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May 19, 2017

Open Letter to Officers, Directors and Shareholders of USBancorp and U. S. Bank

The Energy Equipment and Infrastructure Alliance (EEIA) is disappointed and dismayed by the USBancorp "2017 Environmental Responsibility Policy" announced at your 2017 Annual Meeting of Shareholders. The policy appears to expressly prohibit the bank from financing pipeline projects and subjects new and existing clients who support energy infrastructure to heightened scrutiny of their policies and practices. We would ask that you immediately review and reverse this policy.

We have heard from many members who share our concerns, some of whom have suggested they may reconsider their current or prospective business relationships with USBancorp. Perhaps the loss of a significant customer base is the result that USBancorp was seeking, but we would be surprised if that were the case.

While we applaud, support and encourage environmental responsibility, we believe this new policy is ill-advised, shortsighted and unjustifiably discriminates against companies and workers who collectively provide America with the clean, abundant, secure and affordable energy that powers our standard of living that is the envy of the world. The clean fuels our industries make possible are the main reason why America leads the world in reduction of greenhouse gas emissions.

EEIA represents the energy production and infrastructure supply chain: companies and workers that build oil and gas production, transmission, distribution, processing and logistics infrastructure. Our members provide construction, equipment, materials, logistics, professional services and technology to energy operations.

The supply chain we represent is comprised of over 120,000 businesses, more than ninety percent of which are local and regional small businesses; and millions of workers whose skills and careers are primarily involved in the construction trades, including construction laborers, equipment operators and maintenance technicians, welders and truck drivers; as well as supporting professional, administrative, factory and warehouse workers. While our focus is on energy operations, most of the infrastructure-related businesses and workers we represent also build and maintain highways, bridges, public works, and commercial, industrial and residential structures. Many are also engaged in manufacturing and supplying equipment for mining and forestry.

As we read it, the new Policy apparently prohibits outright the financing of construction of oil and gas pipelines, which include not only the major interstate transmission pipelines, but the vast capillary network of natural gas distribution lines that bring this clean-burning fuel to homes, businesses, factories and power plants. Your prohibition against pipeline project financing thus traps in its dragnet any projects involving maintenance and upgrading of existing municipal natural gas distribution systems. Intended or not, that is one of the many adverse consequences of your policy, which leads us to question if its creators, and those who approved it, were knowledgeable and deliberate in weighing its effects.

Your policy also calls for “enhanced due diligence” of firms involved in shale oil and gas production, forestry, mining, and offshore energy production, among others. This creates the presumption that firms and people involved in these areas, including those providing construction, equipment, materials, services or other support to these operations, are more likely than all others to be “bad actors”, thus requiring a higher level of scrutiny.

This clearly communicates to everyone in your organization, and to your existing and prospective customers, that if a firm touches fossil energy in any way, they are on a “watch list”, which you note applies not only to prospective customers but existing ones undergoing periodic review. In the case of hydraulic fracturing, this implied presumption of guilt extends to over one-half of American crude oil production and two-thirds of our natural gas production.

While you state that this only applies to “firms”, the logical extension of your discriminatory policy would also apply those standards to individual consumers working in the energy supply chain who are applying for mortgages, credit cards, checking or savings accounts with your bank. Let’s hope that idea doesn’t also gain traction in your C-suite.

To sum it up, we believe your policy is ill-advised, unjustifiably discriminatory, and actually works against your stated purpose of supporting environmentally responsible business and employment. We trust you will review it with these thoughts in mind, and issue a revised policy that is more balanced and reflects the immense economic contributions that the energy supply chain provides to our nation.

Sincerely,

Energy Equipment and Infrastructure Alliance, Inc.