



2021 IN REVIEW

ESG HIGHLIGHTS





# Letter from Reba Dominski

Chief Social Responsibility Officer

**2021 was another challenging year. Our world continued to face the impacts of a global pandemic, changing the way we work and how we live our daily lives. While the last two years have been hard, they have also pushed us to think deeply about the values we hold true and the impact we want to make in the world.**

At U.S. Bank, we have always been guided by our core values. We are committed to doing what's right for our employees, communities, customers and our environment, and to transform our business to meet the changing needs of our stakeholders. I am pleased to share this report with you; it includes highlights from the past year and updates on our evolving Environmental, Social and Governance (ESG) efforts to provide long-term value to our stakeholders.

Our focus on ESG is not new. It has been ongoing for many years through our Community Reinvestment Act (CRA) activities, our corporate social responsibility work, the investments we are making in communities through our U.S. Bancorp Community Development Corporation (USB CDC), our dedication to creating an inclusive workplace, our core values and high ethical standards, our focus on the environment and the products and services we offer to our clients and customers. Our increased focus on ESG is about ensuring we are staying connected and aligned on the work happening across the enterprise, identifying opportunities and gaps that we need to address, and communicating progress along the way to internal and external stakeholders.

As ESG grows in importance, we are evolving ESG management including establishing a centralized ESG office last year to enhance our performance. Additionally, we enhanced ESG governance by providing increased clarity to Board ESG oversight and establishing an enterprise ESG committee.

## ESG vision and commitments

Our ESG vision is to be a leader in providing short- and long-term stakeholder value by advancing sustainability across the bank and with clients and customers, increasing equity, access and economic empowerment for all and continuously demonstrating our core values.

Managing our business in an environmentally sustainable and socially responsible manner is an important component of corporate responsibility and critical to the health of our economy. Last year we made several bold commitments to address some of society's most pressing issues.

In February 2021, we launched U.S. Bank Access Commitment™, a long-term series of initiatives to address the persistent racial wealth gap by using our core competency as a bank to increase financial inclusion and wealth building opportunities.

In November 2021, we announced several company-wide commitments to address the impacts of climate change on our business, customers and communities, including setting a goal to achieve Net Zero greenhouse gas (GHG) emissions by 2050.

## Evolving landscape

As our world continues to evolve and change, so too must our approach to address the challenges facing it. We do not have all the answers, but are committed to working with internal and external partners to drive even greater positive social and environmental impact through our community investments, products and services. We look forward to partnering with our peers in the industry to provide guidance on the development of guidelines and standards for reporting and we are committed to open and transparent communication with our stakeholders.

This summer we will publish our second annual ESG report which will align with Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) frameworks. We will also publish our first Task Force for Climate-Related Financial Disclosures (TCFD) report later this year. We look forward to sharing additional information on the progress we are making against our commitments.

We appreciate the opportunity to partner with our clients, customers and community as we address the challenges facing all of us.

Sincerely,



**Reba Dominski**

U.S. Bank Chief Social Responsibility Officer

# Our approach to ESG

At U.S. Bank, we work hard to earn the trust of our customers and communities and to create value for all of our stakeholders every day.

In this report we highlight key 2021 accomplishments. We also encourage you to review our **2021 annual report** and **proxy statement**, which provide additional information on our business and governance practices.

Looking ahead, we will release our second annual ESG report this summer and will share more community impact content online. We are passionate about community work and investments, including how our employees are making a difference. Look for updates to our website including stories on the impact we are making in our communities through our foundation grants, community engagement and employee volunteering efforts.

## ESG governance and oversight

Oversight of ESG strategy is the responsibility of the Public Responsibility Committee of the Board with relevant ESG topics overseen by responsible committees as outlined in the visual below. The Board of Directors receives regular updates on ESG matters.



In June 2021, we launched the ESG program office. The establishment of a centralized office creates a hub and spoke model with the centralized office (the hub) partnering with the business lines (the spokes) to set a one U.S. Bank strategy including around goals, communication and disclosure. We believe this structure will provide alignment and clarity for all our stakeholders on the critical topic of ESG.

We also established an ESG committee, a senior operating committee. The committee provides clarity, direction, accountability and oversight of ESG topics managed as part of existing operations, programs and processes. The committee is made up of senior leaders across the organization and is chaired by the chief social responsibility officer.

Five priorities guide our ESG strategy and work at U.S. Bank:



**Priority 1**

Continue to refine our ESG strategy, governance, and organizational model to support the risks and opportunities associated with ESG.



**Priority 2**

Proactively engage with our internal and external stakeholders through enhanced reporting and disclosures, year-round communication and industry partnerships.



**Priority 3**

Incorporate ESG Risk, including Climate Risk, and opportunity identification and management into our overall business strategy. We will continue to develop products and services to support our customers and clients on their ESG ambitions.



**Priority 4**

Deliver on our commitments including establishing 2030 goals toward our Net Zero by 2050 commitment.



**Priority 5**

Respond to the evolving data requirements needed for ESG reporting and disclosure and determine the appropriate tools and technology needed to meet these requirements.

We will monitor the evolving landscape to adjust our short- and long-term priorities as needed and will continue to revisit our ESG priorities as part of our annual planning process.

# Our focus on the environment

Last year we made several public commitments to address climate change. Below we have outlined our goals and provided an update on our current progress against each one.

## **Achieve Net Zero greenhouse gas (GHG) emissions by 2050 and source 100% renewable electricity in our operations by 2025**

- Setting a goal to reduce greenhouse gas emissions to zero by 2050 will expand our environmental focus from our operations to all parts of our business. We will measure, disclose, and commit to zero net GHG emissions – including financed emissions – by 2050.
- Within our own operations we reduced GHG emissions by over 40% as of the end of 2019 (reaching our first GHG target 10 years earlier than goal) and have reduced emissions 54% as of the end of 2020. We continue to make progress toward reaching our 60% target (which we expect to occur ahead of our 2044 target date). These targets and our progress use a 2014 baseline and include Scope 1 and 2 emissions (as defined by the GHG Protocol). We also added a goal to source 100% renewable electricity by 2025.

## **Joining the Partnership for Carbon Accounting Financials (PCAF) and committing to measure and disclose financed emissions using PCAF standards**

- PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the GHG emissions associated with their loans and investments.
- Financed emissions will be a focus for us, aligning our business with our environmental priorities. By joining PCAF, we are committing to measure and disclose financed emissions using PCAF standards. Aligning with PCAF standards will support our efforts to calculate financed emissions, which is an important component for tracking progress toward our Net Zero commitment.
- Our risk management team has completed pilot studies on calculating emissions for some of the highest carbon emitting asset classes based on PCAF methodology and available industry data.
- Additional details, including interim 2030 emissions reduction targets for carbon-intensive portfolios (based on current data availability), will be released in the next year.

## Establish an environmental finance goal of \$50 billion by 2030

- While we are not new to environmental financing – we have invested over \$42 billion between 2008 and 2021 in environmentally beneficial business opportunities – our new goal to invest \$50 billion by 2030 seeks to accelerate this work and advance the transition to a low-carbon economy. We will be using a 2020 baseline for this goal.
- We are currently establishing an environmental finance framework that provides clarity on tracking against this goal and plan to share more details on that framework later this year.
- In order to execute against this goal, we formalized an environmental finance team to develop a strategy to build upon current expertise and expand offerings in this space. An example of this work is how our USBCDC leveraged its expertise in the renewable energy tax credit space to create a renewable energy debt product we can now offer our clients.

## Aligning disclosures with the TCFD recommendations

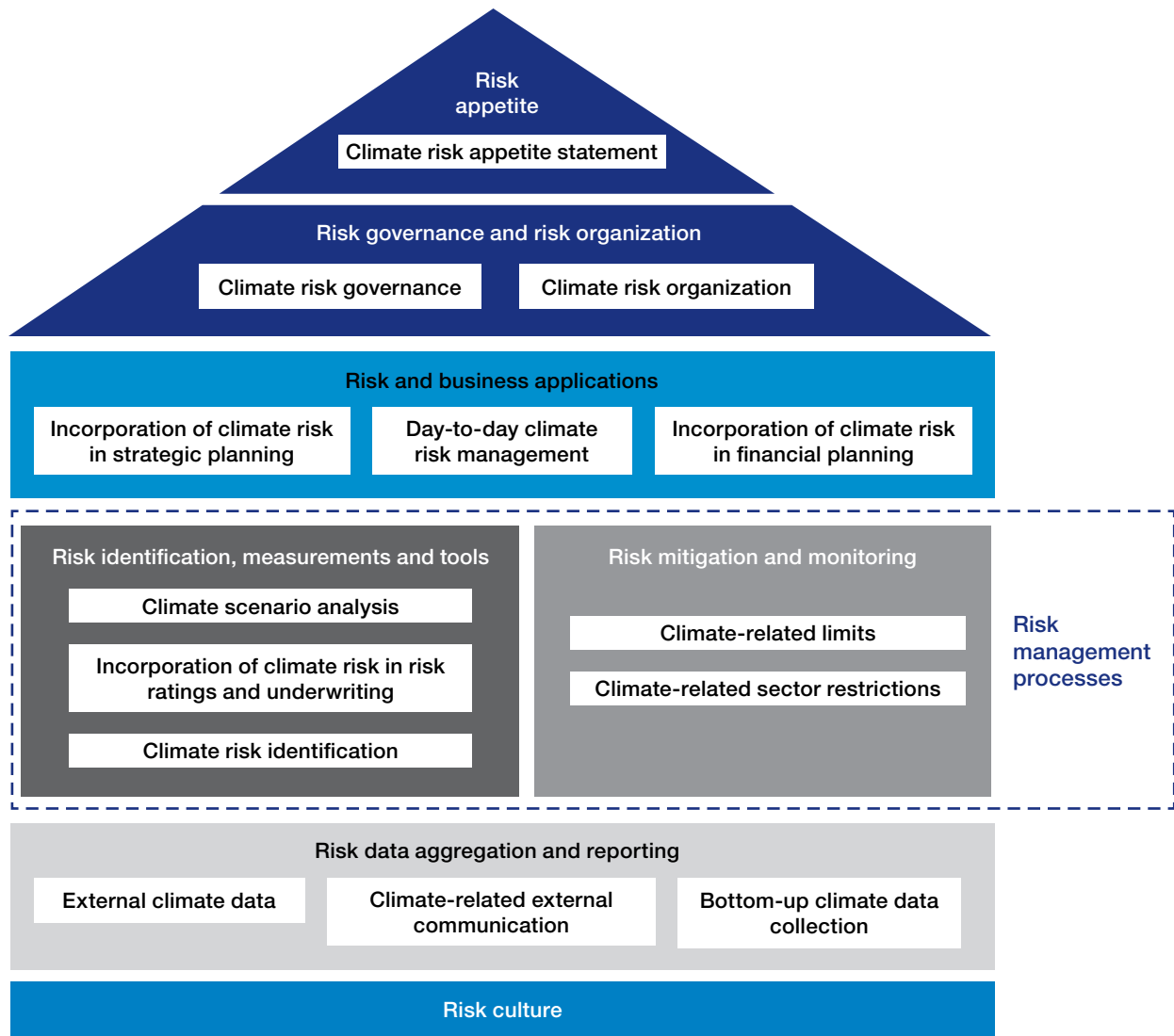
- The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information in response to a need for clear, comprehensive, high-quality information on the impacts of climate change for financial markets. This includes the risks and opportunities presented by rising temperatures, climate-related policy and emerging technologies in our changing world.
- Since 2008 U.S. Bank has disclosed our environmental impact through the publication of our CDP report. Our most recent report can be found at [usbank.com/environment](https://usbank.com/environment).
- Our intent is to expand upon this reporting and provide a separate TCFD report by the end of this year.

## Climate risk approach

Risk associated with ESG issues, including climate-related, is integrated into our existing risk management framework. An increased focus has been placed on climate risk given both the physical and transition risk this poses to our company and our clients. In 2021, we announced the appointment of a new climate risk executive whose team is focused on the identification, measurement, monitoring and mitigation of risk associated with climate change. The climate risk executive is a voting member of the ESG committee and works closely with the ESG program office. This formalization of our climate risk work will help risk management support business strategy and activities, while prudently managing our risks over both the short- and long-term time horizon.

Industry knowledge and collaboration is key as we continue to learn and advance our capabilities around climate risk and its impact on our business. Our team members actively participate in industry working groups focused on climate risks. U.S. Bank was also one of the leading banks that recently formed the Risk Management Association (RMA) Climate Risk Consortium, which will develop standards for banks to integrate climate risk management throughout their operations, preparing the industry to help economies transition to a low-carbon future.

A climate scenario working group was formed in 2021 to accelerate this work and facilitate cross functional engagement in climate scenario analysis activities. The Climate Risk team is currently exploring the Paris Agreement Capital Transition Assessment (PACTA) tool for transition risk scenario analysis and leveraging external natural disasters data from the Federal Emergency Management Agency (FEMA) and Core Logic to supplement internal data for physical risk scenario analysis. We plan to continue to build out climate risk scenario analysis capabilities and data availability over the next year.



**In 2022, we plan to make forward progress on our commitments and continue to expand our capabilities by:**

- Monitoring the changing landscape including new regulations and disclosure guidelines and requirements
- Building data requirements and architecture to execute on reporting and disclosure strategy
- Providing training on climate risk and integrating climate risk into business strategy
- Collaborating with industry peers and clients
- Integrating climate change risk across our risk management framework, recognizing that there are varying levels of current maturity and integration, with a focus on ongoing enhancements to further strengthen our risk management framework



# Our focus on our people

With nearly 70,000 employees in the United States and abroad, our employees are one of our greatest assets and our ability to attract, develop, and retain a skilled workforce is critical to U.S. Bank’s success. We are dedicated to fostering a diverse, equitable and inclusive work environment and providing pay that is competitive and fair, as well as other benefits and programs that promote wellness, engagement, and productivity. We are also committed to supporting our employees’ professional development and providing upskilling and reskilling opportunities to meet the evolving needs of our customers.

## Diversity, equity and inclusion

U.S. Bank continues to expand our talent pipeline to increase representation of women at leadership levels and people of color at all levels. In 2021, we expanded our hiring practices to require the inclusion of at least one woman or person of color on interview slates for all roles at U.S. Bank. In addition, we have deployed leadership development cohorts and an executive sponsorship program for women and people of color leaders, while also providing inclusive leadership learning journeys designed to coach and develop our leaders in driving employee and team performance through inclusive behaviors and best practices.

Through our 10 business resource groups (BRGs), employees can come together to discuss topics of interest, develop professional skills and build overall employee engagement. With chapters across U.S. Bank’s footprint, BRGs help create and sustain an inclusive workforce that drives business growth and propels accountability for diversity and inclusion at all levels within our organization.

The programs and policies we have put in place are part of our strategy to have an inclusive and ethically and gender diverse employee base. We have also focused on increasing the diversity of our senior management team.

As of December 31, 2021, U.S. Bank employees in the United States included:



## Health and wellness programs

Maintaining competitive compensation and benefits practices is a continued focus for U.S. Bank. We recognize that comprehensive health and wellness benefits, competitive retirement, leave, recognition and flexible work programs, and education assistance programs are important elements for our employees. To that end we leverage periodic peer and benchmarking reviews to assist with competitive alignment and employee retention.

Allowing time for our employees to celebrate important life moments and holidays is important to us. In 2021, U.S. Bank officially added Juneteenth to the corporate holiday schedule, aligning with the federal government. Our recognition of Juneteenth as a holiday reflects the historical importance of the event and alignment with a diverse and inclusive culture. In addition, we added 'My Holiday', which is another personal day that every employee can take during the course of the year to celebrate a day of significance to them, such as a religious holiday, day of cultural significance, or other personally significant day. We also increased our parental leave program to 10 weeks for both birth and non-birth parents, as well as adoption or surrogacy, to further support employees and their families during this important time in their lives.

## Employee engagement and retention

As part of our efforts to develop and retain skilled employees, we remain focused on employee engagement. Our employee listening program, Your Voice Matters: Talk to Us, allows us to collect quantitative and qualitative feedback from our employees so that we can improve their work experience and bring our core values to life. In 2021, we transitioned from an annual survey to a continuous listening format where employees can provide feedback on a quarterly basis through the "Talk to Us" survey. Utilizing a continuous listening strategy means our employees have more frequent opportunities to give their thoughts and ideas in real time, and it allows us to be more responsive to their feedback.

In addition to our talent development offerings for employees, we launched two new efforts in 2021, the Digital Academy and the People Leader Center, which focus on digital skill development and core leadership skill development, respectively. U.S. Bank believes these programs are critical to expand the skills of our employees in the current and future working environment. Enhancing succession and talent development processes remains a top priority for us.

We are continuing to evolve our flexible work programs to adapt to the current environment with remote, hybrid and in-person work arrangements that provide additional options and flexibility for most employees. Throughout 2021, most of our non-office critical staff remained remote and we continue to assess the extent to which employees work remotely or in the office as conditions evolve. High safety standards for onsite staff remain important to us. We are facilitating enhanced cleaning of workspaces and providing personal protective equipment to employees, such as face coverings, gloves and face shields as needed. We also continued to provide additional time off to support employees and their families when they are impacted by COVID-19, need paid time off for vaccinations or require additional childcare support. We will continue to monitor the COVID-19 pandemic and take appropriate measures to protect the safety and health of our employees.

# Our focus on our communities

In February 2021, we launched U.S. Bank Access Commitment,<sup>™</sup> a long-term framework to help build wealth, redefine how we serve diverse communities and create more opportunities for employees, starting with the Black community. U.S. Bank Access Commitment builds upon initial commitments we made in June 2020 to ensure our workforce reflects the communities we serve, support Black-owned businesses through grants, access to capital and supplier relationships, and support nonprofits and community institutions working toward racial equity.

The goal of U.S. Bank Access Commitment is to contribute to closing the racial wealth gap by mobilizing our entire organization to help accelerate wealth building in communities. We started with the Black community because that is where the U.S. racial wealth gap is the greatest (the typical white family has eight times the wealth of the typical Black family)\*. Our efforts support employees, families and businesses and community institutions.

U.S. Bank Access Commitment focuses on three primary areas: supporting businesses owned by people of color, helping individuals and communities of color advance economically and enhancing career opportunities for employees and prospective employees. The ongoing work – which includes projects across U.S. Bank’s diverse portfolio of businesses – builds on our 2020 commitment of over \$100 million dollars annually. This work includes increased supplier spend, innovative products and services, transformative customer experiences, and long-term place-based partnerships with the goal of addressing the persistent racial wealth gap.

## The initial launch of Access Commitment included:

- A new \$25 million microbusiness fund focused on businesses owned by women of color
- A mortgage program focused on homeownership education and hiring
- A focus on building sustained wealth as part of our wealth management business
- Financial inclusion partnerships
- Supply chain financing focused on diverse businesses
- Customized employee leadership development
- A change to how we fill open positions

\*2019 Survey of Consumer Finances, Federal Reserve

## U.S. Bank Access Fund

Representing a collaboration between the U.S. Bank Foundation and USB CDC, we launched the \$25 million U.S. Bank Access Fund – a fund that will support more than 30,000 women of color microbusiness owners over three years, prioritizing Black women business owners. A result of consultation with leading nonprofit leaders, who identified barriers for women of color small business owners, the fund was set up to provide capacity building grants, hand-in-hand with capital. The fund includes long-term investments of grants and capital funding to three partners and their affiliates: the African American Alliance of Community Development Financial Institution (CDFI) CEOs, Grameen America and Local Initiatives Support Corporation (LISC).

A critical component of this Fund brings together U.S. Bank employees with microbusiness owners. Through our listening and learning sessions, small businesses shared ways in which the bank could further support them through employee engagement. These ways, which we have begun implementing, include coach the coach sessions with U.S. Bank executives, opportunities for peer-to-peer learning among our partners' staff, and financial education workshops, provided in English as well as in Spanish. For example, U.S. Bank community engagement leaders teamed up with our Los Nostros Latinos business resource groups to present workshops in Spanish on managing business cash flow.

2021 was a year of action, but U.S. Bank's commitment to listening first remains a priority as we look ahead. We are dedicated to supporting our partners based on their expertise and lived experiences, and funding and engaging based on trust and humility.

## Measuring our impact

We already measure what we do – the amount of money invested, mortgages closed, employees hired, etc. – but to know whether we're making a difference, our next step is measuring the impact of this work on people's lives and their communities. We are focused on outcomes over activities. If we are not helping the entrepreneur scale her business, or the family achieve their savings goals, we aren't successful. Measuring this social impact will enable us to monitor progress and adjust course for maximum impact as we work toward our goal to help Black individuals, families, small businesses and communities build wealth. To help us measure social impact, we partnered with Urban Institute, a nonprofit research organization that provides data and evidence to help advance upward mobility and equity.

For more than 50 years, Urban Institute has delivered facts to inspire solutions for inclusive economic growth and improved well-being of families and communities. Its industry knowledge and subject matter expertise will help us understand our impact.

## U.S. Bank Foundation

2021 was a year for taking action against our commitments, being part of the solution to closing the racial wealth gap, and bringing along the whole bank in our work to drive greater social impact. We do this through our philanthropy, community investments and our people. Our commitments were focused specifically on breaking down systemic barriers to racial and economic equity for women, people of color and low- and moderate-income communities, within our enterprise-wide giving platform, **Community Possible**.

U.S. Bank partnerships are built on trust and humility. First and foremost, we are committed to listening. Philanthropy alone is not the answer. We must also work with our partners within U.S. Bank and within our communities to drive the change we want to see. As a result, we gave \$62 million in corporate contributions and grants, with flexible terms that reflect community needs. We also partner across business lines, to bring more than philanthropic funding to our partnerships. Additionally, our employees volunteered 267,000 hours in service to 9,000 schools, nonprofits and community organizations, equating to a \$7.6 million investment back into our communities (based on a valuation of volunteer hours of \$28.54/hour per the Independent Sector).

The team at Urban Institute is helping us explore pathways to wealth building:

## We're making strategic investments to help people build wealth

<p><b>Career advancement for current and prospective employees</b></p> <ul style="list-style-type: none"><li>• Support for career development</li><li>• Competitive pay and benefits</li></ul>	<p><b>Financial capability and asset building for individuals and families</b></p> <ul style="list-style-type: none"><li>• Financial education</li><li>• Supportive and affordable products</li></ul>	<p><b>Prosperous and thriving businesses and communities</b></p> <ul style="list-style-type: none"><li>• Coaching and technical assistance</li><li>• Equitable access to capital, networking and advocacy</li></ul>
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We are working with Urban Institute to develop a theory of change, which is basically a map of activities that lead to the outcomes we want our stakeholders to achieve, and initial social impact measures. We expect to share our theory of change and initial social impact measures in our 2021 ESG Report.

### Market Impact Fund

To provide a deeper, more meaningful impact in our communities, our annual **Market Impact Fund** is a key program supporting efforts to break down barriers. A \$1 million micro-local grant program, that focused this year on young entrepreneurs of color, provided grants to 20 nonprofit organizations across the U.S., whose emerging leaders are acutely focused on creating effective community-led solutions to increasing economic disparities.

# Community investments

At U.S. Bank, we proudly invest in our community. Our 2021 investments include:



**\$43.6B**

Invested in environmentally beneficial business since 2008



**\$62M**

In corporate contributions and U.S. Bank Foundation giving



**\$6.1B**

In community development loans and investments to low- and moderate-income communities



**\$1.9B**

In Small Business Administration loans



**\$197M+**

In capital to Black-owned or -led businesses and organizations



**\$25M**

U.S. Bank Access Fund supporting small businesses owned by women and people of color



**\$305M**

In capital available to CDFIs to create economic opportunity



**\$13M**

In donations to nonprofits through annual Employee Giving Campaign



**267,000**

Employee volunteer hours, equating to \$7.6 million investment\*



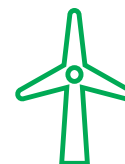
**97%**

Foundation dollars supporting women, people of color and low- and moderate-income communities



**275,000**

Financial education modules completed by students



**A-**

Received a score of A- from CDP for tackling climate change

\* Volunteer hours valued at \$28.54 per hour by the Independent Sector.

To read more, visit: [usbank.com/community](https://usbank.com/community)