk	Our Regulatory Change Management process identifies and evaluates changes in laws and regulations, including regulations and guidance issued by 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 our products and services.
Strategic risk	The company uses a robust strategic planning process that provides a three-year forecast with annual refreshments. These forecasts are developed by business lines in collaboration with our risk management and compliance and internal audit functions, and plans are produced at a business segment and enterprise level to ensure interconnectedness. As the company enhances its climate risk program in the coming years and establishes a baseline of risks, we expect to place a greater focus on connecting defensive climate risk strategies with business planning decisions.
Reputation risk	We have partially mitigated our exposure to reputation risk related to environmental matters with our Environmental and Social Risk Policy, which is described above and frequently operates in tandem with other risk disciplines, such as credit.

For a comprehensive overview of our risk management practices, please see our [2020 Annual Report](#).



Metrics and targets

We plan to further develop our response to climate-related risks and opportunities, and a significant component of those efforts will be data driven. We are working to increasingly quantify the financial risks posed by climate change, as well as our lending and investing opportunities in the green economy, so that we can better understand them and develop meaningful limits and targets. We also continue our work to measure the environmental impact of our own operations and those of our customers.

Measuring financial impact

Monitoring climate-related metrics is an important aspect of holistic climate risk management. We acknowledge that there are qualitative and quantitative aspects of climate change risk, and it is important to monitor the quantitative elements through the tracking and monitoring of data. As described above, climate risk is integrated into our emerging risk process and is assessed and managed as part of normal risk routines. We plan to continue to evolve our measurement metrics based on ongoing maturity of climate risk management activities and the availability of data.

Our greenhouse gas (GHG) targets and performance against them

In 2016, we set two GHG emissions reduction targets based on guidance provided by CDP: 40% reduction by 2029 and 60% reduction by 2044. These targets use a 2014 baseline and include Scope 1 and 2 emissions (as defined by the GHG Protocol). Our emissions and progress to target are verified annually by a third party. As of the end of 2019, we have achieved 44% reduction, **reaching our shorter-term target 10 years early**. We continue to work toward our 60% reduction target.

Forward-looking statements

This ESG Report contains forward-looking statements about U.S. Bancorp and U.S. Bank National Association. 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. These forward-looking statements cover, among other things, anticipated future plans and prospects of U.S. Bancorp and U.S. Bank. Forward-looking statements involve inherent risks and uncertainties, and important factors could cause actual results to differ materially from those anticipated.

For discussion of risks that may cause actual results to differ from expectations, refer to U.S. Bancorp's Annual Report on Form 10-K for the year ended December 31, 2020, 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.

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.

