



2022 TCFD Report

Introduction

U.S. Bancorp is pleased to share its second report consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets. They are supported by recommended disclosures that allow investors and other stakeholders to better understand how companies think about and assess climate-related risks and opportunities.

At U.S. Bancorp, we care deeply about meeting our stakeholders' needs, promoting sustainable business practices and supporting economic growth. To further these objectives, we seek to embed strong management of environmental, social and governance (ESG) aspects into our business strategy and risk management efforts while keeping mindful of our broader corporate responsibility to the health and prosperity of the communities in which we do business and those touched by our products and services. We believe these objectives and concerns are integral to our long-term success.

U.S. Bancorp has been committed to transparency in our environmental activities for many years. Earlier this year we published our most recent [ESG Report](#) covering progress on key topics in 2022. While managing our environmental footprint is not new for U.S. Bancorp, we recognized an increased need to address climate change and enhanced expectations for transparency about those efforts. As an initial step toward meeting those expectations, we shared a series of climate-related goals in November 2021:

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

To ensure that our goals aligned with emerging best practices, in 2021, we committed to aligning future disclosures with the TCFD recommendations and also joined the Partnership for Carbon Accounting Financials (PCAF), thereby committing to measure and disclose our financed emissions using PCAF standards.

In the past two years, the world has experienced unexpected energy challenges that have made implementation of near-term net zero commitments more complicated. While climate change continues to be a key strategic priority, we also recognize that our efforts to advance decarbonization across the economy are largely reliant upon the pace of development of supportive policies and the robust commercialization of new technology, driven by client and consumer demands and buttressed by workforce reskilling and upskilling. Mindful of this evolving context, we are developing a thoughtful strategy to help support the transition to a net zero economy and meet our net zero by 2050 commitment.

This TCFD Report is a continuation of efforts to use the TCFD framework to increase our transparency around the progress we have made in both identifying and addressing climate change through our risk management practices and commercial strategy. We are, and will continue to be, focused on driving long-term success by offering innovative products and services to meet the needs of tomorrow's green economy, as well as prudently managing climate risk, while supporting our customers and the communities where we do business. Going forward, we plan to continue to leverage this report to highlight key annual updates on our climate-related activities.

Unless otherwise stated, metrics in this report cover the period of January 1 through December 31, 2022, but the narrative may describe activities undertaken in both 2022 and 2023.

About U.S. Bancorp

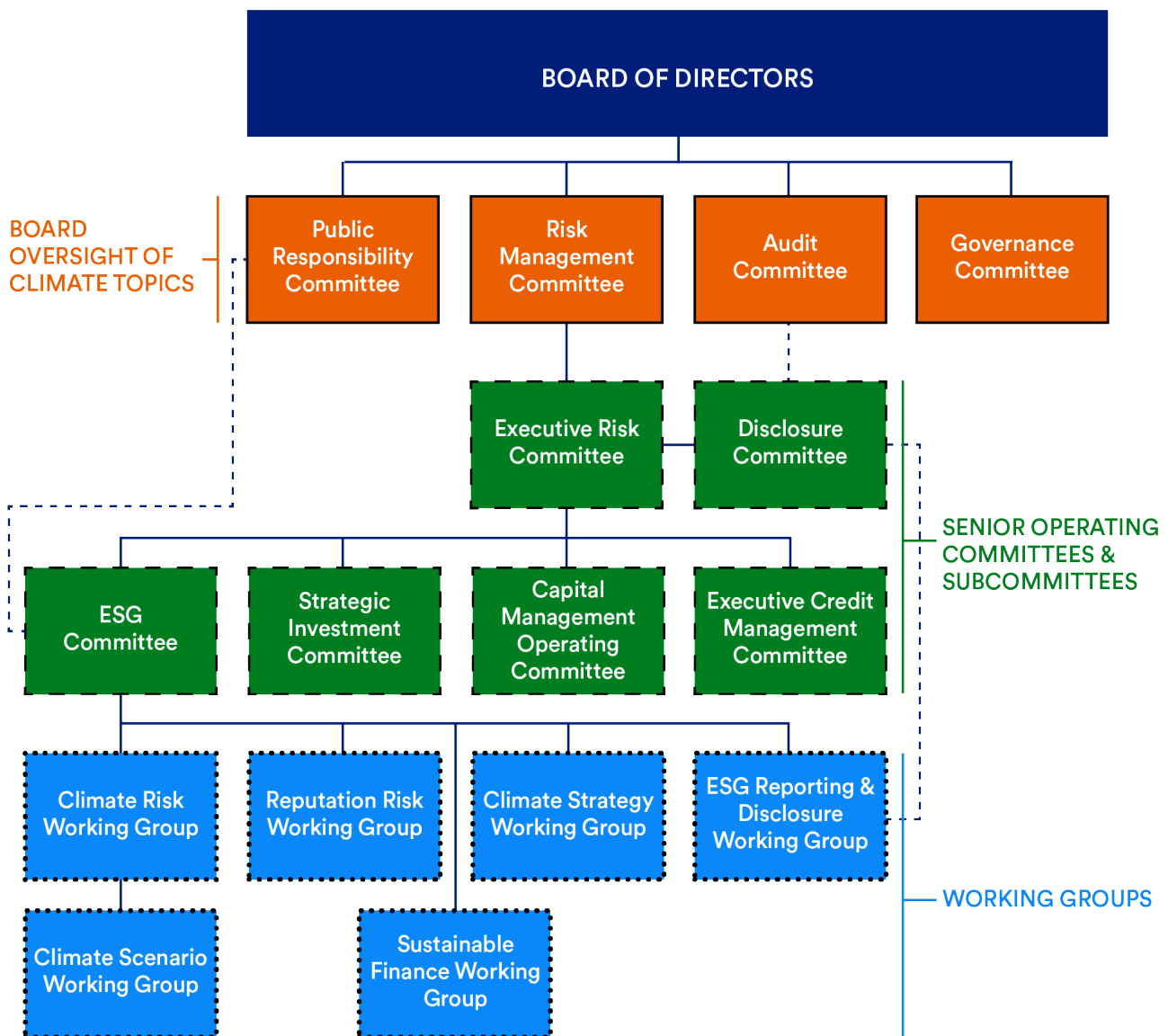
U.S. Bancorp, with approximately 77,000 employees and \$675 billion in assets as of December 31, 2022, is the parent company of U.S. Bank National Association. Headquartered in Minneapolis, the company serves millions of customers locally, nationally and globally through a diversified mix of businesses including consumer banking, business banking, commercial banking, institutional banking, payments and wealth management. U.S. Bank provides corporate trust, merchant acquiring services, corporate card issuance and fund administration services in Europe. Elavon, a wholly owned subsidiary of U.S. Bank, has been a global leader in payment processing for more than 30 years. U.S. Bancorp has been recognized for its approach to digital innovation, community partnerships and customer service, including being named one of the 2023 World's Most Ethical Companies® and Fortune's most admired superregional bank. To learn more, please visit the U.S. Bancorp website at usbank.com and click on "About Us."



PART 1: Governance

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

Climate governance structure



Board oversight

The board oversees the management, business and strategy of the company and its most significant risks, and has delegated specific and focused oversight of certain types of risks and opportunities to its various committees. The board receives periodic updates related to our key business initiatives, including updates on our ESG strategy and priorities, public commitments and climate risk.

Board committees

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

Public Responsibility Committee (PRC)

This committee oversees our management of reputation risk and reviews our company's reputation, culture and brand management activities; reviews and considers our position and practices on matters of public interest and public responsibility; reviews public policy matters that impact our company's business activity, financial performance or reputation; oversees our policies and programs related to corporate responsibility; and oversees our ESG strategy. The PRC receives regular updates from management on the company's ESG strategy and environmental goals and commitments. This information includes considerations for achieving our ESG commitments, relevant timelines and related metrics in order to oversee and hold management accountable for progress. The PRC also oversees our ESG disclosure and communication plans.

Risk Management Committee (RMC)

This committee oversees our overall risk management function, which governs the management of credit, interest rate, liquidity, market, operational, compliance (including Bank Secrecy Act/anti-money laundering), strategic and reputation risk, as well as emerging risks faced by our company, including cybersecurity and climate risk. As part of its responsibility to oversee the management, business and strategy of our company, the board has approved a risk management framework that establishes governance and risk management requirements for all risk-taking activities. This framework includes company and business line risk appetite statements,

which set boundaries for the types and amount of risk that may be undertaken in pursuing business objectives and initiatives. Our company risk appetite statement, which includes climate risk, is approved annually by the Risk Management Committee. Climate risk is integrated into our emerging risk process and is reflected as an emerging risk that is assessed and managed as part of our risk appetite. The RMC receives quarterly reports from management on emerging risks, including climate risk.

Audit Committee

This committee oversees the company's responsibility to the shareholders, potential shareholders, investment community and bank regulatory agencies with respect to its oversight of ethics and business conduct, regulatory reporting, financial and other disclosures, and internal controls. The Audit Committee provides oversight of management's disclosure controls for key climate disclosures.

Governance Committee

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

Management oversight

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

Chief Risk Officer	Chief Risk Officer	Chief Administrative Officer/ Business Line Leaders
Climate risks	Reputation risks	Net zero transition
<ul style="list-style-type: none"> • Loan and portfolio exposure • Credit underwriting impacts • Financed emissions calculations • Business resiliency plans • Compliance with regulatory requirements • Third-party exposure monitoring • Climate scenario analysis • Market volatility monitoring 	<ul style="list-style-type: none"> • Identify, monitor, assess and mitigate enterprise ESG risks • Development and oversight of the environmental and social risk policy • Greenwashing risk 	<ul style="list-style-type: none"> • Scope 1, 2 and 3 net zero commitments • Incorporation into strategic planning, commercial strategy and balance sheet management • Stakeholder engagement

U.S. Bancorp Managing Committee

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

Disclosure Committee

This committee helps us meet our goal of striving to ensure that the information regarding U.S. Bancorp and its operations and financial performance provided to our shareholders and the investment community is accurate and complete. Our annual ESG Report and TCFD Report are two key reports that fall under the review purview of this committee. Consisting of certain members of management,

the Disclosure Committee oversees our system of disclosure controls and procedures.

Among other things, this committee evaluates the effectiveness of our disclosure controls and procedures and helps to assess the quality of the disclosures that we make in the periodic reports we file with the Securities and Exchange Commission (SEC). The Disclosure Committee is an essential step in the approval process for key climate reporting.

Executive Risk Committee (ERC)

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

receives climate risk updates, including metrics tied to climate risk, quarterly, as well as deep dives when timely topics arise.

The ERC also has oversight of capital expenditures, including financial planning related to the company's climate work, through its subcommittees. The Strategic Investment Committee, Capital Management Operating Committee, Executive Credit Management Committee and ESG Committee are subcommittees of the ERC.

ESG Committee

This committee is made up of senior leaders across the organization, including our chief administrative officer, chief human resources officer, chief risk officer and chief diversity officer, and chaired by our chief social responsibility officer. The ESG Committee provides regular updates to the chief executive officer and the U.S. Bancorp Managing Committee as well as quarterly updates to the PRC. The committee is dedicated to integrating ESG activities into our overall business strategy. It also provides oversight for existing and emerging ESG risks, pressures and trends across key stakeholders, as well as clarity, direction, accountability and oversight of ESG topics so they are managed as part of existing operations, programs and processes.

Executive Credit Management Committee

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

Capital Management Operating Committee

Co-chaired by the chief financial officer and the chief risk officer, this committee provides program oversight of the capital management and planning functions of the company. This includes capital impacts due to climate risk.

Strategic Investment Committee

Chaired by the chief administrative officer, this committee acts as the primary management-level committee at U.S. Bancorp authorizing requests for capital expenditures, corporate real estate lease commitments and other multi-year contractual commitments. This includes capital requests related to recognizing and managing climate risks and opportunities.



Working groups

Climate Risk Working Group (CRWG)

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

Climate Scenario Working Group (CSWG)

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

Reputation Risk Working Group

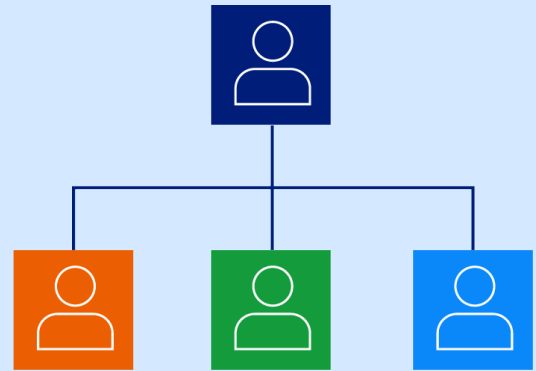
Led by the head of reputation and strategic risk management, this group assesses reputation risks, including those related to climate, through the lens of all defined stakeholders. It also discusses, evaluates and escalates emerging material reputation risk.

Climate Strategy Working Group

Led by the head of the ESG Program Office with representation from the business, risk and credit teams, this group is responsible for assessing and monitoring the U.S. Bancorp environmental commitments, including our net zero commitment. This team provides regular updates to the ESG Committee and management teams.

Sustainable Finance Working Group

Led by the Sustainable Finance team, this working group is a forum for discussion and collaboration around our sustainable finance strategy, including the design and implementation of the Sustainable Finance Eligibility Guide. The working group has representation from business lines, credit, risk and legal and reports to the ESG Committee.



Senior management participates in several working groups focused on climate strategy and risk. The working groups are cross-functional teams that provide insight to the ERC and its subcommittees.

ESG Reporting and Disclosure Working Group

Co-led by the ESG Program Office and Global Accounting and Operations, this group provides thought leadership and subject-matter expertise for U.S. Bancorp's ESG disclosure strategy, report content and internal controls. From a governance perspective, this working group reports to both the ESG Committee and Disclosure Committee.

PART 2: Strategy

Climate change presents both risks and opportunities for the financial sector to navigate in the coming years. We believe managing our business in an environmentally sustainable manner is integral to our long-term success, an important component of corporate responsibility, and critical to the health and prosperity of the communities in which we do business. We strive to be a responsible steward of the environment and acknowledge that we have a responsibility to our stakeholders and the communities that we serve to better understand the contributions of our business activities to global climate change and to help reduce those impacts. We do this by decreasing our use of non-renewable natural resources, implementing environmentally responsible business practices, developing products and services that help our customers reduce their carbon footprints, and investing in new products, services and partnerships.

At this early stage of the world's transition to a net zero economy, we understand that the global economy is still reliant on a fossil-fuel based energy system and innovation is still needed to address the demand for carbon-generated energy and products. In light of this, we are taking a measured approach to the net zero transition that is centered on learning from and partnering with our clients and all our stakeholders — including employees, customers, investors, suppliers, community leaders and

environmental groups — to better understand their evolving expectations as we move further through the transformation of the energy system and the broader transition of the economy to net zero. We are working with these partners to support innovations that build a more sustainable future for all of us. A key part of our efforts is our engagement of a third party to assist us in building our enterprise-wide net zero transition plan, an exercise we expect to begin in the first quarter of 2024.

In 2022, we started a discovery process to further develop our climate strategy and outline our priorities and potential challenges, including addressing double materiality factors, in implementing the strategy. Our goal has been and will continue to be focused on expanding our knowledge, broadening our operational and product capabilities across the organization, and striving for solution-based approaches with all our partners.

To deliver on our climate strategy, we are focused on three areas of work:

- Reducing our environmental footprint
- Identifying and managing our climate-related risks
- Supporting a balanced transition to a net zero economy through client engagement and sustainable finance

Reduce our environmental footprint

100% renewable electricity by 2025

One of the climate-related goals we made in November 2021 was to source 100% renewable electricity in U.S. Bancorp operations by 2025. As of year-end 2022, we have reached 98% renewable electricity through a mix of strategies, including (a) purchasing renewable energy credits (RECs) from projects financed through our renewable energy tax credit investing, (b) energy reduction efforts within our operational footprint, and (c) purchasing renewable energy through our utility providers.

Operations

As a financial services company, the majority of our operational greenhouse gas emissions are attributable to the operation of our physical facilities. To continue to address our environmental footprint, we made organizational changes within our Corporate Real Estate team to consolidate oversight for operational sustainability strategy and governance. Additionally, we are continuing to focus on optimization efforts as our best opportunity to reduce our energy usage, increase our resource efficiency, and target products and facilities with the lowest carbon emissions. Additionally, we are improving our equipment standards by seeking to select efficient equipment partners.

Some examples include:

- Right-sizing our facilities
- Implementing energy optimizations and solutions (e.g., equipment, roofs, lighting upgrades)
- Enhancing building and lighting controls
- Focusing on embodied carbon impact from standard product deployments within our facilities
- Evaluating partner relationships to reinforce sustainability key performance indicators
- Prioritizing sustainable lease requirements
- Evaluating electric vehicle (EV) charging pilot program

Employee engagement

We offered a variety of voluntary trainings and engagement opportunities for employees to build knowledge and awareness on our climate ambitions. These opportunities allowed employees to learn more about our sustainability initiatives, and also how they can live more sustainable lives.

We partnered with Ecochallenge to offer a voluntary course on the complex challenges of peace, justice and sustainability. The course was a moderated forum for employees to openly discuss the connections between the environment and our communities and ways to take action.



Identify our climate-related risks

We have identified the following key risks to our company posed by climate change, and we recognize that these risks will manifest over several time horizons:

Risk category	Nature of risk	Description
Credit	Physical	Natural disasters affect our customers and can impact their ability to fulfill their contractual obligations. A climate-related event, such as a wildfire or hurricane, may inhibit our customers' ability to conduct business. This could lead to an inability to repay debt and hinder long-term relationship opportunities. Chronic shifts caused by climate change, such as rising sea levels, may also affect our customers in low-lying areas and on coastlines, impacting their ability to sustain a business or residence in such locations and their ability to fulfill their contractual obligations.
	Transition	Companies in certain carbon-intensive industries could be impacted by a shift (or market expectations of a shift) in the marketability of low-carbon-intensive products or other changes to regulations, which could impact their creditworthiness.
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	Extreme weather events could impact the safety of our employees, mission-critical business operations, processes, third parties and technology.
Compliance	Transition and physical	U.S. Bancorp and other U.S. financial institutions will need to be compliant with any new regulations or laws related to climate change 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 to proactively adjust our portfolio and business strategies to mitigate increased transition or physical risks across industries could result in higher credit and operational losses.
Reputation	Transition and physical	We provide products and services to customers that engage in activities with material environmental impacts. These relationships may create reputation (and other) risks due to varying stakeholder expectations, a customer's activities, or our ability to manage such risks.



Scenario analysis

We use climate scenario analysis to evaluate plausible future states of the world and the physical- and transition-related climate risks under these different scenarios. U.S. Bancorp has evaluated these risks through current and prior projects and will continue to evaluate them through future, planned projects. We have leveraged a variety of well-known industry climate scenarios, including those developed by the Network for Greening the Financial System (NGFS) and the Intergovernmental Panel on Climate Change (IPCC).

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

Transition risk

In early 2022, the Climate Risk team worked with the business lines and credit portfolio risk management team to perform an exploratory analysis on the impact of a carbon tax on a subset of borrowers. Later in 2022, a more sophisticated analysis was completed through collaboration among teams such as climate risk, credit risk management, model risk and multiple business lines to evaluate transition risks on high-risk industries within our commercial and industrial credit portfolio.

Physical risk

We monitor a variety of physical risks that can potentially affect our loan portfolios. In 2022, we completed a climate physical risk scenario analysis project evaluating the impacts of severe natural disaster events on our residential real estate credit portfolio. Due to our large footprint in the western United States, which has increased significantly with the acquisition of MUFG Union Bank, N.A. (Union Bank), we performed additional analysis specific to wildfire risks. As a next step, we expect to update our initial wildfire scenario analysis to include exposures assumed from Union Bank.

Going forward, we plan to expand this work by evaluating climate transition and physical risk impacts on additional credit portfolios and climate scenarios. These projects may leverage existing internal data and estimation approaches, external solutions, or a combination of internal and external resources.

Environmental and social risk policy

To guide our evaluation of relationships that may present heightened risk based on the nature of activities that the business conducts and how that business is conducted, we maintain an Environmental and Social Risk Policy (ESRP).

Our approach begins with providing access to financial services in a way that upholds all applicable federal, state and local laws and regulations, and reflects expectations from supervising regulatory agencies. We regularly review our policies to ensure they align with changes in legislation and regulation. Our policy is designed to create an enterprise-wide approach to managing and overseeing our existing and prospective relationships where that relationship presents an elevated risk to the company.

Due diligence

We have a robust mechanism for due diligence. For relationships that present heightened risk, additional due diligence is performed to evaluate risks specific to that customer. The additional due diligence includes an assessment of a variety of risk factors such as past compliance with laws and regulations, as well as customer programs in place that mitigate the potential for operational, reputation, compliance and credit risks. Our environmental due diligence requirement applies to all prospective and existing customer relationships meeting specific internal exposure thresholds.

This additional environmental due diligence focuses, in part, on:

- Past and present compliance with environmental laws and regulations
- Internal framework related to environmental risk management
- Understanding the potential impact of financing on project affected communities and Indigenous people

Escalation and monitoring protocols

Our risk and business line functions collaborate to monitor, assess and act on external information or events that may have operational, reputation, compliance or credit risk impacts to the company. Impacts are assessed to determine appropriate risk mitigation actions. These activities supplement other activities that identify proposed or current relationships that meet existing ESRP criteria for escalation.

Business lines may be required to document and implement identified mitigation activities prior to receiving approval to enter or expand a relationship with heightened risk.

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

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

Support a net zero economy

U.S. Bancorp recognizes that managing our business in an environmentally sustainable manner is important for our business and also for our customers and the communities where we do business. We provide a variety of financial solutions in support of the transition to a net zero economy.

\$50B environmental finance goal

To help reach our goal to achieve net zero greenhouse gas (GHG) emissions by 2050, we plan to continue actively engaging and partnering with our clients on their transition to a low-carbon economy.

As part of this work, we have committed to finance \$50 billion in environmental solutions by 2030. The activities that may be tracked and counted as contributing toward this goal include, but are not limited to, the following categories:



\$50B
environmental finance goal by
2030
to help reach our goal of
net zero GHG
emissions by 2050

Sustainable finance eligible environmental themes

- Renewable energy
- Energy efficiency
- Green buildings
- Clean transportation
- Pollution prevention and control
- Sustainable water and wastewater management
- Environmentally sustainable management of living and natural resources and land use
- Circular economy

Renewable energy

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

U.S. Bancorp Impact Finance invests renewable energy tax equity in projects that help provide clean energy options to our nation's homes, towns and businesses through wind, solar and other renewable energy projects. In 2022, we invested \$2.7 billion in renewable energy tax equity. Our solar portfolio — including utility-scale solar, community solar and funds that support residential solar — spans a broad customer base, which diversifies risk within our environmental finance activities.

Looking for ways to expand our leadership in environmental financing and further help clients who are at the forefront of developing greener energy sources, we launched a new renewable energy debt product, closing \$296 million in 2022. We expect that our renewable energy debt product will help us meet growing demand and better serve our existing customers with whom we have deep relationships. We also expect that these products will create opportunities to support customers across the company — from utility customers to developers — who are making their own transitions to a greener economy.

In addition to direct investing and lending, we're also expanding our impact by attracting more companies and more capital into socially responsible and environmentally sustainable business activities through our U.S. Bancorp Impact Finance Syndications platform. Our syndications business provides qualified investors seeking attractive after-tax returns with customized state and federal tax credit investment portfolios to meet their financial goals while also contributing vital sources of capital to stimulate the development of projects with positive environmental or social benefits.



New markets and low-income tax credit investing

We look for ways to leverage other types of tax credit programs to invest in enterprises that stimulate economic growth and help support the transition to a net zero economy, while also supporting communities.

As a top five investor nationally in Low-Income Housing Tax Credits (LIHTC), many of the projects we invest in include energy-efficient features, like solar, and follow other best practices in sustainability. As one of the top New Markets Tax Credits (NMTC) investors in the nation, U.S. Bancorp Impact Finance looks for investment opportunities that support business growth, job creation and economic development in underserved communities.

Lending

We help power the transition to a net zero economy with loans to clients in our power and utilities portfolio who face increasing regulatory mandates to enhance their sustainability initiatives and develop additional renewable energy. U.S. Bancorp also provides loans for Leadership in Energy and Environmental Design (LEED) certified buildings through our commercial real estate group, and EV financing through our auto leasing and lending division. We are also active in a variety of other areas in which the Inflation Reduction Act provides additional tax and other incentives to transition into low- and no-carbon activities, including transportation, energy, construction, industrials, consumer products and manufacturing.



SUSTAINABLE DEVELOPMENT GOALS

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



Affordable and Clean Energy



Industry, Innovation, and Infrastructure



Sustainable Cities and Communities



Responsible Consumption and Production



Clean Water and Sanitation

Commercial products ESG advisory practice

Our clients have access to a wide range of personal and commercial products and services that support their ambitions to enhance their management of ESG issues. We have an ESG advisory practice that guides them through ESG financing options from ideation to execution. After deal completion, the team then works with clients to implement ESG reporting.

This new vertical is the natural evolution of our ESG financing efforts, which started with our first green bond executed in 2014 in line with the International Capital Markets Association's Green Bond Principles, and has since grown to cover all of our commercial products, such as fixed income and capital markets activities, supply chain finance, equipment finance, sponsor finance, subscription finance and asset-backed finance. As businesses increasingly focus on ESG issues management, they are looking for additional financing to support their efforts. We also offer sustainability-linked loans that support our clients' achievement of sustainability performance objectives. Investors are also seeking products with ESG provisions. By offering custom solutions, our advisory practice structures products that create the most significant impact on issues central to a company's ESG strategic priorities.

A focus on sustainable finance

Our Sustainable Finance team is working across the company to identify the most viable products and services to bring to market and is currently evaluating the landscape of potential environmental finance activities that could support our customers' transition to a net zero economy. As opportunities for new products and services are developed, they are evaluated based on risk appetite and potential commercial viability. This work will not only help us meet evolving client needs and market demand but will hopefully help us grow revenue.

We plan to implement a Sustainable Finance Eligibility Guide in 2024, which will provide guidance on categorizing sustainable finance activities and enable us to report on progress toward our public commitments, including our \$50 billion environmental finance goal and how we account for the role of transition finance as we work toward achieving our net zero commitment.



Achieving net zero in our financing activities

In November 2021, U.S. Bancorp committed to achieve net zero greenhouse gas (GHG) emissions by 2050 and to join PCAF to help measure our ongoing progress toward reducing our financed emissions. Since making our net zero commitment, we have been diligently building internal processes to understand how to implement and achieve this goal.

In order to identify the type of activity to include within our net zero commitment, we reviewed materiality of certain financing activities, data availability and potential for emissions reductions impact in the real economy. We have started to develop interim 2030 targets for our highest emitting sectors, beginning with the energy and power sectors. We have made significant progress toward measuring our baselines for these sectors in terms of physical emissions intensity and have determined to align our 2030 reduction targets using the IEA Net Zero 2050 Scenario.

We plan to expand our work to other carbon-intensive sectors in alignment with banking industry best practices and the most significant exposures in our business loan portfolio. Our ability to set and meet targets will continue to depend on our ability to procure high-quality data on our clients' activities, including from estimation methodologies and from enhanced client due diligence.

To that end, we are working closely with internal business line stakeholders and the risk management function to explore ways to engage with clients to continually refine our data and to collaborate in support of a just transition. Our intention is to meet our clients where they are and support their transition plans to help with the decarbonization of the real economy. The next step in the development of our strategy will be engaging a third party to partner with us to build our enterprise-wide transition plan, which we expect to begin in the first quarter of 2024.

alongside additional sector-specific target-setting and commercial strategy development efforts.

We anticipate that the transition to a net zero economy will be disorderly, with dynamic conditions that present both challenges and opportunities, including potentially supportive and inhibiting factors such as enabling public policy, an unpredictable regulatory environment and varying market conditions. Over time, we may need to update our targets, based on these and other factors, including data availability, changes to methodologies and evolutions in net zero scenario models.

While we may continue to face headwinds, we are committed to doing what is right for our stakeholders and our planet. We look forward to continuing to provide updates on our work through future disclosures.

Partnership for Carbon Accounting Financials (PCAF)

U.S. Bancorp joined PCAF in November 2021 and committed to measuring and disclosing our financed emissions using the PCAF Standard. Since joining, we have been actively engaged with various working groups facilitated through the PCAF Secretariat. We began our financed emissions reporting journey by launching a cross-functional initiative focused on our financed emissions construct and advancing our understanding of key concepts, required data sources and relevant risk exposures across our loan portfolios. This work included a review and assessment of the PCAF Standard relative to internal and external data availability and data quality.

Since our inaugural 2021 TCFD report was published, we have continued to refine and expand our data capabilities, evaluate data sources and data providers for opportunities to improve data quality, and focus on building an appropriate governance framework to support financed emissions reporting. We have also partnered with internal and external subject-matter experts to assist in addressing potential gaps in data quality or availability, and to assess our disclosure readiness as regulatory requirements and expectations continue to evolve and emerge.

As the U.S. prudential banking regulators have identified, available data, risk measurement tools, modeling methodologies and reporting practices are in a state of evolution. Further availability of high-quality emissions data and evolving climate disclosure regimes, as well as evolving external reporting methodologies and frameworks remain a challenge. These challenges notwithstanding, we have built automated dashboard prototypes of financed emissions reporting across various asset classes and industry sectors, which we are beginning to share with internal working groups for review in preparation for external reporting under the PCAF framework and/or applicable future regulatory reporting requirements.

Manage our climate-related risks

Climate risk is the potential for climate change to create adverse consequences on business activities, financial conditions and long-term shareholder value. We continue to improve our understanding of key risks climate change poses to our company, customers and communities, and we are making strategic adjustments to our scenario analysis, policies and operational practices accordingly. Climate-related risks are relevant across many risk categories within our risk management framework.

These risks can be freestanding, but they can also cross categories to create inter-risk exposure. For example, the increased severity and frequency of severe weather events may impact our lending portfolios (credit risk), our ability to conduct business (operational risk) and key third-party relationships (another aspect of operational risk).

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



PART 3: Risk Management

The Board of Directors and senior management set the values and expectations with respect to risk management. As part of those values, the company is committed to the highest ethical standards and doing the right thing. This requires employees at all levels to play a role in managing risk and to engage in an open dialogue about risk considerations within our business.

U.S. Bancorp identifies, measures, responds to and monitors risks that could potentially impact our ability to meet strategic objectives, to comply with laws and regulations, and to maintain safety and soundness. Our risk management framework establishes alignment with regulatory expectations and guides the appropriate processes, programs and procedures to help grow the company in a safe and sound manner.

The company's board and management-level governance committees are supported by a "three lines of defense" model for establishing effective checks and balances.

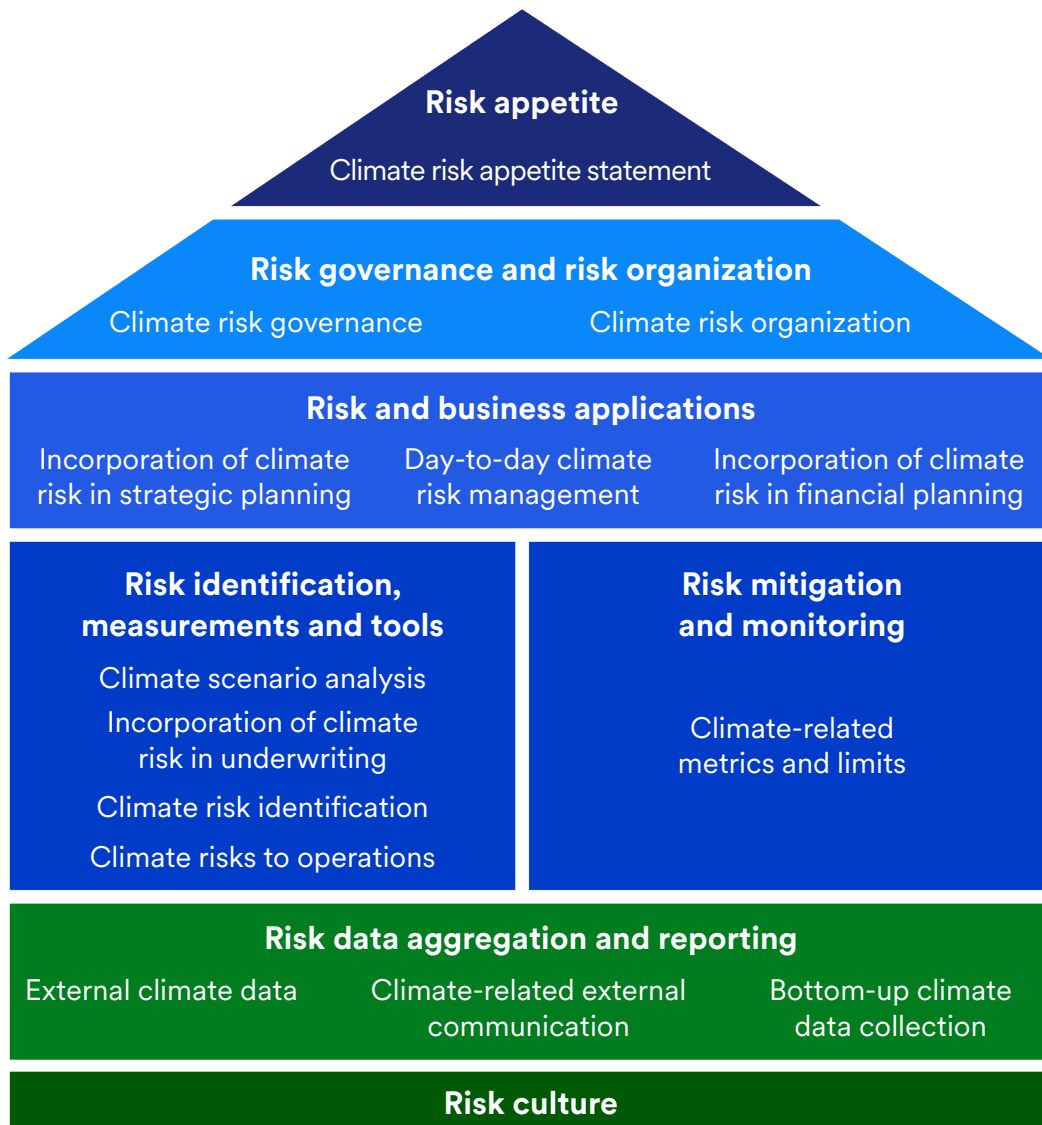
- The first line of defense, the business lines, manages risks in conformity with established limits and policy requirements. In turn, business line leaders and their risk officers establish programs to ensure conformity with these limits and policy requirements.
- The second line of defense, which includes the chief risk officer's organization as well as policy and oversight activities of corporate support functions, translates risk appetite and strategy into actionable risk limits and policies. The second line of defense monitors first line of defense conformity with limits and policies, and provides reporting and escalation of emerging risks and other concerns to senior management and the Risk Management Committee of the Board of Directors.
- The third line of defense, internal audit, is responsible for providing the Audit Committee of the Board of Directors and senior management with independent assessment and assurance regarding the effectiveness of the company's governance, risk management and control processes.



Climate-related risk management

To better manage climate risk in our company, we have a **climate risk management framework**, which describes how we're integrating climate risk into each risk category by leveraging existing risk management processes supplemented by climate risk-related analysis.

As previously mentioned, we view climate risk as a horizontal risk that impacts each established risk category.



The integration of climate risk into the risk management framework is intended to facilitate the effective management of climate-related risks in a manner consistent with regulatory expectations, as well as risks related to the execution of the company's climate and environmental commitments and strategies. We leverage existing processes and risk management activities, which are supplemented by climate risk-specific analysis and data to manage this risk effectively and efficiently.



Climate risk team

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

- Managing and tracking status of enterprise climate risk initiatives
- Guiding development of the climate scenario analysis activities
- Owning the climate risk management framework
- Owning the climate risk dashboard
- Engaging in climate-related reporting, regulatory/supervisory guidance reviews and qualitative and quantitative analyses
- Providing leadership and subject-matter expertise for Climate Risk Working Group and Climate Scenario Working Group
- Providing climate-related support for risk category stakeholders, including capital stress testing participants and international subsidiary activities
- Coordinating across Risk Management and Compliance to ensure integration into the company risk management framework

Integration into risk management processes

Risk management processes are performed on an ongoing basis in accordance with the company's risk management framework. To be effectively managed, risks must first be identified, assessed when possible and monitored. We use a variety of tools and processes to achieve these objectives, including, but not limited to, the climate risk dashboard, climate scenario analysis, and enterprise risk identification and assessment process. Assessed risks are documented in the company's enterprise risk inventory with their materiality determined using defined criteria and reported accordingly. Climate risks that can't yet be assessed are documented and monitored as emerging risks.

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

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



Risk category-specific activities

As we incorporate climate risk into our risk management framework, each specific risk category may require differing levels of precision in implementation. We also recognize that the industry and our company continue to evolve with respect to monitoring climate risk. Risk programs continue to evaluate internal enhancements and learn from industry practices that can help manage this risk over a variety of time horizons. Given the emerging nature of climate risk, the climate-related activities listed in the following pages are in various stages of maturity.

Risk category	Description
Credit	<p>The organization has risk management activities in place that contribute to addressing climate-related risks in the loan portfolio, including:</p> <ul style="list-style-type: none"> ✓ Required evaluation against the ESRP including the completion of an enhanced due diligence questionnaire for customers in environmentally sensitive industries as part of the underwriting process ✓ Production of a quarterly climate risk dashboard and a report highlighting exposure in environmentally sensitive industries ✓ Periodic analysis and monitoring of climate-related portfolio exposures ✓ Policies and processes related to property insurance given its key role in mitigating physical risks to our borrowers and collateral ✓ Other portfolio-specific risk mitigation requirements
Market, liquidity and interest rate	<p>Market risk, liquidity risk and interest rate risk incorporate climate change via existing risk management activities. Physical and transition risks from climate change act as another driver of market or liquidity events.</p>

Risk category	Description
Operational	<p>Business resiliency</p> <p>The Enterprise Resiliency Group established and maintains guidelines that incorporate industry best practices for the operational resiliency of critical business processes and technology. To achieve operational resiliency, business process and technology owners — in partnership with and under the guidance of the Enterprise Resiliency Group — build and maintain response plans to address threats and risks including natural disasters, severe weather and climate-related events. The Enterprise Resiliency Group’s crisis management department manages and coordinates the enterprise response to adverse events that threaten to harm the company and our stakeholders, employees, assets or reputation. The enterprise response focuses on the safety of all employees, customers and assets of the company; minimizing disruption of service and inconvenience to customers; and returning to a business-as-usual state as quickly as possible and limiting any potential liability to the company.</p> <p>Third-party risk management (TPRM)</p> <p>TPRM assessment of climate change is embedded into existing TPRM oversight programs, specifically including environmental sustainability policies and related activities. Each third party must also acknowledge a code of conduct, including a commitment to continuously improving business activities to reduce environmental impact and invest in products that help the environment.</p> <p>Operational risk scenario analysis</p> <p>The Operational Risk Scenario Analysis Program develops scenarios for plausible events over a materiality threshold. Natural disaster/climate scenarios are developed in accordance with the Operational Risk Scenario Analysis Policy.</p> <p>Operational risk produces a quarterly natural disaster dashboard that tracks operational losses, as well as credit risk impact of natural disasters.</p>
Compliance	<p>The regulatory change management (RCM) process identifies and evaluates changes in laws and regulations that impact the company’s products and services, as well as changes made by certain non-U.S. banking regulators. This includes relevant changes in new federal laws, regulatory guidance and certain state laws. Related legal or regulatory changes are considered for incorporation into compliance risk assessment processes as they become effective, including the Enterprise Compliance Risk Assessment and the Fair and Responsible Banking Risk Assessment. The assessments are leveraged to measure the quantity of inherent and residual risk, as well as the effectiveness of controls. Climate risk mitigation activities are reviewed for potential fair lending and/or Community Reinvestment Act compliance risk impacts.</p>
Strategic	<p>Reputation and Strategic Risk Management provides governance and monitoring of the risks generated from the strategic plan, including any climate change strategies or responses to climate change impacting the external environment. With our public environmental commitments, there are increased strategic risks related to the necessary strategy, technology and resources to accomplish our environmental commitments.</p>

Risk category	Description
Reputation	For relationships that operate within an industry or are engaged in activity that is deemed to present heightened reputation risk, additional due diligence is performed to evaluate risks specific to that customer. See the Environmental and Social Risk Policy section above for more information. There is also an increased risk of greenwashing as environmental strategies and reporting activities increase. Reputation and Strategic Risk Management is partnering with business lines and other risk functions to build an enterprise greenwashing risk framework.

Climate risk exposure

We are using metrics to gain better insight into the impact of physical risks and transition risks on our lending activities. The following table shows U.S. Bank loans outstanding, as of December 31, 2022, for industry groups with significant credit exposure that are identified as most likely to be impacted by certain physical risks and/or transition risks under the **TCFD recommendations**. This assessment has helped us better understand the potential impacts of climate risks to our loan portfolios and identified potential areas of focus for loan underwriting and monitoring. We acknowledge that these segments may see varying levels of impact. As our understanding of emerging climate risks and maturity of climate risk assessment evolves, we may update our assessment of climate-sensitive industries. Industry groups are generally consistent with TCFD guidance and are based on the North American Industry Classification System (NAICS) and other internal reporting standards. The loans outstanding data are consistent with our 2022 annual report.

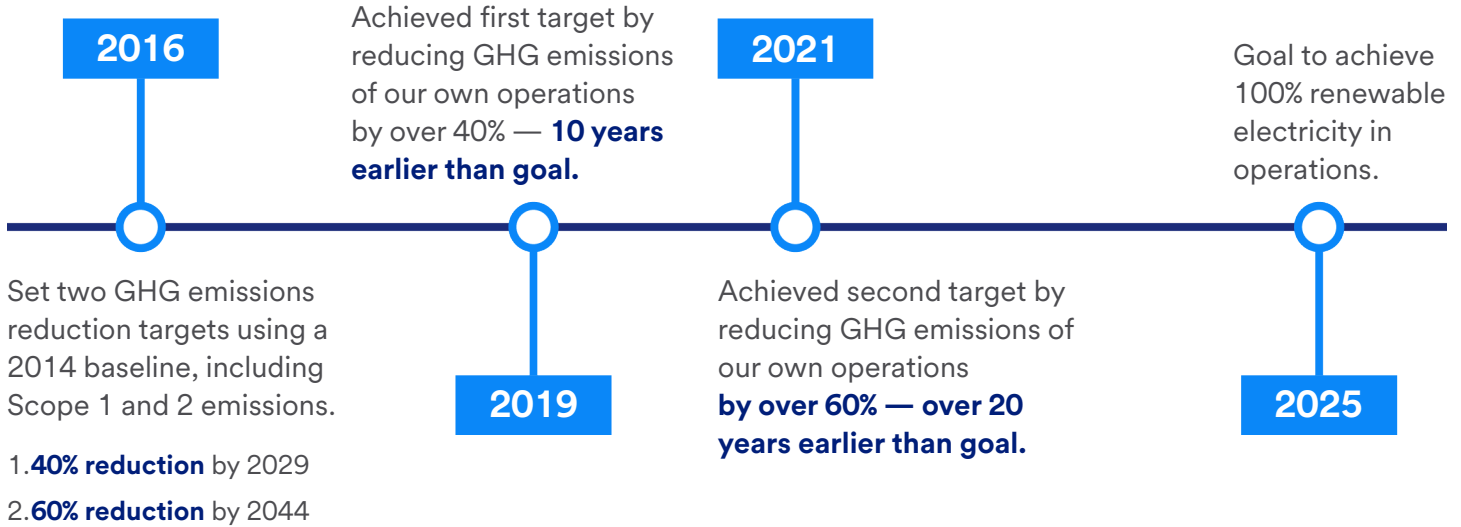
Industry Group	Loans*	Percent
Agriculture	1,909	1.4%
Automotive	7,154	5.3%
Building materials	3,293	2.4%
Capital goods	5,332	3.9%
Energy	3,811	2.8%
Food and beverage	5,574	4.1%
Metals and mining	3,700	2.7%
Power	4,945	3.6%
Real-estate related	19,539	14.4%
Transportation	4,988	3.7%
Total	60,245	44.3%
Total Commercial	135,690	100.0%

Commercial Real Estate	Loans*	Percent
Commercial mortgages	43,765	78.9%
Construction and development	11,722	21.1%
Total Commercial Real Estate	55,487	100.0%

*Loans in \$ millions

PART 4: Metrics and targets

Operations



We have achieved both of our operational GHG emissions goals (40%/60%), as well as reached 98% renewable electricity through a mix of strategies, including (a) purchasing renewable energy credits (RECs) from projects financed through our renewable energy tax credit investing, (b) energy reduction efforts within our operational footprint and (c) purchasing renewable energy through our utility providers.

For further details regarding our operational targets, progress and methodology, please see our most recent CDP report at www.usbank.com/community.

Emissions and energy consumption reporting

Emissions (metric tonnes CO₂e)	2014 (base year)	2020	2021	2022
Scope 1	60,412	41,461	41,335	38,206
Scope 2 (market-based)	354,799	151,677	97,538	9,902
Scope 3.5 (waste generated in operations)	26,387	7,110	7,480	6,326
Scope 3.6 (business travel)	24,629	12,856	7,302	23,206
Scope 3.7 (employee commuting)	Did not report	28,664	29,239	55,642
Scope 3.13 (downstream leased assets)	63,399	34,854	38,777	22,912
Total emissions	529,626	276,622	221,671	156,194
Scope 2 (location-based)	354,799	212,620	191,919	178,466
Emissions – Intensity Metrics	2014 (base year)	2020	2021	2022
Scope 1 and 2 (market-based) per \$1 million revenue	20.00	8.28	6.08	1.98
Scope 1 and 2 (market-based) per 1,000 square feet	14.40	6.85	5.06	1.91
Energy Use (MWh)	2014 (base year)	2020	2021	2022
Consumption of fuel	249,954	217,935	216,204	193,180
Consumption of purchased or acquired electricity (non-renewable sources)	527,868	305,593	222,632	6,061
Consumption of purchased or acquired electricity (renewable sources)	31	137,586	214,800	386,915
Consumption of purchased or acquired steam	47,580	25,335	24,919	26,472
Consumption of purchased or acquired cooling	16,829	9,962	9,616	9,482
Total energy consumption	842,262	696,411	688,171	622,110

Notes:

Scope 1: Direct emissions from owned or controlled sources.

Scope 2 (location-based): Indirect emissions from purchased energy based on the local grid area where the electricity usage occurs.

Scope 2 (market-based): Indirect emissions from purchased energy that is calculated based on electricity purchased, often spelled out in contracts or instruments like Renewable Energy Certificates (RECs). Our 2022 market based reduction is, in part, due to a significant amount of REC's obtained through renewable energy tax credit financing.

Scope 3: Indirect emissions that are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain. Scope 3 emissions include all sources not within an organization's scope 1 and 2 boundary.

Additional information

Resources

- [2022 ESG Report](#)
- [2022 Annual Report](#)
- [2023 Proxy Statement](#)
- [usbank.com/community](#)
 - Environment and Social Risk Policy Statement
 - Most Recent CDP Reporting

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Legal statements

Important information about this report

This TCFD report should be read in conjunction with U.S. Bancorp’s 2022 Annual Report and 2023 Proxy Statement, both of which contain additional information about the company. While this report includes information about U.S. Bancorp that we believe are issues or priorities of the company and our stakeholders, the information herein that is not disclosed in our other public disclosures filed with the Securities and Exchange Commission was not deemed to be material as defined by or construed in accordance with securities law or as used in the context of financial statements and reporting. When we use the terms “U.S. Bancorp,” “company,” “we,” “us” or “our” in this report, we mean U.S. Bancorp and its subsidiaries, including U.S. Bank National Association, on a consolidated basis, unless we state, or the context implies, otherwise.

Forward-looking statements

This report contains forward-looking statements about U.S. Bancorp. Statements that are not historical or current facts, including statements about beliefs and expectations, are forward-looking statements and are based on the information available to, and assumptions and estimates made by, management as of the date hereof. Forward-looking statements often use words such as “anticipates,” “targets,” “expects,” “hopes,” “estimates,” “projects,” “forecasts,” “intends,” “plans,” “goals,” “believes,” “continue” and other similar expressions or future or conditional verbs such as “will,” “may,” “might,” “should,” “would” and “could.” Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from those set forth in forward-looking statements. For discussion of the risks and uncertainties that may cause actual results to differ from those described in forward-looking statements, refer to the section entitled “Risk Factors” of U.S. Bancorp’s Form 10-K for the year ended December 31, 2022, and subsequent filings with the Securities and Exchange Commission. In addition, factors other than these risks also could adversely affect U.S. Bancorp’s results, and the reader should not consider these risks to be a complete set of all potential risks or uncertainties. Readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date hereof, and U.S. Bancorp undertakes no obligation to update them in light of new information or future events. No reports, documents or websites that are cited or referred to in this document shall be deemed to form part of this report. Additionally, this report contains statements based on hypothetical scenarios and assumptions. These statements should not necessarily be considered as being indicative of current or actual risk or forecasts of expected risk.



VERIFICATION OPINION DECLARATION GREENHOUSE GAS EMISSIONS

To: The Stakeholders of U.S. Bank

Apex Companies, LLC (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by U.S. Bank for the period stated below. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of U.S. Bank. U.S. Bank is responsible for the preparation and fair presentation of the GHG emissions statement in accordance with the criteria. Apex's sole responsibility was to provide independent verification on the accuracy of the GHG emissions reported, and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion on the GHG emissions statement based on the verification. Verification activities applied in a limited level of verification are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

Boundaries of the reporting company GHG emissions covered by the verification:

- Operational Control
- United States, Ireland, and Global Leased Spaces

Types of GHGs: CO₂, N₂O, CH₄, Refrigerants

GHG Emissions Statement:

- **Scope 1:** 38,206 metric tons of CO₂ equivalent
- **Scope 2 (Location-Based):** 178,466 metric tons of CO₂ equivalent
- **Scope 2 (Market-Based):** 9,902 metric tons of CO₂ equivalent
- **Scope 3:**
 - Category 5: Waste Generated in Operations: 6,326 metric tons of CO₂ equivalent
 - Category 6: Business Travel: 23,206 metric tons of CO₂ equivalent
 - Category 7: Employee Commuting (USA employees): 55,642 metric tons of CO₂ equivalent
 - Category 13: Downstream Leased Assets: 22,911 metric tons of CO₂ equivalent

Scope 1 – Change year over year from 2021: -7.6%

Scope 2 (market based) – Change year over year from 2021: -90%

Scope 1 – Change from baseline year 2014 (baseline not verified): -37%

Scope 2 (market-based) – Change from baseline year 2014 (baseline not verified): -97%

Data and information supporting the Scope 1 and Scope 2 GHG emissions statement were primarily historical in nature.

Data and information supporting the Scope 3 GHG emissions statement were in some cases estimated rather than historical in nature.

Period covered by GHG emissions verification:

- January 1, 2022 to December 31, 2022

Criteria against which verification conducted:

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2)
- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3)

Reference Standard:

- ISO 14064-3 Second edition 2019-04: Greenhouse gases -- Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

Level of Assurance and Qualifications:

- Limited
- This verification used a materiality threshold of $\pm 5\%$ for aggregate errors in sampled data for each of the above indicators

GHG Verification Methodology:

Evidence-gathering procedures included but were not limited to:

- Interviews with relevant personnel of U.S. Bank and their consultant;
- Review of documentary evidence produced by U.S. Bank and their consultant;
- Review of U.S. Bank data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of sample of data used by U.S. Bank to determine GHG emissions.

Verification Opinion:

Based on the process and procedures conducted, there is no evidence that the GHG emissions statement shown above:

- is not materially correct and is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2), and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3).

It is our opinion that U.S. Bank has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

Statement of independence, impartiality and competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with U.S. Bank, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.



The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

Attestation:

A handwritten signature in black ink, appearing to read 'John A. Rohde'.

John A. Rohde, Lead Verifier
Program Manager
Apex Companies, LLC
Lakewood, Colorado

A handwritten signature in blue ink, appearing to read 'David Reilly'.

David Reilly, Technical Reviewer
Principal Consultant
Apex Companies, LLC
Santa Ana, California

August 10, 2023

This verification opinion declaration, including the opinion expressed herein, is provided to US Bank and is solely for the benefit of US Bank in accordance with the terms of our agreement. We consent to the release of this declaration to the public or other organizations without accepting or assuming any responsibility or liability on our part to any other party who may have access to this declaration.