



Wells Fargo & Company

Environmental, Social, and Governance (ESG) Report



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A letter from the CEO

As I write this letter, the world is facing an unprecedented public health crisis and the U.S. is being forced to reckon with its history of inequality and discrimination. It has been a period that has demonstrated that societal challenges are part of a web of interconnected economic, social, and environmental issues disproportionately impacting the most vulnerable. This period also has reinforced our belief that Wells Fargo can meaningfully contribute to the change that is necessary.

This report, Wells Fargo's inaugural Environmental, Social, and Governance (ESG) Report, details how the company is working to create solutions for stronger communities through diversity and inclusion, economic empowerment, and environmental sustainability.

The company's ongoing focus on a range of ESG matters has equipped us to be resilient and to respond during these difficult times. We are taking an active role in addressing important ESG challenges, and we are constantly asking ourselves how we can improve these efforts to drive even more positive impact.

Now more than ever, there is a renewed desire for businesses to operate with all stakeholders in mind. In order to be an employer of choice, an involved partner in the communities where we operate, and contribute in meaningful ways to the growth of the U.S., we must be guided by delivering for our customers every day in a manner that will make us and our stakeholders proud.

During the COVID-19 pandemic, Wells Fargo has played an important role in the financial system and the economic strength of the U.S.

We take that responsibility seriously. We have taken comprehensive steps to help customers, employees, and communities, including deferring payments, waiving fees, suspending foreclosures, and supporting local communities through charitable donations.

As the CEO of Wells Fargo, I commit that our company will support our diverse communities and foster a company culture that deeply values and respects diversity and inclusion. The inequality and discrimination that has been so clearly exposed recently is terribly real, though it is not new, and must not continue. We are working to develop actions that will meaningfully contribute to the change that is necessary. This time must be different. We're committed to advancing diversity and inclusion by helping ensure that all people across our workforce, our communities, and our supply chain feel valued and respected and have equal access to resources, services, products, and opportunities to succeed. We know that Wells Fargo can be a force for change across this country.

While we share some of those actions throughout this report, we are at the beginning of a sustained journey and there will be more to come. We have an obligation to act responsibly, to use our voice to support change, and to create the best outcomes. We will continue to take decisive action and learn from our collective experiences to positively contribute to pressing societal challenges.

— Charles W. Scharf
CEO, Wells Fargo Company

About Wells Fargo

Wells Fargo is a diversified, community-based financial services company, with \$1.97 trillion in assets and approximately 266,000 active, full-time equivalent employees serving one in three households in the United States. Wells Fargo provides banking, investment, and mortgage products and services, as well as consumer and commercial finance, through 7,300 locations, more than 13,000 ATMs, digital (online, mobile, and social), and contact centers (phone, email, and correspondence). Our offices in 31 countries and territories support customers who conduct business in the global economy.¹

In February 2020, we announced a new organizational structure with five principal lines of business designed to create a flatter organizational structure and provide leaders with clear authority, accountability, and responsibility. In July 2020, the company completed the transition to this new organizational structure, including finalization of leadership for these principal business lines and management reporting and allocation methodologies. Our five principal lines of business are:

Commercial Banking

Consumer & Small Business Banking

Consumer Lending

Corporate & Investment Banking

Wealth & Investment Management

This report contains forward-looking statements, which may include our current expectations and assumptions regarding our future activities, plans, and objectives and other future conditions. Please see the [“Forward-looking statements”](#) section for more information about factors that could cause our actual results to differ materially from our forward-looking statements.

Providing enhanced ESG disclosure

In 2020, we transitioned Wells Fargo's annual corporate responsibility reporting to environmental, social, and governance (ESG) reporting. This change reflects an increase in stakeholder interest in how we manage ESG issues across our business. We believe the result will contribute to more transparent communication and engagement with our stakeholders.

You'll find our ESG-related information through a number of channels, including reports and presentations, regulatory filings, Wells Fargo Stories, Wellsfargo.com, press releases, and other resources. This report is intended to consolidate content related to the most frequently requested ESG topics, while directing readers to additional resources if applicable. The report is part of a suite of resources that includes our Corporate Responsibility Highlights, ESG Goals and Performance Data, and Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) index.

As we seek to continuously improve the quality and consistency of our data and related ESG disclosures, we sought [third-party verification \(PDF\)](#) of our environmental data in 2020.

We intend to update this document at least annually to provide information that is current and relevant. Please refer to the publication date as an indication of when updates were last made. We plan to likewise publish the ESG Goals and Performance Data on a regular basis.

Online resources

[Wellsfargo.com](#)

Visit the [ESG Goals and Reporting](#) page to view:

- Corporate Responsibility Highlights Report
- ESG Goals and Performance Data
- Environmental data verification statement
- Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) Index
- CDP response
- ESG viewpoints
- Policies, statements, and resources
- Sustainable investing
- Modern Slavery Act statements
- Memberships and commitments

Throughout this document you will see the following callout to indicate where information about performance trends is included in our [ESG Goals and Performance Data \(PDF\)](#).

Performance trends can be found in the Wells Fargo [ESG Goals and Performance Data \(PDF\)](#).

Identifying our ESG priorities

Wells Fargo has an ongoing process to assess and prioritize ESG topics that are most relevant to our company and our stakeholders. The topics covered in this report reflect discussions with subject matter experts from across our company, findings from primary and secondary research, and feedback we receive and insights we gain through our ongoing engagement with stakeholders.

At Wells Fargo, we regularly monitor ESG trends to inform our ESG strategy, goals, and reporting priorities. We have been conducting formal materiality assessments, a corporate responsibility best practice, periodically since 2009.

We recently concluded a materiality assessment which included substantial research in light of significant recent changes in our business and heightened stakeholder feedback on current and emerging socioeconomic and environmental trends. This research included an evaluation of global standard expectations, including the GRI, the United Nations Sustainable Development Goals (SDGs), the SASB, and the Task force on Climate-related Financial Disclosures (TCFD).

Engaging stakeholders to inform ESG priorities

Understanding the perspectives of a wide range of stakeholders is critical to identifying and managing our ESG priorities. We have the responsibility to engage with relevant stakeholders, including customers, employees, community members, suppliers, shareholders, regulators, media, analysts, and others. Engagement occurs through various channels, including face-to-face, telephone, email, social media, surveys, etc. Feedback is monitored and shared with relevant groups across the organization.

As part of our materiality assessment, we interviewed internal and external stakeholders, including more than 30 Wells Fargo leaders and subject matter experts from across the company, and members of our external Stakeholder Advisory Council. We also included content from stakeholders representing Wells Fargo customers, employees, ESG investors, government, media, NGOs, and financial peers.

As of August 2020, we're in the process of developing new ESG goals and frameworks to address the themes and topics generated by the materiality assessment.

The following 14 topics were identified by Wells Fargo as being the most significant to our internal and external stakeholders in our most recent materiality assessment:

- Business ethics
- Business policies and practices
- Climate risk management
- Community development
- Compensation and benefits
- Corporate governance
- Corporate risk management and compliance
- Customer privacy and data security
- Diversity and inclusion
- Employee incentives and risk-taking
- Environmental and social due diligence
- Fair and responsible lending and pricing
- Stakeholder engagement
- Transparent information and fair advice for customers

Our 2020 goals and progress

 **Performance trends** can be found in the Wells Fargo [ESG Goals and Performance Data \(PDF\)](#).

As a leading global financial services company, we have a significant role to play in helping to address social, economic, and environmental challenges. In 2016, we established an integrated, companywide corporate responsibility strategy which includes an ambitious set of goals to leverage our products and services, culture and business practices, and philanthropy to help address these global challenges over a five-year period.

Our ESG Goals and Performance Data reflects progress against our goals in the following areas of priority:



Diversity
and inclusion



Economic
empowerment



Environmental
sustainability

Contributing to the United Nations Sustainable Development Goals

At Wells Fargo, we're guided by a common effort to help our customers succeed financially. We also recognize that we have a responsibility to do our part to help address the many global challenges facing the communities we serve. As we continue to strengthen our business for the future, the [United Nations \(UN\) Sustainable Development Goals*](#) (SDGs) – a universal framework for

accomplishing 17 desired global outcomes by 2030 – provide a guide for integrating sustainability more deeply into our business. Throughout this report, we share examples of how Wells Fargo is contributing to the advancement of the global priorities outlined in the UN SDGs that are most relevant to our business. Those global priorities include:

SDG 1: No Poverty End poverty in all its forms, everywhere	Read more in Delivering value to our customers and Supporting our communities
SDG 5: Gender Equality Achieve gender equality and empower all women and girls	Read more in Investing in our employees
SDG 7: Affordable and Clean Energy Ensure access to affordable, reliable, sustainable, and modern energy for all	Read more in Understanding environmental and social impacts and Advancing environmental sustainability
SDG 8: Decent Work and Economic Growth Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all	Read more in Investing in our employees
SDG 10: Reduced Inequality Reduce inequality in and among countries	Read more in Investing in our employees , Delivering value to our customers , and Supporting our communities
SDG 11: Sustainable Cities and Communities Make cities and human settlements inclusive, safe, resilient, and sustainable	Read more in Delivering value to our customers and Supporting our communities
SDG 13: Climate Action Take urgent action to combat climate change and its impacts	Read more in Understanding environmental and social impacts and Advancing environmental sustainability

We're all in this together:

ESG context

Wells Fargo's approach to the effective management of ESG matters rests on a commitment to rebuilding trust and making positive contributions to society in an ethical manner that respects people and communities. This report demonstrates the many ways ESG considerations are integrated into our policies and programs.

It is notable that one of the first things that CEO Charlie Scharf did when he arrived at Wells Fargo was to sign the Statement on the Purpose of a Corporation, issued by the Business Roundtable in August 2019. As he has stated, "It's simple and straightforward, and it's a clear statement that businesses are responsible to a broad set of constituents and have responsibilities beyond what some companies have believed historically. Given the businesses we're in and the reach we have, I believe our responsibilities and potential for impact are particularly great."

A range of forces are driving companies to demonstrate, clearly and transparently, that they have established and are delivering on their ESG commitments. One of those market forces is the reality that more people than ever believe corporate leaders should use their influence and resources to make a positive impact on social and cultural issues. Additionally, a management philosophy grounded in ethics is increasingly believed to contribute positive value for employees, customers, communities, and profits. Finally, a growing number of investors are considering ESG factors alongside financial factors in their investment decisions.

The public sector is also playing a role in driving responsible business practices. A number of states and countries are pursuing varying ESG initiatives – e.g., the UK Modern Slavery Act – that call for greater action and disclosure. At an intergovernmental level,

the UN SDGs have become an important corporate responsibility benchmark for multinational companies.

These market forces and government actions respond to changing demographic, financial, and environmental trends. The U.S. is experiencing significant population shifts that include an aging white population and a growing younger minority population. Similar changes in other countries are altering the makeup of many communities. Meanwhile, the earnings gap between the most affluent and the rest of the population continues to increase year after year.

Together, these forces demonstrate the need for companies to meaningfully contribute solutions to pressing societal challenges such as COVID-19 and climate change. As many ESG experts have pointed out, pandemics and climate change have more in common than we might think. Pandemics and extreme weather events have happened throughout history, but their potential impacts are likely to be magnified as populations age, inequalities grow, population densities increase, and extreme weather events become more frequent. Like climate change, a pandemic seemed distant until it was too late. Now, COVID-19 has impacted all aspects of social and economic life around the globe. As more and more people, regardless of social strata, experience the impacts of climate change, we can see that finding solutions requires sophisticated modeling, collaboration, and scenario analysis, and demands that we take a global perspective and make a cultural shift to generate the changes it will take to avoid unthinkable consequences down the road. Simply put: *We're all in this together.*

Responding to the COVID-19 pandemic

The COVID-19 pandemic has taken an unprecedented toll on the world. When the pandemic struck, we immediately prioritized the health and safety of our customers and employees. Wells Fargo leaders acted with a sense of urgency while adapting to the dynamic situation. Our Operating Committee discussed our plans and actions daily to identify necessary steps to protect and support our customers, employees, and communities and engaged with our Board of Directors frequently about the actions being taken in response.

Early on, our Enterprise Business Continuity Planning Office began coordinating with business leaders to implement business continuity plans and implement measures to safeguard our customers and employees. We've taken significant actions to provide for the safety of our team and customers, including enabling more employees to work from home and encouraging customers to take advantage of our mobile and online banking tools. For those who continue to work in critical operations and data centers, and in our customer-facing locations, we have implemented social distancing protocols and enhanced cleaning procedures, and are installing protective barriers, and using branch drive-ups where we have them.

“We are working tirelessly to be there for our customers as they face new and uncertain financial situations, and also to be there for our employees, serving them as safely as possible as we all face the same challenges.”

— Charles W. Scharf, CEO

Wells Fargo has implemented a [broad range of initiatives \(PDF\)](#) to help our employees, customers, and communities during the COVID-19 crisis. You'll find personal accounts and stories on [Wells Fargo Stories](#).

Helping customers

For customers who have communicated to us that they are experiencing hardship related to COVID-19, we temporarily suspended residential property foreclosure sales, evictions, and involuntary automobile repossessions. We also offered potential fee waivers, payment deferrals, and other expanded assistance for credit card, auto, mortgage, small business, and personal lending customers who contacted the company. Customers can access additional information through [Wells Fargo's COVID-19 resources website](#).

We also helped provide our customers access to stimulus payment funds. We paused collection for 30 days on negative balances that existed at the time stimulus payments were deposited. We also did not charge fees for cashing stimulus payment checks for noncustomers in our branches.

The pandemic has also highlighted the importance of Wells Fargo's support for small businesses. The hundreds of thousands of applications we received for the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) were a clear expression of the tremendous need among small business owners. We quickly mobilized thousands of employees to help, and we introduced new automation that allowed us to process PPP applications for submission to the SBA. Through June 30, 2020, Wells Fargo funded loans under the PPP for more than 179,000 customers, with an average loan amount of \$56,000, totaling \$10.1 billion. Of the loans made by Wells Fargo in connection with this program, 84% went to companies that have fewer than 10 employees; 60% were for amounts of \$25,000 or less; and 90% of applicants had \$2 million or less in annual revenue.

Following our industry-leading April 2020 commitment to donate all gross processing fees from the PPP to nonprofits, we unveiled the [Open for Business Fund](#) in July 2020. This approximately \$400 million effort will help small businesses impacted by the ongoing COVID-19 pandemic keep their doors open, retain employees, and rebuild. Through the Fund, we will engage nonprofit organizations to provide capital, technical support, and long-term resiliency programs to small businesses, with an emphasis on those that are owned by racially and ethnically diverse entrepreneurs.

Supporting employees

When it comes to our people, safety is our top priority. Wherever possible, we expanded work-from-home capabilities and enabled approximately 200,000 employees to work from the safety of their homes. For jobs that could not be done remotely, we took significant actions to enhance safety, including implementing social distancing measures, requiring employees to wear facial coverings, staggering staff and shifts, and enhanced cleaning protocols per CDC guidance. We adjusted our child care benefits in the U.S. and Canada to provide additional resources and flexibility for employees impacted by school closures. We also enhanced our health care and time-off benefits in the U.S. to help fully cover the medical costs associated with COVID-19 and allow high-risk, exposed, or infected employees to stay home without having to take paid time off. At more than 50 of our largest U.S. sites, we launched a temporary on-site nursing service to screen for COVID-19 symptoms and refer individuals for testing.

During this time of heightened stress and anxiety for everyone, we took a number of actions to support our employees' financial security. We temporarily suspended the initiation of new job displacements. We made additional cash payments to employees whose roles required them to go into the office to serve customers or other employees. In addition, we provided a special one-time cash award of up to \$1,600 to approximately 170,000 U.S. and international employees to recognize their focus and dedication to the company. For U.S. nonexempt employees, we temporarily doubled the hourly rate for time worked over 40 hours per week. We also made a \$23 million grant to

the WE Care employee relief fund, which provided financial assistance to more than 19,000 U.S. and international employees facing COVID-related hardships between March and May 2020.

Employees have access to a range of other resources through our internal COVID-19 resource center.

Engaging our suppliers

In the wake of the pandemic, business has changed dramatically for many of our small and diverse suppliers. We're working diligently and collaboratively to provide access to the information and resources they need to get through these difficult times. We utilized virtual communications channels to provide them with:

- Information on the SBA's PP.
- Context on the economic impacts of COVID-19.
- U.S. capacity-building programs to help small and diverse businesses retool, recover, and restore.

In addition to offering information and resources, we're engaging with our suppliers to facilitate the procurement of vital supplies, including facial coverings and hand sanitizer.

Standing with communities

We reallocated \$175 million from the Wells Fargo Foundation to help address food shortages, public health needs, financial health, small business stability, and housing security for the most vulnerable populations. We're allocating resources through expedited grant-making at the local level, as well as through relief efforts with national and international organizations, to serve the immediate needs of our communities.

These donations include \$1 million to the CDC Foundation to meet emerging needs, \$1 million to Feeding America in support of 200 member food banks, and \$250,000 to the International Medical Corps in support of its work in more than 30 countries. Additionally, between March and May 2020, Wells Fargo Foundation made more than 300 grants to help nonprofits provide urgent housing services to vulnerable populations across the U.S.

Additionally, the Wells Fargo Foundation is supporting national nonprofits in expanding their virtual financial coaching services, cost-free, to help those in need adapt to the challenging financial times associated with COVID-19. A few examples of ways these non-profit financial coaches and counselors can help include:

- Finding local resources for food, clothing, shelter, and other basic needs.
- Creating a household budget to maximize current funds and prepare for future emergencies.
- Prioritizing bills and expenses to cover daily necessities and plan for the future.
- Applying for unemployment benefits, Supplemental Nutrition Assistance Program benefits, and other financial recovery resources.
- Helping individuals to open bank accounts and use digital tools to manage money and pay bills remotely.
- Building and protecting credit, including options for managing debt.

Corporate governance and ethics

Our Board is committed to sound and effective corporate governance practices and overseeing the company's efforts to set and reinforce its culture. We expect our management team and employees to share a common understanding of expectations in order to create a more consistent culture – doing what's right, acting with integrity, and holding ourselves accountable.

 **Performance trends** can be found in the Wells Fargo ESG Goals and Performance Data (PDF).

Board of Directors

Our Board of Directors has enhanced its composition, oversight, and governance practices, and continues to focus on succession planning and effective oversight of the business. Over the last few years, the Board has undergone significant refreshment to enhance the financial services, regulatory, financial reporting, business operations, and corporate governance skills and experiences represented on the Board.

Our Board has adopted [Corporate Governance Guidelines \(PDF\)](#) to provide the framework for the governance of our Board and our company. These Guidelines address many matters, including the role of our Board, membership criteria, director retirement and resignation policies, Director Independence Standards, information about Board committees, and other policies and procedures of our Board, including the majority vote standard for directors, management succession planning, our Board's leadership structure, and director compensation.

Charting a new future

The Board appointed Charles W. Scharf as CEO, effective October 21, 2019, following a thorough external search led by a search committee composed of independent members of our Board. Charlie Scharf embodies the attributes that the Board sought in a leader, including financial and business acumen, integrity, passion for diversity and inclusion, and commitment to strong talent management.

Building on the progress of the last few years, Scharf is now focused on remediating historical issues, operating with the highest standards of excellence and integrity, and moving the company forward for customers, employees, and communities.

A timeline of leadership changes, organizational improvements, cultural enhancements, and customer services can be found in [Wells Fargo Stories](#).

Board composition

The Board's current composition has resulted from a thoughtful process informed by the Board's own evaluation of its composition and effectiveness, and feedback received from the company's engagement with shareholders and other stakeholders. The Board and its Governance and Nominating Committee (GNC) desire that the Board as a whole has an appropriate balance of skills, knowledge, experience, and perspectives relevant to our business and strategy. In addition to minimum qualifications required for Board service under the Board's Corporate Governance Guidelines, the Board identifies additional qualifications and experience through its annual self-evaluation process as desirable in light of Wells Fargo's business, strategy, risk profile, and risk appetite.

Each year, the Board conducts a comprehensive self-evaluation to assess its effectiveness, review our governance practices, and identify areas for enhancement. This annual assessment is also a key part of the Board's director nomination process and succession planning. The GNC, in consultation with our independent Board Chair, reviews and determines the overall approach, scope, and content of the Board's annual self-evaluation process, including whether to engage a third party to help the Board conduct its self-evaluation. Each of the Board's standing committees also conducts a self-evaluation process annually. The Board's and each committee's self-evaluation includes a review of the Corporate Governance Guidelines and its committee charter, respectively, to consider any proposed changes.

Director independence

The Board's Corporate Governance Guidelines provide that a significant majority of the directors on our Board, and all members of the Audit Committee, Governance and Nominating Committee, Human Resources Committee, and Risk Committee, must be independent under applicable independence standards. Each year our Board evaluates and determines the independence of each director and each nominee for election as a director.

Independent Board Chair

Wells Fargo has had an independent Board Chair separate from the CEO role since 2016. During 2016, taking into account feedback from our investors, the Board also amended the [Company's By-Laws \(PDF\)](#) to require that the Board Chair be independent. The Board has adopted, and annually reviews and approves, well-defined authority and responsibilities of the independent Chair.

Online resources

[Annual Reports and Proxy Statements](#)

[Board committee members and charters](#)

[By-laws of Wells Fargo & Company \(PDF\)](#)

[Code of Ethics and Business Conduct \(PDF\)](#)

[Corporate Governance Guidelines \(PDF\)](#)

[Leadership and governance](#)

Board diversity

While our Board doesn't have a specific policy on diversity, the Board's [Corporate Governance Guidelines \(PDF\)](#) and the [GNC's charter \(PDF\)](#) specify that the Board and the GNC incorporate a broad view of diversity into its director nomination process. The GNC considers the current composition of the Board in light of the diverse communities and geographies we serve and the interplay of a first-time director candidate's or director nominee's experience, education, skills, background, gender, race, ethnicity, and other qualities and attributes with those of the other Board members. The GNC incorporates this broad view of diversity, in addition to having a diverse candidate pool for each director search the Board undertakes, when evaluating and recommending director nominees to serve on our Board so that our Board's composition as a whole appropriately reflects the current and anticipated needs of our Board and our company.

Board committees

The Board carries out its risk oversight responsibilities directly and through the work of each of its standing committees. All of these committees report to the full Board about committee activities, including risk oversight matters, and are composed solely of independent directors. Each Board committee has defined authority and responsibilities under its charter for primary oversight of specific risks and works closely with management to understand and oversee our company's key risk exposures.

The Board has seven standing committees: Audit; Corporate Responsibility; Credit; Finance; Governance and Nominating; Human Resources; and Risk. Each standing Board committee's charter is available on our [website](#). The Board appoints the members and chair of each committee based on the GNC's recommendation.

Select governance practices and shareholder rights

Wells Fargo has a demonstrated track record of responsiveness to shareholders and other stakeholders. As reflected below, our By-Laws and other corporate governance documents contain provisions that we believe reflect sound and effective corporate governance principles and practices, including provisions that are reflective of and have enhanced shareholder rights.

Governance practices include:

- Independent Board Chair with clearly defined authority and responsibilities.
- Robust shareholder engagement program with independent director participation.
- Each share of our common stock is entitled to one vote.
- No "poison pill."
- "Overboarding" policy which limits the number of public company boards on which our directors may serve (a director who is the CEO of a public company may not serve on more than three total public company boards and other directors may not serve on more than four total public company boards, including Wells Fargo).
- All standing Board committees consist solely of independent directors.

- Strong executive compensation clawback and recoupment policies, including reduction or forfeiture of equity awards if the company or the executive's business group suffers a material failure of risk management.
- Robust stock ownership and retention policies for our executive officers and nonemployee directors.
- Antihedging policies which prohibit all employees at all levels, including executive officers and directors, from engaging in derivative or hedging transactions that involve any company securities, including our common stock.
- Pledging policy that prohibits our directors and executive officers from pledging company equity securities as collateral for margin or other loan transactions.

Shareholder rights include:

- All of the company's directors are elected annually by a majority vote in uncontested director elections, and by a plurality vote in contested elections.
- Our Board amended the By-Laws in 2011 to provide for shareholders to call a special meeting of shareholders.
- Our Board amended the By-Laws in 2018 to enhance the rights of our shareholders by reducing the threshold for shareholders to call a special meeting of shareholders from 25% to 20% of the voting power of the issued and outstanding Common Stock.

- Our Board amended the By-Laws in 2016 to require that the Chair of the Board be an independent director.
- Our Board adopted a standard proxy access by-law provision in 2015.
- Our Certificate of Incorporation and By-Laws permit shareholders to act by written consent by the minimum number of votes that would be necessary to take such action at a meeting at which all shareholders entitled to vote were present and voting.

Executive compensation

Strong governance and oversight of executive compensation programs is essential to our long-term success. The Human Resources Committee (HRC), which oversees the company's performance management and incentive compensation programs and approves all compensation decisions relating to the company's executive officers, is composed of independent directors with qualifications and experience related to human capital management and risk management. The members of the HRC make market-informed decisions based on discussions throughout the year. The full Board approves the CEO's compensation.

Over the last few years, the HRC has continued to approve changes intended to strengthen the alignment between performance and compensation and hold executives accountable for risk management failures. In the fourth quarter of 2019, the HRC and our CEO determined to move to a total variable compensation model. Under this model, each named executive is provided a single

total variable compensation target level, with payout based on performance assessed using our holistic performance assessment framework that considers company performance, individual performance, and risk management. The total variable earned amount is awarded part in cash and the majority in long-term incentives that vest over or at the end of a three-year period and that are subject to performance-based vesting conditions. This approach helps reinforce pay for performance and makes our compensation decisions more transparent to shareholders.

Our executive compensation programs are designed and administered in accordance with the following compensation principles, each of which is an essential component in driving strong, risk-managed performance.

- **Pay for performance** – Compensation is linked to company, business line, and individual performance, including meeting regulatory expectations and creating long-term value consistent with the interests of shareholders.
- **Promote effective risk management** – Compensation promotes effective risk management and discourages imprudent or excessive risk-taking.
- **Attract and retain talent** – People are one of our company's competitive advantages; therefore, compensation must help attract, motivate, and retain people with the skills, talent, and experience to drive superior long-term company performance.

Consistent with these principles, the combination of annual and long-term incentives is designed to motivate executives to achieve short-, medium-, and long-term performance

that generates sustained shareholder value. Beginning with compensation for the 2019 performance year, the long-term incentive grant value was determined based on performance. Additionally, we continue to have an accountability framework that, under specified conditions, enables the forfeiture or recovery of compensation in the event that a named executive officer's actions, or inactions, results in specified types of negative outcome for our company. Our named executive officers are those executive officers for whom disclosure is included in Compensation Discussion & Analysis and related compensation disclosures contained in our [proxy statement](#).

The company also employs multiple executive compensation clawback and recoupment policies, including provisions that allow for forfeiture of compensation without a financial restatement, including the reduction or forfeiture of equity awards if the Company or the executive's business group suffers a material failure of risk management.

ESG governance

Every day, we challenge ourselves to integrate ESG strategies into our business. The day-to-day execution of our sustainability initiatives lies with our Public Affairs team which is responsible for driving positive societal impact, proactively engaging with our stakeholders, and effectively communicating company priorities. The team brings together Corporate Communications; Corporate Philanthropy, Community Relations, and Sustainability & Corporate Responsibility; Government Relations & Public Policy; and Marketing. A number of councils and committees provide governance, oversight, and recommendations to help us do this effectively.

Corporate Responsibility Committee

The Board's [Corporate Responsibility Committee \(PDF\)](#) has primary oversight responsibility for our corporate responsibility policies, programs, and strategies. This includes our community development and reinvestment activities and performance, fair and responsible lending, and support of charitable organizations, as well as policies and programs related to environmental sustainability and human rights. The committee also oversees our government relations and public advocacy policies and programs, and monitors our relationships with a variety of external stakeholders regarding significant social and public responsibility matters.

External Stakeholder Advisory Council

We created the Stakeholder Advisory Council in 2017 to provide external insight and feedback to the Board and senior management on current and emerging issues. The council is composed of external experts and thought leaders who represent groups focused on human rights, consumer rights, fair lending, the environment, civil rights, and governance. The council represents a diverse range of perspectives and experiences, and is focused on deepening our company's understanding of current and emerging ESG issues that are relevant to our stakeholders. Key issues include serving the financial needs of underserved communities, diversity and social inclusion, and environmental sustainability. This group helps us understand and consider a broad range of perspectives – not only in our ESG plans and activities, but also in our day-to-day business operations and decisions.

Internal ESG Steering Committee

This management-level steering committee was reconstituted in 2020 to provide guidance on ESG issues and to establish our company's ESG goals and drive progress against them. It also works with Wells Fargo's senior leaders to foster connection, buy-in, and action on ESG issues. The steering committee is composed of leaders from business lines and functions across our company.

ESG Disclosure Council

In 2018, we formed an internal ESG Disclosure Council comprising senior leaders from the Controller's Division, the Legal Department, Finance, Corporate Risk, and Public Affairs. The council helps us deliver on our commitment to transparency by providing senior-level accountability for ESG reporting and disclosures, as well as by considering ways to address gaps and deficiencies.

Climate Change Working Group

Managing climate risk requires us to identify its short- and long-term impacts on individual components of our business, including on regional and companywide levels. In 2019, we established a cross-functional Climate Change Working Group that brings expertise in climate science, and external resources to enhance our understanding of the implications climate change has for our business. Based on that understanding, the group engages with company and line-of-business leaders on policies and procedures designed to advance coordinated and strategic climate-risk management across Wells Fargo.

Enterprise Diversity and Inclusion Council

The Enterprise Diversity and Inclusion Council (EDIC) is led by our CEO and is comprised of leaders from across the company. The Council serves as a strategic catalyst for change, education, and understanding of critical diversity and inclusion issues.

Focus on remediating historical issues

Under the oversight of our Board, our CEO and management are focused on moving with a sense of urgency to strengthen our risk and control foundation and address outstanding regulatory matters. We are changing the way we run the company and our culture in order to:

Operate as one company, not a series of decentralized businesses

Foster partnership but drive toward decisions

Expect high quality execution with clear responsibility and accountability

Judge ourselves based upon our outcomes, not our words

Since 2016, we have made fundamental changes to help make certain the misconduct that contributed to the historical retail sales practices issue does not occur again.

These changes include:

- Significant leadership changes:
 - A new CEO and majority of new members on the Operating Committee.
 - Significant management changes at all levels of the Community Bank, including senior executives.
- Reconstitution of a majority of the Wells Fargo Board of Directors' independent directors, including the majority of Board committee chairs.
- Elimination of product sales goals for retail bankers in our bank branches and call centers.
- Implementation of a new incentive program for retail bankers that rewards them based on customer outcomes and requires risk accountability at all levels.
- Enhancement of the Community Bank's processes for customer consent and stronger oversight and controls.
- Investment of more than 800,000 hours in learning and development for retail bank employees to support cultural, process, and policy changes, with training ongoing.
- Reorganization and centralization of key functions, including risk, human resources, finance, technology, and data.

Focus on remediating historical issues, cont.

Our top priority remains meeting our regulatory requirements in order to build the right foundation for all that lies ahead. To do that, we're committing resources to help make sure that we operate with the strongest business practices and controls, maintain the highest level of integrity, and establish and sustain a culture worthy of our customers' trust.

For additional information see our [2019 annual report \(PDF\)](#) and [Wells Fargo Stories](#).

“The conduct and past culture that gave rise to these actions are reprehensible and wholly inconsistent with the values on which Wells Fargo was built. Our customers, shareholders, and employees deserved more from the leadership of this company. We’ve made fundamental changes to our business model, compensation programs, leadership, and governance. While this announcement is a significant step in bringing this chapter to a close, there’s still more work we must do to rebuild the trust we lost. We are committing all necessary resources to make sure that nothing like this happens again, while also driving Wells Fargo forward.”

– Charles W. Scharf, CEO

Code of Ethics and Business Conduct

In 2016, we updated Wells Fargo's [Code of Ethics and Business Conduct \(Code\) \(PDF\)](#) to provide additional clarity and focus on the ethical behavior we expect of all employees and Board members. The Code reinforces our commitment to always do what's right by our customers, employees, communities, and stakeholders. And it contains basic principles and guidance that help our employees make decisions that align with our standards for doing the right thing at work and comply with the laws, rules, and regulations that govern our business. The Code works together with our policies and employee resources to help guide us in doing the right thing in the right way. To help make sure that the Code is accessible to our diverse workforce, we have made it available in English, French Canadian, and Simplified Chinese.

No code of conduct can cover every possible situation, which is why we rely on employees to use good judgment and to speak up promptly when they have questions or concerns. Every employee completes Code training annually. This training provides interactive activities that guide employees through situations they may encounter. Beyond this annual training, we extend the learning through our online Wells Fargo Ethics intranet, which provides employees with videos, articles, discussion guides, and on-demand resources to help them navigate ethical dilemmas and make decisions guided by integrity and ethics.

In addition to the Board's oversight of conduct risk, members of the Board also attest annually that they have read and understand their obligations under the Code.

While we consider our Code to be the starting point and not the finish line, it lays out the basic rules for how we conduct business. We encourage employees to read the Code throughout the year, so they stay familiar with the following principles embedded in the Code:

- **Antibribery and corruption** – We do not tolerate bribery and corruption. We don't offer or accept bribes or any other kind of improper payment – including facilitation payments or anything of value – and we do not do anything through a third party that we aren't allowed to do ourselves.
- **Antitrust** – We believe in free and open competition. We gain our competitive advantage through superior performance, not through anticompetitive business practices.
- **Insider trading** – Employees must never buy or sell securities when they have material, nonpublic information, nor should they ever “tip” others by providing them with material, nonpublic information. Insider trading restrictions cover Wells Fargo securities, as well as the securities of other companies, including customers and third-party service providers, and they apply to all employees and their immediate families.
- **Gifts** – We generally permit the giving and receiving of reasonable business gifts and entertainment that are neither lavish nor excessive in frequency; that are consistent with accepted, lawful business practices.

- **Conflict of interest** – We work to avoid conflicts of interest in our personal and business activities in a number of circumstances, including through outside employment or business activities and personal transactions, finances, or relationships. Where conflicts can't be avoided, we aim to be transparent about their existence and we strive to take proactive steps to manage them.
- **Money laundering** – As a global financial institution, we have special responsibilities to help combat money laundering. Our anti-money laundering policy and related procedures are designed to comply with applicable laws and regulations related to money laundering and terrorist financing. We require all employees to comply with these policies, procedures, and controls.
- **Serving communities** – We want to be known as a trusted neighbor in the communities where we live and operate, and we encourage volunteerism.
- **Human rights** – We recognize our responsibility to respect human rights throughout our operations, products, and services. That responsibility includes consistent treatment among people, employee well-being and security, economic and social freedom, and environmental stewardship.
- **Environment** – We are integrating environmental mindfulness into all we do, and we work across our company to accelerate environmental sustainability.

We take violations of our Code seriously. Anyone who knowingly violates any of the provisions of the Code, or the referenced policies and guidelines, may face corrective action, which may include termination of employment. Certain actions may also result in legal proceedings, including prosecution for criminal violations. To make Wells Fargo the best possible place to work, we encourage our employees to ask questions if uncertain about the right path and to speak up to their manager, Employee Relations Solutions, or the EthicsLine if they see or suspect misconduct or wrongdoing.

Our Conduct Risk function, which is part of our independent risk management organization, establishes policies and requirements, including the Code, and provides independent oversight of the front-line's adherence to those requirements. The front-line Conduct Management function is responsible for implementing risk management requirements, including the intake, research, investigation, disposition, and reporting of misconduct allegations, overseeing and managing our EthicsLine, and performing root cause analysis and customer impact assessments. In 2019, we launched the Ethics Office that sits within the front-line Conduct Management function. The purpose of this office is to make sure that employees have the resources and tools they need to do what's right and help make decisions guided by integrity and ethics.

EthicsLine

Available 24/7, the EthicsLine is staffed by independent, third-party interview specialists who are accessible by phone or online and gives employees a confidential and anonymous way to report suspected misconduct or concerns.

Information related to reports of concerns or suspected misconduct is documented and forwarded to the appropriate office within Wells Fargo for investigation and resolution. All reports of concern or suspected misconduct are to be handled with the appropriate level of confidentiality and shared only with employees who have a business need to know. Such reports may also be shared with regulatory or law enforcement agencies as appropriate.

If an investigation substantiates a violation, it's addressed in accordance with policy and, consistent with our escalation procedures and criteria, may be shared with management and the Board.

Speak Up and Nonretaliation Policy

Another principle embedded in our Code is that we do not tolerate retaliation of any kind against anyone who speaks up in good faith about suspected unethical or illegal conduct. We want our employees to feel comfortable speaking up. To further clarify our expectations, we published our Speak Up and Nonretaliation Policy in 2017. It requires all employees to adhere to the Code and supporting policies and to report suspected unethical or illegal conduct. The policy also sets additional expectations for managers to guard against retaliatory conduct, watch for signs of retaliation, and report any conduct that may violate our policies.

We recognize that managers have a special responsibility to lead with integrity through their everyday words and actions. Specifically, we expect managers to:

- Reinforce with their teams the company's commitment to values, high ethical standards, and the importance of reporting unethical or illegal conduct.

- Support employees who come forward in good faith to share their concerns or raise questions.
- Make sure that any inappropriate, unethical, or unlawful behavior is properly reported.
- Regularly remind employees to report concerns immediately to the EthicsLine, Employee Relations Solutions, or supervisor or manager.

Enhancing our focus on ethics

Recent enhancements to continue our focus on ethical behaviors include:

- Created distinct Head of Conduct Risk and Head of Conduct Management roles to draw bright line between first- and second-lines of defense
- Centralized investigative activities under Conduct Management to create efficiencies, enhance learnings, and assess trends
- Enhanced root cause analysis and data reporting capabilities to support more robust analysis designed to uncover trends and distill insights
- Implemented target state operating model with clearly defined end-to-end processes designed to make it easier for employees reporting misconduct and optimize investigations
- Launched front-line Ethics Office and, in response to employee feedback, developed resources designed to enhance transparency and reiterate our commitment to nonretaliation
- Evaluating ethics-related questions from ongoing listening and engagement surveys to understand employee sentiment about ethics

Risk management

We manage a variety of risks that can significantly affect our financial performance and our ability to meet the expectations of our customers, shareholders, regulators, and other stakeholders. We measure and manage risk as part of our business, including in connection with the products and services we offer to our customers. The risks we take include financial, such as credit, interest rate, market, liquidity, and funding risks; and nonfinancial, such as operational including compliance and model risks, strategic, and reputation risks.

Everyone manages risk

Every employee creates risk in the course of performing business activities and is required to manage that risk. Risk is everyone's responsibility. Every employee is required to comply with applicable laws, regulations, and company policies.

Risk operating model – roles and responsibilities

The company has three lines of defense: the front-line, Independent Risk Management, and Internal Audit. Our risk operating model creates necessary interaction, interdependencies, and ongoing engagement among the lines of defense:

- **The front-line** is composed of business groups and certain activities of enterprise functions and is the first line of defense. In the course of its business activities, the front-line identifies, measures and assesses, manages, controls, monitors, and reports on risk associated with its business activities and balances risk and reward in decision-making while remaining within our risk appetite.

- **Independent Risk Management** is the second line of defense. It establishes and maintains our risk management program and provides oversight, including challenge to and independent assessment, of the front-line's execution of its risk management responsibilities.
- **Internal Audit** is the third line of defense. It is responsible for acting as an independent assurance function and validates that the risk management program is adequately designed and functioning effectively.

Risk and culture

The Board holds management accountable for establishing and maintaining the right risk culture and effectively managing risk. Employees are strongly encouraged and expected to speak up when they see something that could cause harm to our customers, communities, employees, shareholders, or reputation. Because risk management is everyone's responsibility, all employees are expected to challenge risk decisions when appropriate and to escalate their concerns when they have not been addressed. Employee performance evaluations are tied to, and take into account, effective risk management. Our performance management and incentive compensation programs are designed to establish a balanced framework for risk and reward based on clear expectations for our employees. The Board, through its Human Resources Committee, plays an important role in overseeing the company's performance management and incentive compensation programs.

Please see our most recent [proxy statement](#) for additional details about how risk management is factored into executive compensation.

Training

Wells Fargo has mandatory, recurring, risk and compliance-related training courses for all new and existing employees. These resources educate employees on our risk management program generally, and on how to recognize, understand, and address the risks they face every day.

Risk and strategic planning

We consider a number of factors related to risk in our strategic planning process (which is closely linked with our capital planning process), including our risk profile, risk capacity, risk appetite, and risk management effectiveness.

The Independent Risk Management organization participates in strategic planning at several points in the process, providing challenge to and independent assessment of the company's self-assessment of the risks associated with strategic planning initiatives. Independent Risk Management also independently assesses the impact of the strategic plan on risk capacity, risk appetite, and risk management effectiveness at the business group, enterprise function, and aggregate company level.

Risk decisions related to the strategic plan are approved by the Enterprise Risk & Control Committee (ERCC), a management governance committee that governs the management of all risk types. The ERCC receives information about risk and control events, addresses escalated risks and issues, actively oversees risk control, and provides regular updates to the Board's Risk Committee regarding current and emerging risks and management's assessment of the effectiveness of the company's risk management program. After critical review, the strategic plan is presented to the Board each year for review and approval.

Risk Management Framework

Our Risk Management Framework sets forth the core principles on how we seek to manage and govern risk. Many company policies and documents anchor to the Risk Management Framework's core principles.

Role of the Board and Board committee structure

The Board oversees the company's business, including risk management, and carries out its risk oversight responsibilities directly and through its committees. The Board assesses management's performance, provides credible challenge, and holds management accountable for maintaining an effective risk management program and for adhering to risk management expectations.

The Board's Risk Committee annually reviews and approves the company's risk management framework and oversees its implementation, including the processes established by management to identify, assess, measure, monitor, and manage risks. It also monitors the company's adherence to its risk appetite. In addition, the Risk Committee oversees Independent Risk Management and the performance of the Chief Risk Officer (CRO) who reports functionally to the Risk Committee and administratively to the CEO.



Performance trends can be found in the Wells Fargo ESG Goals and Performance Data (PDF).

Management committee structure

The company has established management committees, including those focused on risk, that support management in carrying out its governance and risk management responsibilities. One type of management committee is a governance committee, which is a decision-making body that operates for a particular purpose.

Each management governance committee is expected to discuss, document, and make decisions regarding significant risk issues, emerging risks, and risk acceptances. Each also reviews and monitors progress related to critical and high-risk issues and remediation efforts within its scope, including lessons learned; and reports key challenges, decisions, escalations, other actions, and open issues as appropriate.

Public policy and political contributions

The Wells Fargo Government Relations and Public Policy team works closely with our lines of business to help make certain that our legislative and political activities adhere to good corporate governance practices and adhere to Wells Fargo policies and procedures. The Board's Corporate Responsibility Committee oversees our government relations activities, as well as our public advocacy policies and programs. At least annually, the committee also receives reports from management on political and lobbying activities in the U.S., including payments made by Wells Fargo to trade associations. Information on Wells Fargo political action committee (PAC) and corporate political spending can be found online on our [government relations and public policy](#) page.

Advocacy and lobbying

Wells Fargo participates in the U.S. public policy arena on a wide range of issues that may impact the company, such as policy issues addressing banking, finance, housing, small business, tax, and bankruptcy. We monitor and comment on proposed legislation and regulations that may affect the way we serve our customers. The Government Relations and Public Policy team must approve any use of company funds for lobbying. Further, we disclose federal lobbying activities under the Lobbying Disclosure Act (LDA), which requires quarterly reports to be filed with the United States Congress. You can review these reports on the [U.S. House website*](#).

U.S. campaign finance and PACs

Wells Fargo's PACs are funded through voluntary contributions from eligible exempt employees. Decisions about which candidates we support are made by the Government Relations and Public Policy team. Wells Fargo's PACs report to the Federal Elections Committee and/or to state agencies as required by law. Contributions are made without regard to the private political preferences of the company's senior management.

Policy on political contributions

Pursuant to company policies, Wells Fargo does not use company money or resources to influence any U.S. domestic or foreign candidate elections. That includes assisting candidate campaign committees, political parties, or caucuses, as well as independent expenditures on other political committees, or any other type of election-related activity.

We have policies and procedures in place designed to help make sure that we comply with applicable laws regarding political contributions. Wells Fargo also maintains compliance processes intended to make sure that its activities are conducted in accordance with those policies, our Code of Ethics and Business Conduct, and with applicable laws governing political contributions and lobbying activities.

Employee activity

Our [Code of Ethics and Business Conduct](#) encourages employees to engage in civic and political activities on their own time and based on their individual desires and political preferences. We make it clear that employees must be sure that their personal political opinions and activities are not viewed as those of Wells Fargo. Employees are free to make personal contributions on their own behalf to candidates and related political entities of their choice so long as they comply with the Code and any policies of their business line.

Wells Fargo provides eligible employees up to two paid hours away from work to vote in any general, statewide, or special election.

Tax compliance

Wells Fargo operates principally in the United States, as well as in over 30 countries and territories. Our income tax profile reflects the commercial and regulatory considerations that drive our business structure and locations. We're a current income tax payer, both within and outside the U.S., bringing value to the countries in which we operate.

We emphasize internal controls and transparency with global tax authorities, and we share information relevant to our business operations and tax profile. We augment this transparency through country-by-country reporting, as required under the Organisation for Economic Co-operation and Development's action plan to address base erosion and profit shifting. Our income tax policy is overseen by our Chief Tax Officer, who reports to the Controller.

We've implemented systems and processes to assist us with our compliance with applicable income tax laws in the countries where we conduct business, supported by an internal income tax team. We've also implemented systems and processes designed to comply with the Foreign Account Tax Compliance Act and the Common Reporting Standard.

For more information on how income taxation impacts Wells Fargo, see page 243 of our [2019 Annual Report \(PDF\)](#).

Delivering value to our customers

Wells Fargo aims to exceed customer expectations and provide value to individual customers, investors, and small businesses across the economic spectrum. We are working hard to enhance the customer experience through innovative product offerings delivered with the highest level of customer service. Our customer-centric strategy aims to put customers first in all that we do, meet customers' needs in a personal and relevant manner, deliver seamless and frictionless experiences, and ultimately create meaningful relationships with our customers to help them reach their financial goals.

 **Performance trends** can be found in the Wells Fargo [ESG Goals and Performance Data \(PDF\)](#).

Financial health programs

We know that consumers are more likely to achieve financial success if they understand the steps they can take to establish healthy financial habits. That's why we provide a variety of [resources](#) and products designed to enable individuals to learn how to manage money responsibly, build and improve credit, plan and save for the future, and reach their financial goals.

- [Hands on Banking®](#) by Wells Fargo is a free online learning program provided as a public service to all individuals, without any endorsements or advertising. The program offers resources for anyone who wants to learn more about responsible money management. It is designed to provide individuals and families with the knowledge they need to take control of

their financial future, including educational articles on a variety of topics, classroom resources for educators, and self-directed courses for everyone from seniors and military members to entrepreneurs and kids.

- [Financial health conversations](#), a complimentary service for customers and Wells Fargo employees, offers personalized support and proactive guidance.
- The [Smarter Credit™ Center](#) includes resources to help customers understand, build, and improve credit, as well as manage debt and plan for large purchases.
- Eligible Wells Fargo customers can access their **FICO® credit scores** for free through Wells Fargo Online®.
- [Control Tower®](#) provides simple, secure, and centralized access to Wells Fargo cards and account information, enabling customers to easily view, manage, and monitor their digital financial footprint from a single location.

Responsible treatment of customers with debt repayment problems

We understand that, even under normal circumstances, keeping up with loan and credit card payments can be difficult, especially for people who've lost a job, been stricken with illness, or become overextended with credit. Now the COVID-19 pandemic has put an unprecedented strain on the economy, businesses, and individuals.

For information about the accommodations Wells Fargo has made in response to this pandemic, see the [Responding to the COVID-19 pandemic](#) section of this report. [Wells Fargo Assist](#)SM offers a variety of options and support to customers facing financial hardship related to:

Home loans

Wells Fargo home preservation specialists help homeowners with payment challenges, guiding them through options and approaches based on their individual situation. Our [Responsible Lending and Servicing Principles for U.S. Residential Real Estate Products](#) govern our business practices in this area. These principles include providing customers with the information they need to make fully informed decisions about credit products and services, pricing those products and services appropriately, only approving applications when we believe the borrower has the ability to repay the credit according to its terms, and providing timely responses to customer questions and complaints, as well as prompt action to correct errors.

Credit cards

If customers are struggling to make monthly credit card or loan payments, or can't catch up with past-due payments, we review the nature of the hardship and the customer's financial information to determine whether they qualify for alternative payment options. Payment options may include a lower interest rate and, possibly, a lower minimum payment amount.

Checking accounts

Wells Fargo provides many services to help avoid overdrafts and declined transactions. Online, mobile, and text banking tools allow customers to monitor account activity, transfer funds, and avoid unexpected overdrafts. These include:

- [Overdraft Rewind](#),[®] a service that helps customers with direct deposit avoid certain overdraft charges. It may help customers avoid returned payment and related merchant fees, so long as the customer's incoming direct deposit is sufficient to cover payments from the prior business day that would have otherwise been returned unpaid.
- Automatic zero-balance alerts that notify online banking customers by email if their account balances drop to zero or below.
- No overdraft or return item fee is charged for any transaction of \$5 or less and for any overdrawn balance of \$5 or less.
- We also plan to introduce two new bank accounts in early 2021. Both are designed to offer convenient, secure banking services and customer support, while eliminating or limiting overdraft fees.

Loans (personal, student, and auto)

For customers who have difficulties making payments, we offer a variety of options based on their specific needs. We ask that customers contact us, so we can better understand their challenges and talk through options that might work for them. These may include a due date change, payment deferral, loan modification, or hardship refinance.

Customer satisfaction

Wells Fargo is focused on listening to customers, doing the right thing, and rebuilding trust. Improving the customer experience across Wells Fargo remains a priority. To that end, we're actively working to enhance our proactive approaches to soliciting customer feedback, while improving our response to customer complaints.

Net Promoter System®

To help us place customers at the center of everything we do, we're adopting the Net Promoter System, which is a proven approach to create a customer-centric culture focused on earning customer loyalty, while inspiring the energy, enthusiasm, and creativity of employees to accelerate sustainable growth.

The Net Promoter System begins with the foundational element of near real-time customer survey feedback, followed by calls to customers to understand their experience and identify ways to better serve them. This collated feedback drives employee recognition when we get it right, and employee coaching when we don't.

In addition, the Net Promoter System enables a companywide submission process to elevate customer experience improvements. We believe it will transform the way we do business – both in how we measure and think about the customer experience and how we behave and act every day to improve it.

Enterprise complaints management

In 2019, we established the Enterprise Complaints Management Office (ECMO) in an effort to standardize application of the Wells Fargo Complaints Management Policy across all lines of business. ECMO is monitored and validated

Responsible sales practices

We've worked diligently to address the root causes that contributed to our company's retail sales practices issues. We know many of our stakeholders still have questions about what we've done to eliminate product sales goals and change retail banking incentives. In summary:

- We eliminated product sales goals for retail bank employees who serve customers in our retail branches and retail banking contact centers, effective Oct. 1, 2016.
- We put in place a new incentive program in January 2017 for our retail bank employees to focus on the customer experience within our branches.
- We changed our performance review processes for retail bank employees and managers.
- We have established additional centralized monitoring and controls designed to provide enhanced oversight of sales processes, including periodic reviews and checkpoints to monitor unintended outcomes or behavior prompted by new incentives for retail bank employees.
- We introduced a new incentive compensation risk management program, which includes a comprehensive risk assessment component.

You'll find additional details on [Wells Fargo Stories](#) and in the [Wells Fargo 2020 Proxy Statement \(PDF\)](#), page 55.

by internal audit and oversight teams as well as external auditors and government regulators via updated metrics, reports, and scorecards to help make sure our processes, procedures, and data can be counted on at all levels of the organization.

ECMO's thousands of complaints management workers utilize Wells Fargo's first integrated, companywide complaint technology – the newly created Enterprise Complaints Management Platform (ECMP) – to coordinate proper routing, intake, research, and final resolution of complaints among Wells Fargo's front-line employees, line of business complaint teams, and five ECMO escalated Complaint Executive Offices.

Together with all these groups, ECMO tracks and addresses complaints that range from the seemingly simple “service complaints,” which are generally addressed by employees upon the initial call, to the more complicated “escalated complaints,” which require deeper research, operational risk reviews, and final communication of resolution.

The ECMP puts up-to-date customer information and capabilities at the employees' fingertips with data and supportive technology designed to enhance their effectiveness. On a planned path of continuous improvement, enhancements to the ECMP are made every few weeks to help employees work more efficiently and consistently to provide the kind of experience our customers deserve.

In addition, ECMO's Complaints Data, Analytics, and Reporting (CDAR) team is responsible for root cause analysis of complaints. CDAR has developed Advanced Listening tools and processes that leverage natural language and speech recognition, to deliver deeper insight into our customers' experiences. CDAR also helps to identify new

complaint trends and emerging risks, along with performing diagnostic analysis to identify potential systemic issues.

Integration of ESG criteria in Wealth & Investment Management

Sustainable investing has gained popularity as more investors seek strategies that offer both the potential for return and the opportunity to align investments with their personal values and the general principles inherent in ESG-focused investing. In April 2020, the [Wells Fargo Investor and Retirement Optimism Index survey](#) found that investors want more information about sustainable investing, with a majority of investors saying they would be likely to invest in companies that align with their values.

As a leading provider of financial and investment services, Wells Fargo Wealth & Investment Management (WIM) leverages its experience across brokerage, investment management, retirement, planning, and advice to provide clients with services and portfolios aligned with their financial goals, risk tolerance, and personal preferences. Sustainable investing at WIM may include:

- Comprehensive integration of ESG assessment into the investment management process.
- Strategies that align investment portfolios with client values and ESG principles.
- Active ownership practices, including engagement and proxy voting.
- Targeted private capital investments in impact areas such as water, timber, health care, and innovation.

Our approach

We're committed to the effective stewardship of the assets we manage on behalf of our clients. Our proprietary assessment process combines third-party data with our analysts' insights to develop a unique view on individual securities and investment products. Through this approach, we aim to select companies and money managers with strong ESG practices, which we believe may have the potential to offer greater long-term financial value.

Sustainable investing teams across WIM include analysts who have the Sustainability Accounting Standards Board (SASB) FSA designation and the Chartered SRI Counselor accreditation. The head of the team also serves on the Technical Advisory Board of SASB.

Our analysts, investment professionals, and advisors develop strategies and solutions targeted to their clients' specific needs. We follow a robust discovery process designed to understand a client's investment goals and broader sustainability values to deliver solutions that are aligned. WIM offers portfolios designed to make ESG accessible to all investors through our various businesses.

Wells Fargo Asset Management

Wells Fargo Asset Management's (WFAM) philosophy, policies, and processes are built around delivering on client and community expectations in a responsible and sustainable way. Analyzing salient ESG risks and wider sustainability themes enables us to better assess the investments we make, and combined with serving as responsible stewards of the assets we manage, ultimately helps lead to better outcomes for our clients.

ESG issues, climate risks, and other considerations that extend beyond conventional financial statement analysis have long been part of how WFAM's portfolio management teams evaluate investment opportunities. WFAM continues to work to:

- Research and integrate ESG and climate-related risk elements into ongoing investment processes and technologies.
- Develop new client solutions across asset classes and investment styles.
- Enhance the client experience through upgraded communications and enhanced transparency.
- Partner and lead in the future development of sustainable finance – within WFAM, WIM, Wells Fargo – and across the industry.

Specific details about how WFAM integrates ESG into its investment process can be found in the [WFAM ESG Policy and Process \(PDF\)](#).

In 2019, WFAM launched a proprietary ESG risk-scoring framework for corporate issuers globally across investment grade and high-yield credit. In addition, WFAM is taking action to address climate-related risks throughout its investment process at the security and portfolio level. WFAM created a Climate Change Working Group to research and integrate climate risk analysis into various facets of its investment process in a structured way.

We believe stewardship is core to active management and goes hand-in-hand with our commitment to integrate ESG into our investment process. The goal of our stewardship activities – engaging with companies’ management and voting proxies on our clients’ behalf – is critical to our ability to have a voice and exercise ownership rights to affect corporate activities, policies, and behaviors that impact the portfolio’s long-term, risk-adjusted returns.

WFAM also sees proxy voting as a significant opportunity to advocate for strong corporate governance principles and in turn generate long-term value.

ESG industry engagement and thought leadership

Wells Fargo is involved with leading global sustainability initiatives. WFAM is a proud signatory to the United Nations-supported Principles for Responsible Investment (PRI).

Additionally, WFAM works closely with leading industry associations, disclosure and standard bodies, and nonprofit organizations to drive integration of ESG in financial strategies and processes. We are a founding member of SASB’s Investor Advisory Group and a member of the SASB Alliance, as well as CDP, Climate Action 100+, and are part of the Advisory Council to the Green Bond Principles and Social Bond Principles Executive committee.

WFAM helps to shape the latest thinking and innovations on sustainable investing and global impact – insights can be found at WFAM’s full [Sustainable Investing library](#).

Wells Fargo Investment Institute

The [Wells Fargo Investment Institute \(WFII\)](#) provides education, guidance, and insights to inform investment decisions. WFII creates core investment strategies, investment research, and other forms of intellectual capital to support WIM businesses. WFII thought leadership includes the 2020 thematic report on [Sustainable Investing – Investing with a purpose](#).

WFII’s Global Manager Research (GMR) team provides information about how investment managers use ESG criteria in their investment offerings. GMR has categorized all investment managers and solutions on its list of approved investment strategies. GMR recently published, “How much ESG is really in your portfolio?,” which details the GMR ESG Analysis Framework methodology and highlights initial findings. The five ESG categorizations (immaterial, aware, integrated, key driver, and impact leader) facilitate a better understanding of investment managers’ level of ESG focus/integration and can help create diversified ESG-focused solutions that go beyond simple investment product labels and cursory claims.

WFII’s Global Portfolio Management team manages “ESG Aware/Focus” portfolios that range from conservative income to aggressive growth investment objectives. The ESG portfolios offer Wells Fargo Advisors and The Private Bank clients the combined benefits of sound investment and ESG principles, active mutual fund and passive ETF investing, and the tactical asset allocation guidance, money manager research, and portfolio management best practices provided by

WFII. Private Wealth Management is a division of Wealth & Investment Management serving high-net-worth and ultra-high-net-worth individuals, business owners, and family offices through Wells Fargo Private Bank and Abbot Downing.

Private Wealth Management

Private Wealth Management is a division of Wealth & Investment Management serving high-net-worth and ultra-high-net-worth individuals, business owners, and family offices through Wells Fargo Private Bank and Abbot Downing. [Wells Fargo Private Bank's](#) Social Impact Investing team specializes in managing sustainable and responsible investment portfolios for individuals and institutions. ESG analysis is incorporated into the Social Impact Investing Team's investment decisions and offers clients values-based customization capabilities. Offerings include ESG strategies for separately managed accounts aligned for specific client financial goals/values, such as sustainable, responsible, animal welfare, and religious values. These are offered across equities and real estate investment trusts (REIT) strategies, and – through the Social Impact Investing Team's partnership with the Fixed Income Strategies Team – fixed income as well. The team practices active ownership principles, including engagement and proxy voting, and aligns its engagement efforts with the United Nations Sustainable Development Goals.

The Private Bank [website](#) also offers [podcasts](#) and thought leadership perspectives including:

- Gender Equality and Inclusion
- Sustainable REIT
- ESG Materiality
- Show Me the Meaning: Values Based Investment Considerations

Within Wealth & Investment Management, Abbot Downing serves the unique needs of ultra-high-net-worth families, family offices, foundations, and endowments and has actively invested millions of dollars in targeted impact and ESG-oriented investments, particularly in the private capital arena, for more than a decade. Such investment opportunities include water, alternative energy, sustainable farming, double bottom line businesses, technological enhancement, health care innovation funds that target care for growing middle classes in emerging countries and a variety of other impact and ESG-specific investments.

Wells Fargo Advisors

Wells Fargo Advisors (WFA) is developing a robust set of solutions designed to help clients align investment portfolios with personal values and principles. The WFA's ongoing effort is intended to increase financial advisor and client education into the opportunities that have arisen in recent years across the sustainable investing landscape, in an effort to pave the way for better client outcomes that extend beyond financial considerations. WFA currently offers sustainable investing solutions, including:

- Working with partners across WIM, as well as external strategic resources to offer clients access to the latest thought leadership and products in the sustainable investing universe.
- Providing clients and financial advisors with account- and security-specific ESG and product involvement data that details company exposure to certain areas of interest and that utilizes both external data sources as well as the recently launched GMR ESG Analysis Framework.

- Educating financial advisors about sustainable investing, including both macro and societal trends as well as internal product options such as WFII's ESG Aware portfolios.
- Consultations with clients and financial advisors aimed at identifying client values and translating principles into actionable investment solutions.

Expanding financial inclusion

According to many studies, a significant percentage of Americans still lack access to secure and reliable financial services. The fact that many people are outside of the U.S. mainstream financial system presents the need for access to safe and affordable financial products and services that can improve the financial health and capabilities of low- and moderate-income (LMI) individuals and families, as well as members of historically marginalized communities.

We've made a concerted effort to develop products and services that are inclusive of all customers in every phase of their financial journeys. We constantly seek to learn about our customers' financial needs, behaviors, and goals to glean the insights that can help us tackle some of society's greatest challenges. Through our client-focused initiatives, we strive to support under-resourced customers, to serve populations who've been historically discriminated against, and to protect vulnerable customers who may be afraid or unable to speak up for themselves.

Advancing Homeownership® among low- and moderate-income and diverse individuals

LMI Americans and persons of color continue to have difficulty achieving the dream of homeownership. Our long-term focus on lending to these underserved segments is helping to bridge this homeownership gap. From 2009 to 2018, we originated more loans to LMI homebuyers than the four other largest bank lenders combined, and we made nearly as many loans to minority homebuyers as all those banks put together.

In 2016, our company made an ambitious five-year commitment to provide \$150 billion in new home purchase loans to minority households and \$70 billion in loans to LMI households. We've made significant progress toward these commitments. Our [ESG Goals and Performance Data \(PDF\)](#) provides year-over-year progress.

In 2017, we brought further focus to our work to increase the number of LMI and minority homeowners with the launch of [Advancing Homeownership®](#). This effort includes a mix of tools, information, and opportunities, all designed to remove barriers and expand access to homeownership, and support efforts to build stronger communities. Advancing Homeownership includes 10-year commitments to provide \$125 billion in home purchase loans for Hispanic homebuyers and \$60 billion in loans for Black and African American homebuyers. In

Performance trends can be found in the [Wells Fargo ESG Goals and Performance Data \(PDF\)](#).

Disclosures:

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

Sustainable investing focuses on companies that demonstrate adherence to environmental, social, and corporate governance principles, among other values. There is no assurance that social impact investing can be an effective strategy under all market conditions. Different investment styles tend to shift in and out of favor. In addition, an investment strategy's social policy could cause it to forgo opportunities to gain exposure to certain industries, companies, sectors or regions of the economy which could cause it to underperform similar portfolios that do not have a social policy.

addition, we've made a commitment to provide a total of \$25 million in funding for homebuyer education and counseling programs in support of these efforts.

To help achieve these homeownership goals, we've developed a comprehensive five-pillar strategy:

- Mirror the communities we serve by recruiting, hiring, and retaining diverse talent.
- Be present in the markets we serve – physically, virtually, and through marketing and outreach. Across the country, we're hiring community home mortgage consultants to establish a greater presence in key diverse and LMI communities.
- Develop relationships with key stakeholders and organizations. For example, the National Association of Real Estate Brokers, National Association for the Advancement of Colored People, and National Urban League publicly joined Wells Fargo to announce our \$60 billion commitment to Black and African American homeownership.
- Develop products, programs, and policies intended to promote growth in traditionally underserved markets. In 2016, we launched [yourFirst Mortgage®](#), a home loan program that offers a down payment of as little as 3% for fixed-rate mortgages, as well as lower out-of-pocket costs, expanded credit criteria, and incentives for homebuyer education.
- Develop and advance housing policy positions designed to increase access to affordable housing. [NeighborhoodLIFT®](#), a signature Wells Fargo homeownership initiative we executed in collaboration with NeighborWorks® America and its network members, creates pathways to homeownership through homebuyer education and down payment assistance grants.

We aim to achieve these goals while maintaining our focus on [fair and responsible lending](#).

Community Reinvestment Act

Wells Fargo received a rating of “Outstanding” in its most recent Community Reinvestment Act (CRA) performance evaluation, which covered the years 2012 to 2018. The CRA was established by the U.S. Congress in 1977. Under the CRA, the Office of the Comptroller of the Currency (OCC) assesses a national bank's record of helping to meet the credit needs of its entire community, including LMI neighborhoods. The current [performance evaluation \(PDF\)](#) noted that Wells Fargo is “a leader in making community development loans,” and cited our “significant use of innovative and/or flexible loan products” to meet credit needs. The performance evaluation also noted that our retail banking options are accessible in a majority of the areas surveyed and that we serve our customers through full-service ATMs, phone banking, online and mobile banking, and mobile payments.



Performance trends can be found in the [Wells Fargo ESG Goals and Performance Data \(PDF\)](#).

Supporting small businesses

We have a long history of being a strong partner to the small business community, which we support through a variety of deposit, lending, investment, and payment products. Through [Wells Fargo Works® for Small Business](#), we provide resources, tools, guidance, and insights for small businesses, including:

- **Business planning** – complimentary resources and tools to help create or revise business plans, understand financial basics, and streamline company operations.
- **Marketing** – essential marketing resources including market research, marketing tactics, sales methods, and tips to measure return on investment.
- **Business management** – resources to help small business owners understand relevant financials and cash flow, as well as employee management, legal, regulatory, insurance, accounting, tax, and environmental considerations.
- **Competitive intelligence tool** – market and competitive intelligence to help small businesses map competitors, customers, and suppliers and develop a targeted marketing campaign.

We strive to support diverse small businesses by making it easier for them to access the capital and training they need to grow, manage their finances, and achieve their business objectives. In 2015, Gallup released a study on this business segment. It was commissioned by Wells Fargo to gain insight into the attitudes, needs, and motivations

of diverse small business owners related to their use of credit. The study found that diverse small business owners were more likely than their counterparts in the general small business population to:

- Report having personal credit challenges and be declined for business credit.
- Have annual business revenues of less than \$50,000.
- Have a business in the startup and early growth stage.
- Be extremely interested in learning how to build a strong business credit application.

Our [Diverse Community Capital program](#) was created to respond to the needs identified in this study. We work with external organizations to provide technical assistance, development opportunities, and grant and debt capital to Community Development Financial Institutions that serve and help diverse-owned small businesses grow.

Women-owned businesses are one of the fastest-growing small business segments. To support women aspiring to run science, technology, engineering, and mathematics (STEM) businesses, we've partnered with STEM Connector to fund the Million Women Mentors Entrepreneurship Initiative Mentor Program. This one-year business development program pairs female owners of well-established small- and medium-sized businesses with accomplished executives who mentor these female CEOs and help them strengthen and grow their STEM businesses.

For dentists, veterinarians, physicians, optometrists, and other health care providers interested in running or expanding their own practices, Wells Fargo Practice Finance provides specialized financing and resources – such as planning tools and project management support – to help them buy, equip, and refinance those practices.

Protecting aging and dependent adults

The U.S. Census Bureau projects that in 2034 older adults (those 65 and older) will outnumber kids (those 18 and under) for the first time in U.S. history. As the aging of America takes place, we recognize that the risk of financial fraud and exploitation will grow. Aging and dependent adults often rely on others to assist or direct them in their financial affairs, and that makes them more vulnerable than other customers to the risk of fraudulent schemes or undue influence.

At Wells Fargo, we're concerned about financial abuse of aging and dependent adults, and we've made dedicated efforts to combat the issue. In 2019, we established an Aging Client Services center of excellence that focuses on:

- Guiding best practices and procedures for preventing, detecting, reporting, and responding to financial exploitation.
- Building awareness through education and advocacy.
- Championing legislation to advance protection of older adults.
- Harnessing data to identify risks and opportunities.
- Assisting with the development of new products and services that enhance the aging experience for older adults and their families.

Additionally, our Elder and Dependent Adult Financial Abuse Policy outlines our employees' responsibility to understand and identify warning signs, file unusual activity reports, and report suspected abuse.

The U.S. financial system has numerous protections for customer privacy and rules designed for the prompt execution of financial orders. But older clients and other vulnerable adults are still confronted with constant and ever-changing efforts by criminals to unlawfully take their savings. We support systems and laws that provide for exceptions to privacy laws and permit financial institutions to temporarily execute holds that, along with other mechanisms, can prevent or mitigate the harm of suspected elder financial abuse.

Helping students to understand all their options

The majority of students graduating from college in the U.S. leave school with some form of student loan debt. When it comes to financing an education, we believe students should make informed decisions about loan selection, refinancing, consolidation, repayment, and applicable forgiveness options.

Before ever securing a private student loan, Wells Fargo helps students understand their options. These include grants, scholarships, federal student loans, and loans from other sources. We encourage our customers to work closely with their schools' financial aid offices and to complete the Free Application for Federal Student Aid, which is the first step toward receiving federal student aid.

Through [CollegeSTEPS®](#), a website we created to help college students manage their money, students can access planning and educational resources on topics such as paying for college, finding scholarships, understanding credit, getting ready for school, and managing and earning money while in school. Making informed decisions enables students to responsibly manage their debt, before it can become a hardship in the future. Private loans, which generally include ability-to-pay provisions and are subject to an underwriting process that evaluates the borrower's credit, may provide protections that are not available for federal loans.

For students and families who decide that a private student loan is the right option for them, [Wells Fargo's Responsible Lending Principles for Education Financing](#) detail our approach to providing quality products, including fair and responsible lending. The majority of private student loans we issue are disbursed directly to the educational institution's financial aid office after the loans have been certified by the school. This helps to verify that the student is enrolled and isn't borrowing more than is needed to cover education expenses.

In 2019, we responded to strong customer demand and modified our student loan consolidation product to enable refinancing of federal student loans. In response to the COVID-19 pandemic, the federal government temporarily reduced federal student loan rates to 0% and suspended payments. As a result, Wells Fargo has temporarily suspended consolidations of federal loans. However, students will still be able to consolidate or refinance their existing private loans.

Regardless of the underlying loan type (federal or private), Wells Fargo's consolidation product seeks to fully inform and better protect customers by:

- Allowing customers to view custom rate and payment estimates before they apply with no impact to their credit scores.
- Providing disclosure and requiring formal customer acknowledgment of federal loan benefits that are forfeited through the consolidation process.
- Applying underwriting rules that help make sure that all refinanced loans receive a rate, payment, and/or total of payments benefit.
- Offering a patent-pending Detailed Loan Review process that enables customers to review and compare how refinancing will impact each underlying loan; this allows for loans to be added or removed, and for terms and rate type to be changed in real time.
- Providing one-on-one interaction with a student loan consultant to help the customer make informed decisions.

Addressing unique LGBTQ community needs

For members of the LGBTQ community, financial planning needs, from the simple to the complex, can come with a unique set of challenges. These include credit issues for same-sex partners, adoption by same-sex couples, tax implications, savings plans, elder care, long-term retirement savings, or name changes due to gender reassignment. In the U.S., we're proud to offer this community access to professionals who are specifically trained to understand the complex

financial needs of LGBTQ couples and individuals. We've been at the forefront of our industry's efforts to meet those needs for more than a decade. Our [LGBTQ Resource Center](#) provides valuable information, from everyday banking to starting a new business.

While the U.S. Supreme Court has extended marriage rights and employment protections to individuals within the LGBTQ community, the absence of other federal protections has the potential to impact their financial well-being. To address the financial needs and considerations of domestic partners, some Wells Fargo Advisors have been trained on key issues affecting domestic partners and are dedicated to providing tailored investment-planning solutions.

Aging LGBTQ adults experience health conditions and disparities that create high levels of social isolation, and even higher levels of financial insecurity than among older Americans in general. Wells Fargo is working with SAGE, an advocacy group that offers services to LGBTQ elders, to design and launch a Financial Resiliency Center for LGBTQ Older People. This online financial health program is expected to (1) immediately contribute to financial health and planning for LGBTQ elders during the COVID-19 pandemic; and (2) lay the foundation for a sustainable, ongoing financial health initiative to benefit this highly vulnerable older population long-term.

We also help LGBTQ business owners to access capital and financial resources. In 2004, Wells Fargo became the first financial institution to join the [National Gay and Lesbian Chamber of Commerce](#) (NGLCC), an organization created to better address the financial and educational needs of LGBTQ businesses. We're proud to be the founding sponsor of the NGLCC Supplier Innovation Center in Washington, D.C., which is focused on groundbreaking education and networking opportunities for certified LGBTQ businesses.

Supporting America's service members

For more than 165 years, Wells Fargo has proudly followed through on our commitment to military service members, veterans, and their families. In 2012, we created our Military Affairs Program to expand outreach to members of the military community and help them achieve financial success. Our [Military Resource Center](#) provides support for military and veterans through tools and resources that include:

[Financial readiness](#)

[Banking services](#)

[Mortgage services](#)

[Servicemembers Civil Relief Act \(SCRA\) benefits](#)

In addition to the benefits offered under SCRA, Wells Fargo offers expanded mortgage benefits to eligible service members through mortgage assistance, foreclosure and repossession protections, additional support for military family members, and more.

To support financial readiness, we offer the [Hands on Banking® for Military](#) program, which is designed to empower service members to gain financial knowledge and skills that can help them manage all stages of life, from permanent change of station to deployment to retirement. In addition, Hands on Banking is integrated into the [National Foundation for Credit Counseling*](#) Sharpen Your Financial Focus program. As the exclusive sponsor of the Military Family Financial Readiness Council, led by the [Military Family Advisory Network*](#), we're as committed as ever to helping military families overcome financial challenges and succeed financially.

We also support veteran-owned businesses through our supplier diversity strategy. We're corporate members of the National Association of Veteran Owned Businesses, and we work closely together to identify veteran-owned businesses to compete for Wells Fargo's procurement opportunities. In addition, we invest each year in helping veteran-owned businesses grow by sending veteran business owners to top executive education programs across the country.

Furthermore, we continue to work internally and collaborate externally with organizations aligned with our efforts to support housing affordability, financial health, small business growth, and career transition. Our ultimate goal is to empower military communities to effectively navigate life's transitions and achieve ongoing career, community, and financial success, while making a positive difference for others.

Empowering disabled customers

Wells Fargo has been financially empowering people with disabilities for nearly 170 years. As part of the company's ongoing commitment to people with disabilities, we launched the Enterprise

Accessibility Program Office and In-House Accessibility Consulting in 2017 in the U.S. The Enterprise Accessibility Program Office's ultimate goal is for all individuals – employees, future employees, and customers – to access and utilize Wells Fargo physical and digital properties with ease, and for the company to go beyond accessibility requirements. Additionally, In-House Accessibility Consulting, a group of accessibility experts, build in accommodations from the very beginning of projects to help make sure Wells Fargo digital properties are available to everyone. When accessibility is considered early and throughout design, more customers, including people with disabilities, can better access products and services, and conduct financial transactions online and mobile, by phone, and in our branches.

A national alliance between Wells Fargo and [Disability:IN*](#) provides continued education opportunities for disability-owned business enterprises and service-disabled veteran disability-owned business enterprises. Wells Fargo underwrites scholarships that help these individuals participate in the Dartmouth University Tuck Business School's [diverse business education program*](#).

Responsible marketing supports informed decisions

We aim to provide current and prospective customers with products and services in a transparent, consistent, and responsible manner. We have processes and procedures in place designed to provide customers with information that allows them to make informed decisions on our products or services. And we believe that information should be provided in a manner that is accurate and understandable.

Our marketing activity is subject to Legal and Compliance policies designed to help make sure we're accurately portraying our products and services, evaluating content for gender biases or other discriminatory practices, and not misleading our customers.

Wells Fargo Marketing strives to provide current or potential customers, including diverse populations and those with disabilities, with equal access to our content. That includes our websites, television ads, digital videos, emails, social posts, multimedia, and other content channels. We offer communications in Spanish, Chinese, and other languages in addition to English. We also have accessibility experts who engage with our marketing teams and partners to help consider accessibility in every phase of the marketing campaign development process. And we have an enterprise digital accessibility policy that is designed to adhere to the industry standard for digital (web) accessibility, the W3C's Web Content Accessibility Guidelines (WCAG 2.0 AA), and the Americans with Disabilities Act (ADA) Title III.

Information and cybersecurity

Wells Fargo manages billions of customer interactions each year and we take a proactive approach to information security and cybersecurity. We're continuously investing in emerging technologies and leveraging our digital channels and assets with the goal of making digital banking faster, easier, smarter, and safer for our customers.

Information and cybersecurity governance and oversight

Wells Fargo's Information and Cyber Security (ICS) organization aims to protect Wells Fargo systems, networks, and customer data through the design,

execution, and oversight of our Information Security Program (ISP). ICS is led by our chief information security officer, who reports to the head of Wells Fargo Technology. The Wells Fargo Board of Directors annually approves the ISP and is kept informed of the ongoing status of the program.

Wells Fargo organizations and employees, as well as vendors, nonemployees, and third parties with access to our systems or sensitive information, must adhere to the ISP's policies, procedures, and requirements. Those requirements are designed to help make certain that information security risks are effectively identified, assessed, mitigated, and reported throughout Wells Fargo.

The Wells Fargo ISP is designed to comply with applicable laws and regulations, and uses guidance from many industry best practices, including the National Institute of Standards and Technology (NIST) Cybersecurity Framework, the International Organization for Standardization (ISO) 27002 standard, the Payment Card Industry Data Security Standards, and COBIT 5.

Managing information and cybersecurity risk

As a federally regulated financial institution, Wells Fargo is required to meet government-mandated requirements concerning the management of risk within our information technology infrastructure. This includes internal audits, as well as independent external reviews and exams.

Information security risk (including cybersecurity) is a key risk type at Wells Fargo. That's why information security risk management is guided by a set of foundational principles that direct how our company operates, including a functional framework, risk coverage statements, and risk appetites.

Cyber defense management

From malicious software to phishing emails, cyberattacks on the internet have created an urgent need for all of us to increase our cybersecurity awareness. Wells Fargo's ICS Cyber Threat Management team supports threat and vulnerability management, and intrusion detection policies. It also develops best practices based on an assessment of the internal and external threat landscape, and leads companywide efforts to reduce our exposure through continuous monitoring of several key information security control areas, including:

- Management of security patches and security configurations
- Condition and activity monitoring
- Threat and vulnerability management
- Patch management processes

Our defense strategy includes continuous monitoring, integrated risk management, identification of human risk factors, enhanced customer awareness, and external engagement on best practices. We prepare the enterprise for cyberattack scenarios through education, training, and simulations. We also conduct cyber exercises with other financial services companies and government agencies to help build a stronger, more secure environment for the entire industry.

Effective data protection reduces our risk from incidents related to information theft, loss, or disclosure. We require hard drive encryption on all laptops. And we also require email encryption for all sensitive data. USB ports are locked down and only available for use with a company-approved encrypted thumb drive. We've also implemented data loss prevention technology across the enterprise to help identify or block the transmission or release of confidential customer information.

Third-Party Information Security Risk Management

Wells Fargo has an established Third-Party Information Security Risk Management Program that reviews and assesses third parties prior to engagement and throughout the third-party relationship. The program also requires periodic risk assessments to be conducted throughout the term of the engagement, the type of interval of which are driven by the risk associated with the engagement. In providing products and services to Wells Fargo, third parties and their employees are required to adhere to information security standards and requirements. These standards also apply to third parties located outside of the U.S. who have access to company and consumer information for purposes of delivering products or services to or on behalf of Wells Fargo. As part of this compliance obligation, we have contracts in place with third parties that include confidentiality language, nondisclosure obligations, and security provisions.

Training employees to protect customer information

Employees and contingent resources with access to Wells Fargo's systems or customer information are required to complete annual training on customer information protection and Gramm Leach Bliley Act (GLBA) 501(b) compliance. They're also required to abide by our Code of Ethics and Business Conduct, including its provisions related to the treatment of confidential information. We regularly update companywide training, policies, and information-handling standards to help Wells Fargo employees understand their role in protecting customer information. We perform employee background checks, which we also require for nonemployees and third-party service providers who handle Wells Fargo's customer information.

Educating customers on digital security

The world continues to become increasingly digitally interconnected, which allows greater access to information and services in the financial services industry. In this environment, we encourage digitally active customers to protect their accounts by offering security options like two-factor authentication, biometrics, and the ability to turn debit cards on and off.

Our [online security center](#) provides customers with resources to explore security options, spot scams, report fraud, and more. We also provide educational materials that encourage customers to create strong passwords, avoid suspicious links, keep their software updated, limit the personal information they share online, and use a screen lock on mobile devices.

Protecting data in open banking environments

With the growing number of apps designed to help customers lead healthier financial lives, there's an increased chance that customers' banking information can be accessed and used without their knowledge or permission. Wells Fargo believes it's important to support our customers' ability to use these apps to share their Wells Fargo account information in a seamless and more secure way. So far, we've reached data exchange agreements with at least 15 platforms, including Plaid and Intuit. This gives our customers greater control over the bank account information they share with supported apps, including the ability to turn data sharing on or off through our Control TowerSM digital experience.

Protecting customer privacy

We take a risk-based approach to managing privacy in our effort to meet customer, employee, and regulatory expectations regarding appropriate data use. Managing privacy risk is the responsibility of every Wells Fargo employee. To this end, we have instituted mandatory privacy training in addition to comprehensive business line policies and procedures to help minimize privacy risk.

The regulatory landscape which governs the collection, processing, and securing of personal information is rapidly expanding. In the U.S., the California Consumer Privacy Act (CCPA) is a sweeping state privacy law that provides enhanced privacy rights to California residents. Other states continue to introduce legislation to further expand privacy rights and protections to their residents as well. Numerous regions or jurisdictions around the world have enacted or proposed privacy and data protection laws, including in the EU the General Data Protection Regulation or GDPR. We actively track these developments, and adjust privacy practices accordingly.

Privacy governance and oversight

As evidenced through our policies and three established lines of defense within the Risk Management Framework, transparency is an increasingly important priority. Our privacy policies reflect fundamental data protection and privacy principles, and establish the standards which govern how we collect, process, use, and share personal data.

Our internal privacy and related policies:

- Define the privacy principles and standards that businesses must adhere to when collecting, processing, or disclosing personal data.
- Establish privacy principles regarding transparency, notice, collection and retention, use and disclosure, access, and additional topics.
- Establish an Enterprise Privacy Program Office to provide independent risk management oversight for privacy risk.
- Create front-line responsibilities, such as privacy leaders, to address the risks generated by their business or enterprise function.
- Establish guidance and standards for servicing data subject requests where required by applicable law and privacy complaints.

The second-line function, Compliance Enterprise Privacy, as well as front-line privacy functions report up through their respective senior executives to the Board of Directors. These groups and other privacy stakeholders actively engage with and coordinate across Wells Fargo to help minimize privacy risk.

The front-line is responsible for self-assurance related monitoring, helping to identify and control privacy risks where they are generated. In response to the CCPA, a centralized front-line operational team was established to handle data subject requests and related operational requirements.

Privacy Center

The [Wells Fargo Privacy Center](#) web portal is a resource for people to make requests to see certain personal data we have about them, or ask us to delete certain data that our businesses located in the U.S. have collected from them, subject to several exceptions and exemptions which are explained in the Privacy Center [Important Information \(PDF\)](#). More information about the types of data we collect, how we use it, and choices available to individuals, is available at <https://www.wellsfargo.com/privacy-security/>.

Investing in our employees

Culture

At Wells Fargo, we aim to work every day with the highest standards of integrity and operational excellence to deliver what's expected of us by our stakeholders. Being our best takes all of us working together with a shared understanding of what we do and how we do it. Our past provides perspective and guidance, but we are moving with urgency and optimism toward our future. Approaching our work in new ways and challenging past perspectives helps us make the most of the meaningful opportunities that exist across all of our businesses. We are changing the way we run the company and redefining parts of our culture in order to be more effective.

In 2020, we introduced a new set of expectations for everyone at the company. These expectations guide how we lead ourselves, collaborate with our colleagues, and make decisions. The following expectations apply to everyone at Wells Fargo, at every level, and in every role.

- Embrace candor
- Do what's right
- Be great at execution
- Learn and grow
- Champion diversity and inclusion
- Build high-performing teams (for managers)

Diversity and inclusion

Meeting the increasingly diverse needs of Wells Fargo's global customer base is critical to our company's long-term growth and success. To be successful, we must create a truly diverse and inclusive workforce that brings a wide range of insights and perspectives to all levels of our company. That's what will drive us to the best possible ideas and outcomes. We're advancing diversity and inclusion – helping ensure that all people across our workforce, our communities, and our supply chain feel valued and respected and have equal access to resources, services, products, and opportunities to succeed.

We have separate diversity and inclusion strategies in place for our U.S. and international locations, due to complexities and nuances among the jurisdictions in which we operate. But all these strategies seek to align with our companywide priorities, while being consistent with regional business strategies, and cognizant of local demographics, legal and regulatory requirements, and cultural and social dynamics.

Performance 
trends can be
found in the
Wells Fargo
[ESG Goals and
Performance
Data \(PDF\)](#).

We announced in March 2020 that our CEO will review the following expectations with each member of our Operating Committee:

- Require diverse candidate slates and interview teams for key roles at Wells Fargo with total direct compensation of more than \$100,000. (At this time, this is applicable only to the U.S.-based interview process. International will be considered in future phases.)
- Sustain our diverse supplier program and explore opportunities with diverse asset managers and other business partners.
- Include diversity and inclusion objectives, metrics, and activities in all regular business reviews.
- Launch a “returnship” program focused on diverse talent who have been out of the workforce for an extended period to support their return to the industry.
- Build a formal development program for high-potential employees to create a more diverse and inclusive talent pipeline.
- Expand the reach of early talent program recruiting by increasing our participation in the U.S. with Hispanic-serving institutions (HSIs) and historically black colleges and universities (HBCUs); this includes in-person and virtual diversity events.

Wells Fargo’s Operating Committee members are also expected to:

- Increase diverse representation at all levels in their functions or lines of business.
- Personally sponsor an employee resource group.
- Host quarterly diversity- and inclusion-focused conversations across the company.

- Actively engage in external diversity and inclusion efforts, including at least one of the following:
 - Partnering with talent acquisition to recruit from one of the HSIs or HBCUs on our core recruiting list.
 - Participating in diversity events, along with a commitment to potentially interview and hire on the spot.
 - Identifying and engaging with an external diversity-focused organization related to their lines of business or functions.
- Implementing an enterprise-developed sponsorship program within their lines of business or function.
- Building internal and external diverse leadership pipelines.

In addition to the broad set of expectations described above, in June 2020, our CEO made additional commitments to increase Black and African American employee representation (see [Facing racism and social injustice in America](#) section).

We’ve worked hard to develop a robust diversity and inclusion program that’s composed of an Enterprise Diversity and Inclusion Council, line of business diversity and inclusion councils, employee resource groups, training, and dedicated partners and associates to help make sure that our company continues to grow and that our business will be sustained in a changing marketplace.

Diversity and inclusion councils

Diversity and inclusion priorities and goals are set by the Enterprise Diversity and Inclusion Council, which is led by our CEO and comprised of leaders across the company. We also have diversity and inclusion councils at the line-of-business and functional levels, and for our cross-enterprise

international regions. They're all aligned with and support the enterprise diversity and inclusion strategy, which focuses on employee outcomes, marketplace (including customers and suppliers), and advocacy (external relationships, community, and reputation efforts). Enterprise Diversity and Inclusion Council members collaborate on priority initiatives with members of our line-of-business and international diversity councils and employee resource groups.

Employee resource groups

Our employee resource groups are devoted to professional growth and education, community outreach, recruiting and retention, business development, and customer insight. The networks, with chapters around the globe, are organized by employees who share a common background, experience or other affinity, and they're open to all employees. They promote cultural competence and provide a place for employees to connect, learn, build and leverage their skills, and impact business outcomes. We have 10 employee groups representing diversity dimensions including Asian, Black and African American, Disabilities, Latin, Middle East, Generational, Native Peoples, LGBTQ, Veterans, and Women's.

Diversity and inclusion training

Seeking, accepting, and encouraging diverse perspectives and making sure others feel included and valued are behavioral expectations at Wells Fargo. We ask employees to familiarize themselves with our diversity and inclusion strategy, priorities, and available tools and training. Employees complete training that focuses on understanding our diversity and inclusion foundations, recognizing

Diversity and inclusion responsibilities

- **Make sure that people feel included, valued, supported, and heard.**
- **Recognize and address your own biases.**
- **Seek, accept, and encourage diversity of people and thought.**

unconscious bias, appreciating differences, and leading inclusively. We offer experiential learning programs to provide deeper learning and collaboration on key diversity and inclusion initiatives and topics.

Collaborating to attract, develop, and retain diverse individuals

Our goal is for our employees to reflect the diversity of the communities we serve. To that end, we strive to attract, develop, and retain the best-qualified, most diverse group of employees we can find. However, diversity is only part of the equation. We also work to foster an inclusive culture that values differences and is open to new ideas. We know this results in better decision-making and innovative solutions that give us a competitive advantage in the marketplace.

Wells Fargo works with multiple diversity organizations that focus on racially and ethnically diverse communities, women, veterans, people with disabilities, and the LGBTQ community. These organizations provide us with an opportunity to build relationships and recruit diverse talent at different stages of professional life. Our employees are active members of these organizations and some serve in leadership roles. These groups also offer our

employees developmental opportunities at their annual conferences and chapter-level events throughout the year. Through a combination of direct recruiting and support of these partner organizations, we engage in a host of activities to educate, support, and attract diverse talent.

Key partners include:

- The Hispanic Scholarship Fund
- The National Association of Black Accountants
- The National Black MBA Association
- The United Negro College Fund
- Management Leadership for Tomorrow
- The Forte Foundation (Women in Business)
- Women in Technology International (WITI)
- ROMBA (Reaching out MBA - LGBTQ)
- ASCEND (Asian Professional organization)

Supporting employees with disabilities

We seek solutions and reasonable accommodations that help our employees with disabilities or medical restrictions successfully do their jobs. We collaborate with employees to explore such accommodations through a dedicated team of diverse multidisciplinary professionals with expertise in occupational health and psychiatric nursing, vocational rehabilitation, behavioral/mental health, ergonomics, disability management, human resources, employee relations, benefits, and leave administration. We continue to see an increase in the number of our employees who self-identify as having a disability, as well as in our ability to recruit top talent who do.

Hiring military veterans

We employ military veterans, veterans with disabilities, and active and reserve duty military personnel and their families. And we back that commitment with a variety of resources, educational information, and career guidance. For military members seeking employment with our company, we offer the [Veteran Employment Transition \(VET\) Program](#), [Military Apprenticeships](#), and our Boots 2 Banking hiring initiative. These platforms offer candidates opportunities to gain financial service industry experience. For family members, we offer the [Wells Fargo Veterans Scholarship](#), Military Property CareSM, and [Hands on Banking](#).

In addition to the direct support we offer military members and their families, we also provide indirect assistance to the military community through our involvement and contributions to various [Veteran Service Organizations*](#) and military family support programs. We also offer support through foundation donations, employee volunteer hours, and event sponsorship.

Facing racism and social injustice in America

Inequality and discrimination have been all too real, for far too long, and must not continue. Race-related issues this year in the United States have exposed much pain and frustration with the lack of progress in eradicating racial inequities within our country and around the world. That's why we support those expressing their voices and taking action globally, nationally, and locally to support change. We hope that the protests across the country and world are the beginning of the end: the end of policies, processes, and systems that undermine Black and African American people and communities.

Here at Wells Fargo, we have taken time to listen and learn from employees, customers, and stakeholders to determine the best approach to drive real and meaningful change.

We know there is much to be done and that it will take time. Initially, we have announced:

- The creation of a new Diversity and Inclusion role that will report directly to the CEO.
- Senior level accountability: As part of the year-end evaluation process, Operating Committee members will be evaluated based on their progress in improving diverse representation and inclusion in their areas of responsibility.
- Education sessions: A series of education sessions will be offered to employees to help them gain personal perspectives on the reality of racism in the U.S.
- Expanded antiracism manager training: All managers, beginning with the Operating Committee and then the Management Committee, will be required to participate in a new, live, and interactive program specifically designed to tackle today's challenges.
- Increased representation: We have committed to doubling our Black and African American leadership over the next five years and will build broader representation on the Management Committee so we can promote from within.

We remain committed to the several long-standing programs that we have in place to help the Black and African American community, including the commitments we've made to support homeownership and entrepreneurship. Additionally, in March 2020, we announced our plans to invest up to \$50 million in African American Minority Depository Institutions as part of Wells Fargo's commitment to supporting economic growth in Black and African American communities.

Beyond our support for the Black and African American community, in March 2020, Charlie Scharf outlined his intentions to advance our diversity and inclusion efforts throughout the company by increasing diverse representation at all levels of our workforce, expanding our diverse talent programs, and sustaining our diverse supplier program.

Addressing harassment in the workplace

We prohibit sexual harassment, as well as any form of harassment of any of our employees, contingent resources, vendors, employment applicants, or customers on the basis of an individual's race, color, gender, national origin, religion, age, sexual orientation, gender identity, gender expression, genetic information, physical or mental disability, pregnancy, marital status, status as a protected veteran, or any other status protected by federal, state, or local law. And we are committed to protecting those who report harassing behavior from retaliation.

The treatment of sexual harassment claims has become an increasingly prominent issue across all industries. We've taken many steps intended to create and maintain a workplace environment that promotes and protects the safety and well-being of our employees. Among other things, we decided in 2020 that our company will not require arbitration for employees in connection with any sexual harassment claims.

Performance management

Our company's performance management program includes a balanced framework designed to promote risk management, discourage imprudent or excessive risk-taking, and encourage personal accountability as an opportunity for reward and recognition. Performance management is a key facet of how we keep our employees aligned with our culture, values, and company expectations. That's why we continuously refine the way we evaluate and manage our employees' performance. Recent enhancements to our performance management framework include the introduction of a multipoint rating scale, a new approach to prioritizing risk management via a Risk Overlay,

and the removal of objective weightings. We've also added more checkpoints between managers and employees, including an opportunity for employees to acknowledge receipt of their performance objectives. Our Performance Management Policy establishes our performance management expectations and requirements for all Wells Fargo employees.

Each year, employees must have defined performance objectives so they know where to focus their time, efforts, and resources, and understand how their performance will be evaluated. We expect managers and employees to actively initiate and engage in ongoing coaching and feedback conversations throughout the year. On an annual basis, managers complete a performance evaluation that assesses each employee's performance for the year. This annual evaluation documents feedback, progress, and performance for each objective, evaluates the employee's risk management performance, and includes an overall performance summary that provides a holistic summary of performance inclusive of risk performance. Employees receive ratings for each objective, for the Risk Overlay, and for overall performance based on the company's established rating scale.

Performance improvement opportunities are addressed as needed through documented feedback and coaching, a documented performance improvement plan, or, as warranted, a documented performance-related corrective action.

For employees whose roles involve promotional or sales activity during the lifecycle of a financial product or service, performance objectives must be designed to help make sure that they don't encourage excessive or inappropriate risk, and that they are subject to oversight. You can find more information in our most recent proxy statement.



Performance trends can be found in the Wells Fargo ESG Goals and Performance Data (PDF).

Employee training and development

We invest heavily in coaching and training for employees and managers. That's because we believe that when our employees feel properly supported, engaged, and confident in their skills, they're more effective leaders and can provide an even better customer experience. We invest approximately \$250 million annually in employee learning and development, which includes functional training, leadership and professional development, and early talent programs for employees.

Wells Fargo's learning platform – Develop You – gives our employees access to relevant training courses. This global platform uses a modern, easy-to-navigate layout coupled with machine learning and new features that work together to help employees complete assigned trainings more efficiently. What's more, it also helps them find development opportunities aligned with the skills they need to grow their careers. The platform catalogues more than 10,000 learning events, with curricula that range from four minutes to two weeks in length.

In addition to formal learning programs, we support our employees through mentoring, coaching, networking, and early talent program recruiting and development programs.

Our Corporate & Investment Banking (CIB) early talent programs use diversity forums as a way of sourcing outstanding college talent. Each year CIB brings in approximately 250 interns and 200 full-time hires to meet the business's staffing needs. Interns participate in a program that is typically 10-weeks long, and much of CIB's full-time talent is sourced from that program. These individuals join the firm as Analysts or Associates and participate in intensive in-residence technical

training programs. We also provide participants with developmental resources and support designed to help them be successful throughout their Wells Fargo careers.

Leadership and professional development

Every Wells Fargo employee is called to be a leader. We provide leadership training opportunities through such programs as Leading through Change and Transition, Extraordinary Leader, Coaching and Feedback in the Moment, and several Diverse Leaders programs.

Our Coaching and Feedback in the Moment (CFIM) program aims to build the coaching capabilities of managers at all levels, as well as individual contributors who coach others in their roles through in-person or virtual classes, supported by online learning activities. Leaders learn approaches for offering feedback and coaching in ways that aim to evoke insight and promote lasting behavior change. They discover how to weave coaching into their leadership style and create a collaborative coaching environment within their teams. As of September 2019, nearly 30% of our managers had completed CFIM. A preliminary study indicated that managers who participated in this training were more likely to conduct monthly (or more frequent) performance check-ins. What's more, their employees reported that they were more actively engaged in those performance discussions.

Our Manager Excellence learning program is designed to provide new managers with a consistent foundation and understanding of what's expected of them and the tools and resources available to them. The program helps build skills so that managers can focus on building high-performing and engaged teams.

The program's components include:

- Independent learning
- Social communities and networking with peers
- On-the-job assignments
- Live webinars with internal subject matter experts in various subjects (e.g., employee relations and compensation)

Wells Fargo colleges

We recently launched our first internal college with a focus on credit training. The mission of Credit College is to provide a companywide portfolio of learning solutions that makes Wells Fargo an industry leader in credit training. The college has a dedicated Learning & Development support team that curates training based on the learner's needs as they align with the target competencies. Our focus is on career-long development, and the college will evolve and grow as our business does. Our goals are to enable credit professionals to make better decisions and provide better loans, as well as engage, grow, and retain credit talent. Based on the success of this program, we plan to introduce additional colleges in the future.



Performance trends can be found in the Wells Fargo ESG Goals and Performance Data (PDF).

Competitive compensation

Our compensation program is linked to performance management and is designed to promote prudent risk management and reinforce our culture and operating standards. Our compensation principles include:

- **Pay for performance** – Compensation is linked to company, line of business, and individual performance, including meeting regulatory expectations and creating long-term value consistent with the interests of shareholders.

- **Promote effective risk management** – Compensation promotes risk management and discourages imprudent or excessive risk-taking.
- **Attract and retain talent** – People are one of the company's competitive advantages; therefore, compensation helps attract, motivate, and retain people with the skills, talent, and experience to drive superior long-term company performance.

To confirm that our pay is competitive in the marketplace, jobs are priced against our competitors at least annually. We look across industries because our competition for talent extends beyond the financial services sector. We invest significantly in salary increases and promotions for all roles at all levels across the company. For example, in addition to merit increases that result from annual performance reviews, each year, we have averaged approximately 42,500 employee promotions with salary increases.

We aim to provide fair, competitive, and equitable compensation. In March 2020, we announced an increase in our United States minimum hourly base pay in the majority of our markets. Our minimum hourly pay range in the U.S. will be \$15 to \$20, based on the cost of labor in each Wells Fargo market. We also will be reviewing and adjusting the hourly pay for those whose pay is already at or close to the new minimum hourly wage.

Incentive Compensation Risk Management

Our compensation principles are supported by our Incentive Compensation Risk Management (ICRM) program, which establishes the expectations and requirements related to the design and oversight of the incentive

plans for employees. The program seeks to provide eligible employees with incentives that appropriately balance risk and reward by establishing the governance framework, policies, risk management standards, and processes under which we manage incentive compensation risk. The program initially was focused on financial (credit, market, and liquidity) risk, and over time we have refined the program's scope to better reflect Wells Fargo's risk appetite and risk management goals and to meet evolving regulatory requirements. The ICRM program is designed to account for many potential risk types, including risks related to misconduct and reputational harm.

As part of the enterprise incentive compensation design process, the business-aligned compensation and performance management teams must:

- Conduct an annual incentive compensation risk assessment for each existing incentive compensation arrangement and an incentive compensation risk assessment, for each new incentive compensation arrangement or in-year revision of an existing arrangement, prior to implementing the incentive compensation arrangement.
- Partner with appropriate enterprise functions to model plan measures for any new or materially revised incentive compensation arrangements before arrangements are finalized.
- Obtain appropriate stakeholder review and approval of the plan and verify that plan documents are distributed prior to the plan effective date.

- Evaluate whether the use of long-term incentives within a short-term incentive compensation arrangement (for example, as a risk-balancing feature) is in accordance with policies, procedures, and companywide guidance.

Please see our most recent [proxy statement](#) and the [executive compensation](#) section of this report for additional details.

Pay equity review

Wells Fargo is committed to fair and equitable compensation practices and we regularly review our compensation programs and practices for pay equity. Each year, we engage a third-party consultant to conduct a thorough pay equity review of employee compensation, which considers gender, race, and ethnicity. The results of our 2019 review, after accounting for factors such as role, tenure, and geography, show that women at Wells Fargo continued to earn more than 99 cents for every \$1 earned by their male peers. In addition, our employees who are people of color in the U.S. continued to earn more than 99 cents for every \$1 earned by white peers. These results have remained consistent since we started publishing the results of our pay equity review in 2017.

Evaluation of median pay gap

Beginning in 2019, based on feedback from certain stakeholders through the shareholder proposal process, as part of our annual pay equity reviews, we further evaluated the median pay gaps (unadjusted, meaning regardless of role, tenure, and geography) between (1) women and men we employ globally, and (2) people of color and white peers in the U.S., including factors that impact or could impact those numbers. Our median pay

gaps for women and people of color are higher than they should be and, as discussed above, we are taking specific actions to address various factors that contribute to those gaps, including to increase diverse representation at senior levels in our company.

We take actions to help make sure that employees continue to be paid fairly and equitably and that we apply our pay practices consistently regardless of gender, race, or ethnicity. We also maintain appropriate pay differentials and combine market-competitive pay with a broad array of benefits and career development opportunities for employees.

Combined with our efforts to do more to increase the diversity in more senior roles, our ongoing review and evaluation of our pay practices reflect our commitment to diversity and inclusion and pay equity. We aim to advance diversity in leadership roles across the company and preparing these leaders for success through leadership development opportunities, training, mentoring, succession planning processes, talent development, development plans, and leadership and learning courses and programs that are available to employees. These are in addition to our diverse leadership programs and our Gender Acumen Matters program, which engages both women and men in an immersive experience to appreciate complementary gender strengths and hold courageous conversations around gender.

Employee benefits

At Wells Fargo, we value and support our people as a competitive advantage. We strive to attract, develop, engage, and retain the best employees — and we create an environment that fosters collaboration across businesses and functions to serve our customers.

We aim to be the employer of choice — a place where people feel included, valued, and supported; where everyone is respected; and where we work as a team. That's why we provide all eligible full- and part-time employees (and their eligible dependents, as applicable) with a comprehensive set of benefits designed to protect their physical and financial health and to help them make the most of their financial future. U.S. employees may also take advantage of discounts on financial products, home mortgages, and more.

Health plans (medical, dental, vision)

Across our global footprint, we offer comprehensive and competitive health benefits. In the U.S., we offer medical, dental, and vision benefits to help employees achieve their health goals. Our medical plans offer comprehensive coverage, including preventive care services, emergency care, mental health and substance abuse services, and prescription drug coverage to help employees and their family improve or maintain their health.

We have invested \$100 million toward making health care more affordable for the majority of our U.S.-based employees. Because of this, in 2020, about 70% of employees saw lower or no increases in premiums, and 40% are expected to see lower out-of-pocket health care costs. Our investment included a Health Savings Account (HSA) contribution of up to \$1,000 for employees at the lower range of our pay scale. In total, Wells Fargo invests approximately \$13,000 per employee in annual benefits programs.

We also provide extensive health plan coverage to our international employees and their dependents, in line with competitive market practices in more than 30 countries and

 **Performance trends** can be found in the [Wells Fargo ESG Goals and Performance Data \(PDF\)](#).

territories. In our international locations, we seek opportunities to help ensure we are meeting the medical needs of our employees, which often involves expanded coverage beyond traditional local market practices. Recent examples include expanded coverage in India for psychiatric treatment to support mental health, gender reassignment surgery, and medical coverage for partners of the same gender. Other examples include coverage for HIV/AIDS consultation, diagnostics, and treatment in the Philippines.

Behavioral health support

In addition to the mental health management benefits included in Wells Fargo's health plans, Employee Assistance Consulting (EAC) is a proven and trustworthy resource that helps employees and their family members through difficult times.

In the U.S., EAC is available for confidential consultation and referral support on personal and work-related concerns. EAC also supports employees affected by robberies, threats, domestic violence, disasters, or critical incidents. In addition, EAC consults with managers on behavioral health and risk concerns that may affect the workplace. It also provides Wells Fargo businesses with customer behavioral health products to maximize the emotional well-being and work performance of employees.

At our international locations, we offer free and confidential assistance to employees and members of their household. Services are available to provide support, resources, and referrals regarding a range of issues including stress management, relationship problems, work-life balance, anxiety and depression, and financial problems.

Wellness programs

In the U.S., Wells Fargo offers an extensive range of wellness programs, including access to health coaches, registered dietitians, and digital online behavior change and lifestyle improvement programs. In selected larger locations, we've also provided dedicated on-site coordinators who develop monthly in-person or virtual health and well-being programs, as well as group challenges.

Across international locations, well-being teams have been established in locations with the largest numbers of employees, supporting our international regions by organizing on-site and virtual events and activities serving the diverse well-being needs across our five pillars of well-being of emotional, physical, financial, personal, and social health.

Work-life programs

We offer many benefits, programs, and work arrangements intended to give employees more flexibility and work-life balance. Examples of these options include flexible work arrangements to help many employees define how and when work gets done. Employees have the right to request flexible or predictable work arrangements. Such arrangements may include:

- **Scheduling of hours worked** – This could mean a nontraditional start and end time, flextime, or a compressed workweek.
- **Number of hours worked** – This could include part-time work and job shares.
- **Location where work is done** – This could include working from home or working at another Wells Fargo location.

In response to [the COVID-19 crisis](#), Wells Fargo enabled approximately 200,000 employees to work from home, and we're working to develop a new work-from-home policy to better define and guide future flexible work programs.

Emergency aid

Our internal WE Care Fund grants emergency aid to employees facing disasters and other severe financial hardships. This employee relief program is funded by Wells Fargo and employees who want to help colleagues in need.

Commuter benefits

Employees in the U.S. who drive to work and pay for parking, or who take public transportation, are able to use pretax dollars deducted from their paycheck to help cover monthly commuting costs.

In certain international locations, Wells Fargo provides government-supported cycle to work benefits. In several countries, we also provide commuting plans and interest-free, season ticket loans to support employees using public transit. In addition, free company busing is offered to employees in India and the Philippines, providing transportation to and from work.

Time away from work

At Wells Fargo, we understand that employees have busy lives and diverse needs. Our time away benefit provides a variety of competitive options to accommodate diverse needs, including time off for vacation, illness, volunteering, the loss of a family member, and other significant life events.

Wells Fargo offers leave for such civic duties as voting, jury duty, and military leave. In the U.S., more than 200 of our employees are on military leave at any given time. Across the globe, Wells Fargo supports military leave and reservist options for employees.

Education benefits

Our education benefits help employees and their families attain their educational pursuits through accredited institutions. In the U.S., Wells Fargo's tuition reimbursement benefit is available for eligible classes, required books, and certain fees up to \$5,000 per calendar year for eligible regular employees, and up to \$2,500 per calendar year for part-time employees. The program is also available in some of our international locations, reaching approximately 80% of our international employees. Reimbursement amounts are set at appropriate levels reflecting regional educational costs.

Employees and their immediate family members also have access to free or discounted courses, webinars, and resources from participating organizations or universities. In the U.S., we also administer our Team Members' Dependent Children Scholarship Program, which awards scholarships ranging from \$1,000 to \$3,000 for full-time undergraduate or graduate study.

Family planning and dependent care

In the U.S., Wells Fargo offers several family planning and dependent care benefits, including paid leaves to provide employees with time away from work to help care for loved ones, including:

- **Parental leave** – Wells Fargo provides up to 16 weeks of paid parental leave for a primary caregiver, and up to four weeks for a parent who isn't the primary caregiver to U.S. employees to care for a new child following birth or adoption (available after one full year of service).

- **Critical caregiving leave** – One regularly scheduled workweek per year of paid critical caregiving leave is available to employees to care for a spouse, partner, parent, or child with a certified serious health condition. Additionally, employees are eligible for up to five days per calendar year of in-home, backup adult care for themselves, an elderly parent or parent-in-law, an ill spouse or partner, or a child who is age 18 or older.
- **Lactation support** – We offer lactation support for nursing mothers by providing dedicated rooms in the workplace, access to lactation consultants, and a breast milk shipping program for nursing mothers traveling on business.
- **Adoption reimbursement** – We provide up to \$5,000 for eligible adoption-related expenses through our Adoption Reimbursement Program.
- **Insurance coverage for family planning** – Through Wells Fargo’s medical insurance plans, employees can receive coverage for fertility services and contraception.
- **Support for dependent care** – We offer several options for dependent care support. These include discounts with local child care facilities, and financial support for backup child care and adult care. We also offer referral services for child and elder caregiving support.

Across international locations, we provide a range of leave and benefit programs specifically designed to support employees with their caregiver responsibilities including access to competitive maternity, parental, adoption and paternity leave programs. In many countries, Wells Fargo provides child/elder and critical

caregiving leave as well as a paid time off buy benefit allowing employees to increase their level of paid time away if they need more leave to suit their individual needs and personal circumstances. Where available and feasible, we also provide fully funded access to emergency backup care programs for child and elder care support as well as child care reimbursement programs.

Retirement income and planning

Wells Fargo provides a 401(k) plan to help eligible U.S. employees plan and save for retirement. Currently, our company matches employees’ contributions \$1 for \$1 up to 6% of eligible pay on a quarterly basis, after employees complete one year of service. In addition, Wells Fargo may make a discretionary profit-sharing contribution to employees’ 401(k) plan accounts.

Across international locations, we offer programs to help employees save for retirement by providing market competitive contributions to retirement plans as well as access to alternative retirement savings plans, where feasible, such as the National Pension System (NPS) accounts in India.

Stock purchase plan

Our stock purchase plan allows employees to purchase Wells Fargo common stock with after-tax payroll deductions and pay no brokerage or dividend reinvestment fees.

As a way to say thank you for the commitment of our employees to our company, in November 2017, the Company granted an award of restricted share rights (RSRs) to more than 240,000 eligible employees across the globe. This award was granted on February 6, 2018, and the shares vested on February 5, 2020,

allowing employees the options to hold, sell, or transfer all or a portion of the shares issued to them. Employees who met eligibility requirements in certain countries outside the U.S. were awarded an equivalent amount in the form of long-term cash.

Financial protection

Wells Fargo provides employees with a variety of employer-paid financial protection benefits aligning with local market practice, including life insurance, paid sick leave, short-term and long-term disability, accidental death and disablement, and business travel accident insurance. In many countries, Wells Fargo also provides additional top-up plans and flexible benefits options such as critical illness and personal accident coverage.

Employment security and responsible workforce restructuring

We're committed to managing our talent in ways that support employment security and responsible workforce restructuring. We consider impacts on our people in our strategic planning process and in our review of new business initiatives. As we continue transforming our business, we recognize that our employees may be impacted and aim to provide transparent communication so that employees are aware of the programs and opportunities available to support them. We assess any adjustments we make to our organizational structure based on customer needs and business objectives to help make sure we are adhering to local legislation and regulatory requirements.

In some cases, restructurings result in employee displacements or involuntary separations as a

result of economic or operational factors. In the event of a workforce restructuring involving displacements in the U.S., we support our employees and provide tools to assist them with career transitions, including:

- We typically provide a 60- or 90-day notice period before displacing any employee, even though it may not be required under state and federal Worker Adjustment and Retraining Notification (WARN) Act provisions.
- Employees are eligible for eight to 52 weeks of severance pay, based on years of service.
- We offer displaced employees Career Transition Services (CTS) through an external vendor. CTS is a comprehensive program that includes personalized career coaching, professional resume development, practice on interviewing techniques, and tailored job leads to connect employees with their next opportunity.
- Eligible employees can use our Short-Term Assignment Resource (STAR) program to find temporary work opportunities within the company. The STAR program enables displaced employees to apply for work assignments during their nonworking notice period and salary continuation leave. This gives them additional time to search for a new position within or outside the company.
- Employees and their families can share concerns and challenges with Employee Assistance Consulting, a team of behavioral health professionals.

- Employees also have access to the Live and Work Well website. This additional online resource provides guides, articles, videos, and webinars to help employees through a displacement.

In countries where we operate outside of the U.S., the practices of managing redundancies or displacements and workforce restructuring vary significantly based on legal and regulatory requirements and local market practices. International support may include enhanced severance pay arrangements, employee assistance programs, and career transition services.

We also have multiple long-term initiatives underway that are intended to support employment security and responsible workforce restructuring, including:

- Development of the Human Capital Risk Program to help position us to effectively hire, retain, manage, and appropriately compensate the talent we need to achieve our business objectives in accordance with applicable laws and regulations.
- Implementation of an enterprise workforce planning strategy aimed at providing us with the necessary resources to support business mandates.
- Creation of programs that facilitate the movement of talent across the enterprise, putting employees with complementary skills in the areas of greatest need and exposing them to other areas of the company.
- Designing a new job architecture to establish a defined competency framework. The goal of this approach is to better enable employees to evaluate potential roles based on common competencies and help them identify opportunities to advance their careers.

Safety and health

We recognize the importance of providing a safe and healthy environment for all our employees, visitors, and customers. And we design and implement programs across our company to help reduce the frequency and severity of injuries and illnesses. We also make special accommodations available to help injured employees return to work when they're able.

The COVID-19 pandemic has reinforced the importance of safety and health as never before. For specific details on how we have supported our employees, customers, and communities during this unprecedented time, please see the [Responding to the COVID-19 pandemic](#) section.

Governance and oversight

We work to maintain a workplace environment that promotes and protects the safety and health of everyone who comes through our doors. The Wells Fargo Injury & Illness Prevention Program (IIPP) outlines these responsibilities and the steps we take to promote safety and health awareness.

Risk and Insurance Management is responsible for establishing, implementing, and maintaining the IIPP. The IIPP describes employee responsibilities and safety and health practices that are designed to promote safety awareness, including:

- Responsibility
- Communication
- Hazard assessment
- Accident/exposure investigations
- Hazard correction
- Training and instruction
- Record keeping

Wells Fargo facilities are required to comply with applicable, legally mandated standards for workplace safety and health in the countries and communities in which they operate. And employees are responsible for following safe work practices and for reporting any unsafe working conditions. Risk and Insurance Management, in partnership with Wells Fargo's Corporate Properties Group, Legal, Enterprise Incident Management, Human Resources, and the company's business lines, supports compliance with the Occupational Safety and Health Act (OSHA).

Employee safety and health training

Newly hired employees are expected to complete online safety and health training. We expect managers to provide training on job-specific hazards at the time of an employee's initial assignment and to provide retraining whenever:

- New substances, processes, procedures, or equipment are introduced into the workplace that represent a new hazard.
- The manager is made aware of a new or previously unrecognized safety or health hazard.
- An employee is given a new job assignment and hasn't received training for that assignment.

Given the nature of our business, ergonomic injuries, slips, trips, and falls are the most common workplace injuries. We make training and awareness resources on these and other topics available on our intranet.

In addition, our Driver Safety Program provides periodic training to employees who drive company-owned vehicles, were involved in a work-related auto accident while driving,

and/or drive regularly as a part of their work responsibilities. Among other things, this training supports and emphasizes the importance of Wells Fargo's Distracted Driving Policy.

We celebrate safe work practices through our companywide Shared Success® program, which gives every employee the opportunity to recognize and celebrate accomplishments, including safety leadership. We also recognize safety leadership through our annual performance review process. Unsafe work practices are expected to be promptly addressed and may be subject to corrective action, up to and including termination.

Emergency preparedness and response

Our Enterprise Incident Management (EIM) team's mission is to keep our employees, customers, and visitors safe. EIM has established companywide coordination, support, and communication procedures for high-severity incidents. Being ready for any emergency requires the commitment of every employee. That's why we require employees to take Emergency Response and Violence Free Workplace training on an annual basis. Wells Fargo locations are required to have procedures in place to deal with a fire or other emergency that requires evacuating or sheltering. We require the Emergency and Security Procedures to be accessible to all employees as they include information regarding:

What to do in an emergency

How to report an emergency

Where to go for shelter

How to evacuate

Dealing fairly and ethically with our suppliers

Wells Fargo engages numerous suppliers – companies that have direct contractual relationships with our company – to provide various goods and services necessary to running our business. These relationships don’t just enhance the value of the products and services we offer our customers, they create long-lasting collaborative relationships within our communities. We firmly believe that our suppliers and their actions are an extension of our own actions and reputation. That’s why we expect them to demonstrate strong values and ethical practices.

Supplier Code of Conduct

Wells Fargo’s [Supplier Code of Conduct \(PDF\)](#) outlines our expectation that suppliers not only comply with applicable laws, regulations, and contract terms, but also aspire to the highest standards of ethical business practices, environmental stewardship, and community investment. It’s each supplier’s responsibility to make sure that its employees and representatives maintain a thorough understanding of our expectations as set forth in the Supplier Code of Conduct. The Supplier Code is additionally subject to regular review and periodic revisions as we continuously work to enhance our business practices.

Third-Party Center of Excellence

The Wells Fargo Supply Chain Management and Third-Party Center of Excellence (TPCoE) works with suppliers and business leaders across the enterprise to help deliver supply solutions with acceptable third-party risk consistent with Wells Fargo’s Enterprise Third-Party Risk Management Policy and Third-Party Program Procedures. The TPCoE is responsible for strategic sourcing, contract negotiation and legal engagement, procure-to-pay capabilities, supplier risk documentation and management, and timely supply chain analytics. We also connect with our communities through supplier diversity outreach and by embedding socially-responsible strategies into our processes.

Supplier diversity

We understand that our success stems from diverse perspectives, and we value diversity and inclusion in all aspects of our business.

Supplier diversity adds value to the organization by ensuring that our supplier base mirrors the customers and communities we serve. To that same end, our Supply Chain Management group works closely with all our lines of business, as well as internal and external stakeholders, to help grow relationships with certified minority, women, LGBTQ, veteran, disabled, and small businesses.

Performance 
trends can be
found in the
Wells Fargo
[ESG Goals and
Performance
Data \(PDF\)](#).

The following strategic approaches help us develop strong relationships with our suppliers to achieve our supplier diversity goals, while also enhancing the value of the products and services we offer our customers.

Diverse spend growth

Wells Fargo supports strategic thinking and coordinates with its businesses around strategic opportunities that include diverse suppliers in competitive sourcing and procurement opportunities. A key to successful supplier diversity outcomes is early engagement, which starts with our data-gathering process. We look at benchmark data, peer information, and diverse supplier identification, which enables us to flag any roadblocks that may limit diverse participation. The supplier diversity team provides input and reviews sourcing documents, ensuring that they include language on our diversity commitment, spend, and reporting that meets the company's supplier diversity goals and objectives.

Further, at the beginning of each calendar year, the supplier diversity team reviews the company's overall performance, including line of business performance, supply chain category results, and larger sourcing projects and initiatives. These data elements come together to shape our supplier diversity goals, both at the enterprise and line of business level, and these goals in turn are actively supported by all levels of management and communicated to all employees and stakeholders.

Spend tracking and monitoring is also an important tool in our diverse supplier efforts. We track and report on our performance on a quarterly basis and these reports include detailed information about our procurement spending.

Supplier development

We invest in building capacity and expertise for high-potential diverse suppliers. It's an important effort aimed at strengthening Wells Fargo's supplier base and increasing the economic impact that our suppliers have on their communities. As part of this effort, we work with organizations that align with our vision and provide diverse businesses access to a broad range of tools and resources that can help them:

- Enhance their business and strategic plans.
- Increase their ability to define and communicate their strategic direction and value.
- Retool their competitive position.
- Strengthen their communications effectiveness and executive presence.
- Establish trusted relationships.
- Model how to do business with targeted prospective clients.
- Improve innovation and scale.

Outreach

We work with internal and external stakeholders to deliver critical information to the diverse supplier community. This outreach spans regional and national organizations that share our commitment to supplier development and that provide programs and services to strengthen diverse businesses within our communities.

We seek out and collaborate with partners who align with us on diverse supplier identification, certification, development, and engagement.



Performance trends can be found in the [Wells Fargo ESG Goals and Performance Data \(PDF\)](#).

Integrating ESG into supplier selection and engagement

Considering ESG both during supplier selection as well as throughout the course of our ongoing relationship is an important element of how we aim to optimize environmental and social principles across our value chain. Wells Fargo seeks to build suppliers' ESG awareness and encourage them to support sustainable sourcing initiatives, enhance respect for human rights, and embrace environmental sustainability. We also provide educational opportunities to address environmental challenges.

Notably, ESG considerations are integrated into our sourcing process. We have implemented a variety of sustainable sourcing initiatives in key areas/categories, including data centers, managed printing, office supplies, promotional items, and additional areas within our facilities and operational scope.

In 2019, we enhanced our request for proposal templates to include environmental sustainability and modern slavery topics as scored factors in the assessment process.

We continuously engage with our suppliers and peers on ESG topics. We've instituted a collaborative supplier sustainability program that is designed to build awareness, create transparency, and drive best practices in our supply chain and operations. As part of this program, we anticipate launching a sustainability learning series for relevant Wells Fargo suppliers.

[CDP*](#) has recognized us as a [Supplier Engagement Leader](#), which ranks us among their top 3% of companies for supplier engagement on climate change. We've invited many of our key suppliers to participate in the CDP Climate Change survey; it's one more way we back our commitment to integrating environmental sustainability throughout our supply chain. In addition to our involvement with CDP, Wells Fargo is a member of the [Sustainable Purchasing Leadership Council*](#). This nonprofit organization offers guidance to support best practices in ESG and offers us the benefit of working with a collaborative community of companies, large and small, that are focused on the same ESG opportunities and challenges.

Supporting our communities

Economic mobility is a critical issue worldwide. That's particularly true for lower-income communities, people of color, immigrants, people with disabilities, and other traditionally vulnerable populations who disproportionately lack access to adequate housing, stable jobs, or financial products and services. In addition to our products and services, we also seek to address these issues through community engagement, philanthropy, and volunteerism.

Community engagement

We believe in the importance of thriving communities that offer people access to economic opportunity. More than 150 local Wells Fargo Community Relations and Community Development officers collaborate with nonprofits, state and city leaders, government agencies, and other public and private groups to help develop new opportunities for underserved communities. This kind of multistakeholder collaboration is a hallmark of our community engagement approach. It's helped us build relationships that reach diverse neighborhoods in ways that advance small business growth, housing stability, and financial health.

Wells Fargo's Community Lending and Investments team plays a critical role in

supplying capital – including debt and equity – to underserved businesses and communities in support of Wells Fargo's commitment to economic development, job creation, and affordable housing.

Philanthropy

The Wells Fargo Foundation recently launched a new philanthropic strategy designed to make a greater impact in communities by more effectively combining our financial resources and business expertise. The new strategy focuses on [three strategic areas](#) critical for economic advancement: housing affordability, small business growth, and financial health. Through our business and the [Wells Fargo Foundation](#), we are using our philanthropic resources, business expertise, ingenuity, and collaborations with public and private sector organizations to help solve complex housing, small business, and financial health needs.

We recognize that no single company or government can solve these issues. We focus a significant portion of our philanthropic contributions on nonprofits that can work with us on a broad level to tackle these systemic issues and drive innovative solutions at scale. We also place a high priority on funding community-based nonprofits that address the specific needs of local communities.

Performance trends can be found in the [Wells Fargo ESG Goals and Performance Data \(PDF\)](#). 

Housing affordability

The United States has a shortage of affordable housing for its low- and moderate-income residents, and high housing costs have only amplified growing economic inequity. Our goal is to increase access to stable, affordable places to live – including transitional housing, rentals, and home ownership – and we place special emphasis on individuals disproportionately impacted by the housing affordability crisis. To make this happen, we’ve launched the following initiatives:

- We’ve committed to donating \$1 billion through 2025 to help address the full spectrum of housing affordability – from homelessness and transitional housing to affordable rentals and homeownership.
- In January 2020, Wells Fargo and Enterprise Community Partners launched a \$20 million [Housing Affordability Breakthrough Challenge](#) to uncover the most innovative, scalable, and viable ideas for increasing housing affordability. The competition is expected to award six grants of more than \$2 million each, in addition to providing two years of technical assistance to help turn the grantees’ concepts into reality.
- In [collaboration with Habitat for Humanity](#), we’re helping families stay in their homes and neighborhoods, and championing advocacy work that helps people meet basic shelter needs.

- Through our [NeighborhoodLIFT program](#), we collaborate with NeighborWorks® America and local nonprofit organizations to support sustainable homeownership and help advance neighborhood stability by delivering down payment assistance grants and financial education to homebuyers.

Financial health

Wells Fargo aims to improve the financial health of low- to moderate-income individuals and families by supporting innovation and research that improves financial behaviors and decision-making. We work with nonprofits to expand access to financial health tools and coaching that can empower millions who are struggling to save money, reduce debt, and rebuild financial stability. To help people facing persistent poverty achieve those three goals, we’re supporting the following programs:

- We’re collaborating with the Association for Financial Counseling and Planning Education®, the National Disability Institute, the National Foundation for Credit Counseling, and other national nonprofits to expand access to cost-free, virtual financial coaching and counseling for individuals who are struggling to pay for rent and other households needs, worried about debt, or facing other financial hardships.

- We've also [launched a program](#) with UnidosUS that integrates free, bilingual financial coaching into the delivery of health care and wellness services. Overall, we expect our support to create opportunities for more than 25,000 Latinos in six markets to receive individualized financial coaching to help them pursue their financial goals.
- The Wells Fargo Foundation and the AARP Foundation are working together to expand Tax-Aide – the largest free, volunteer-run tax preparation service in the U.S. This initiative helps more low- to moderate-income seniors to access critical tax credits and refunds that many depend on for household necessities, debt repayment, or savings.
- Through the nonprofit Mission Asset Fund, we're working to expand access to lending circles – zero-interest, small-dollar loans that enable people to establish and strengthen credit scores, reduce debt, and participate more fully in the economy.
- [Hands on Banking](#)®, or “El futuro en tus manos®,” aims to teach people in all stages of life about the basics of responsible money management, including how to create a budget, save and invest, borrow responsibly, buy a home, and establish a small business.

Small business growth

Small businesses are an important driving force in job creation and thriving communities. We continue to intensify our efforts to provide entrepreneurs with technical assistance and increased access to affordable sources of capital and training so they can grow, build assets, and create local jobs. Examples of our commitment to support the small-business community include:

- Through [Wells Fargo's Diverse Community Capital program](#), we have provided debt equity and philanthropic capital to support more than 90 Community Development Financial Institutions that provide access to capital and technical assistance to diverse small-business owners in rural and urban communities.
- The [Wells Fargo Innovation Incubator \(IN2\) accelerates the path](#) to market for promising clean technology, sustainable agriculture, and residential housing start-ups. Funded by the Wells Fargo Foundation, IN2 harnesses the expertise and facilities of the U.S. Department of Energy's National Renewable Energy Laboratory (NREL) and the Donald Danforth Plant Science Center (Danforth Center). IN2-selected companies receive \$250,000 non-dilutive grants to validate their technologies at NREL or the Danforth Center. We also provide them opportunities to meet with investors, so they can potentially raise additional capital.

Global philanthropy

Our global philanthropy strategy focuses on disaster response, local giving, and strategic grants made to support diversity and inclusion, economic empowerment, and environmental sustainability. In 2020, approximately \$1 million is planned to support organizations that are specifically focused on relief and recovery from the COVID-19 pandemic. These funds will be used for emergency food and hygiene, hospital and medical supplies, among other needs that are impacting these communities due to COVID-19.

For details on how we have supported our employees, customers, and communities during this unprecedented time, please see the Responding to the [COVID-19 pandemic section](#).

These include:

- Our Global Fellows Program is a virtual volunteering initiative in collaboration with the Grameen Foundation's Bankers Without Borders®. This effort seeks to accelerate the social and economic progress of businesses and entrepreneurs in under-resourced communities around the world, while providing employees with an opportunity to develop leadership skills and enhance their cultural competencies with international organizations addressing poverty.
- In 2019, our company held its first Dedicated Day of Service, during which employees companywide spent time volunteering in their communities to make a collective impact.
- Through the Wells Fargo Foundation, Community Care Grants help extend the impact of our employees' donations. Through personal giving or service activities, employees may qualify for up to \$2,000 in Community Care Grant funds that they can direct to eligible charities.



Performance trends can be found in the Wells Fargo ESG Goals and Performance Data (PDF).

Employee volunteering and giving

Part of what makes Wells Fargo's philanthropy program so robust is the generosity of employees who multiply our community impact, locally and collectively. Every year, eligible employees receive 16 hours of paid volunteer time to give back to local communities where they live and work. In addition, employees are able to choose from a variety of volunteer opportunities to engage with their communities and have a lasting impact.

Understanding environmental and social impacts

The scale of our business enables us to have significant impact through the products and services we offer our customers. With that comes the responsibility to acknowledge that business decisions made by Wells Fargo or our customers may have adverse impacts on people and the environment. To mitigate these impacts, we need to understand the risk inherent in our financing decisions, and we must work hard to detect, investigate, and report suspicious activity related to financial crimes and external fraud. Our Global Financial Crimes Risk Management Program and Environmental and Social Risk Management (ESRM) Framework helps us navigate the evolving risk landscape associated with the potential impacts of our clients.

Global financial crimes risk management

Wells Fargo maintains a financial crimes program designed to comply with applicable anti-money laundering, counter-terrorist financing, global sanctions, and antibribery and corruption-related laws, regulations, and regulatory expectations, and to provide timely, actionable intelligence to appropriate authorities that may be indicative of financial crimes in order to safeguard the company, its employees, our customers, our communities, other stakeholders, and the global financial system. Our financial crimes program includes risk-based customer due diligence, or “know your customer,” processes inclusive of higher risk categories such as cash intensive businesses and politically exposed persons.

Environmental and social risk management

As a provider of financial services for customers in nearly every sector of the economy and around the world, we must consider the environmental and social impacts of our lending and investments, in addition to the traditional financial risk. Our [ESRM Framework \(PDF\)](#) and policies include due diligence requirements that help us identify, evaluate, and manage the environmental and social risks associated with our lending and investments. As our understanding of these complex issues evolves, we update our ESRM requirements and strive to adhere to global best practices for managing environmental and social risk.

Performance trends can be found in the Wells Fargo [ESG Goals and Performance Data \(PDF\)](#). 

Online resources

[The ESRM webpage](#)

[The ESRM Framework \(PDF\)](#)

[ESG viewpoints](#)

Connecting with communities and stakeholders is a priority for Wells Fargo. We understand the important role we play in the success of our communities, and we strive to listen to their concerns and understand their expectations. Our stakeholder engagement helps us to better understand changing environmental and social expectations that can create risk in our business, and we apply what we learn to our ESRM policies and practices.

Sensitive industries

We look at a full spectrum of risks and various other factors when we consider financing any sector, company, or project-specific transaction. These factors include credit risk, market conditions, reputation risk, social and environmental considerations, and the potential volatility of policy and regulatory positions. Our ESRM Framework and policies are critical to our due diligence in such sensitive industries as oil and gas, coal and metal mining, arms and armaments, consumer finance, and Equator Principles transactions. The ESRM team also takes responsibility for identifying, assessing, and escalating emerging environmental and social issues.

Companywide policy restrictions and prohibitions

Wells Fargo has internal policies that prohibit lines-of-business from knowingly accepting or opening new accounts or relationships (or renewing existing accounts or relationships) with certain types of clients or industries. Additional prohibitions related to clients, products, or business activities exist at the line-of-business level. Under these policies, any business or business activity that is illegal under applicable

law for the jurisdiction, including state or federal law, is prohibited, and we will not knowingly finance or take deposits from individuals or businesses engaged in, or deriving income from, illegal activities. Wells Fargo currently does not directly or indirectly provide new financing or is in the process of exiting existing relationships or reducing our exposure as contracts expire for the following activities or customers involved in them:

- Coal industry, including companies deriving profits from mountaintop removal coal operations, or any project associated with the expansion of an existing or development of a new coal mine or new coal-fired power plant
- Equator Principles in-scope transactions in the Alaskan Arctic region
- Modern slavery, servitude, forced or compulsory labor (including child labor), and human trafficking
- Private prison companies and immigrant detention centers

Additional due diligence

Through stakeholder engagement and industry expertise, we identify transaction types, customer activities, and crosscutting issues that carry a heightened risk of significant environmental and/or social impacts. If we believe such risks and impacts are material to the long-term success of companies or could have material adverse environmental or social impacts, we perform client-, industry-, issue-, or transaction-specific risk due diligence to evaluate a customer's commitment, capacity, and track record as they relate to ESRM.

We use a proprietary ESRM due diligence methodology to quantitatively analyze environmental, social, and reputation risk. It includes triggers for additional due diligence, which may require follow-up questions or an in-depth conversation with the customer. For companies that operate in the oil and gas, coal and metal mining, arms and armaments, and consumer finance industries, and for Equator Principle in-scope transactions, we'll apply up to three additional phases of due diligence to understand the environmental and social risk and potential mitigation measures. Each transaction receives an environmental and social risk rating – low, moderate, high, or critical. We escalate any transaction internally rated as high or critical for senior leadership approval.

Equator Principles

Our primary ESRM commitment related to asset-specific financing aligns with the [Equator Principles*](#) international risk management framework. The updated version of the Equator Principles, [EP4*](#), was released in November 2019 and implementation is set to begin on October 1, 2020. This updated version includes new amendments and commitments regarding human rights, climate change, indigenous peoples, and biodiversity. The scope of the framework has also been expanded to capture more project-related transactions. As a signatory to the Equator Principles, we'll provide loans and advisory services only to projects whose borrowers can demonstrate their ability and willingness to comply, at a minimum, with the Equator Principles' requirements for categorizing, assessing, and managing environmental and social risks.

Our ESRM Framework, policies, and statements require our customer relationship and investment teams to engage the ESRM team for additional due diligence when a transaction is subject to the Equator Principles. These requirements actually go beyond those of the Equator Principles requirements. They include, for example, our expectation for our customers to align with the objectives and requirements of [Free, Prior, and Informed Consent*](#), where it's triggered in accordance with [International Finance Corporation \(IFC\) Performance Standard 7*](#). In 2018, our comprehensive risk management practices influenced our decision not to finance Equator Principles in-scope transactions in the Alaskan Arctic region.

Stakeholder engagement and partnerships

Education and awareness-building are critically important to environmentally and socially responsible banking. As part of the ESRM due diligence process, we consult with our customers to help them understand our requirements and commitment to responsible lending, as well as current risk management best practices in their industries. Internally, we provide training for our banking teams and other interested parties on ESRM policy and best practices, climate change, and human rights topics. We also engage with a wide variety of external stakeholders, including NGOs, shareholders, advocacy groups, and government officials, to share Wells Fargo's perspectives and our progress in managing environmental and social risk in sensitive industries.

Our involvement in a number of external projects, working groups, and multistakeholder initiatives helps us stay current on global environmental and social best practices, while also sharing our expertise in managing environmental and social risk. These collaborations include:

- Participating in the Cambridge Institute for Sustainable Leadership's [Bank 2030 Project*](#), where we worked to better understand how banks can accelerate the financing of the low-carbon economy and to develop a vision for what a climate-progressive bank should look like by 2030.
- Serving as a Steering Committee member of the [Equator Principles Association*](#), where Wells Fargo supported the drafting of the revised Principles framework (EP4). We're also playing a lead role in drafting the corresponding guidance notes related to human rights.
- Providing financial support for the multiyear development of global ESG standards in partnership with the IFC's collaborative global program to widely expand knowledge of ESG sustainability.

Respecting human rights

We recognize the role corporations play in society, and we understand Wells Fargo's responsibility to respect human rights in our operations and through our business relationships. Many of the actions we've taken to rebuild trust, strengthen our culture, and reduce operational and conduct risk are critical components of a robust human rights risk management approach.

We publicly acknowledge our responsibility to respect and uphold human rights in our [Human Rights Statement \(PDF\)](#), which guides our efforts with key stakeholders, including employees, consumers, business customers, and suppliers. We recognize that this is an ongoing effort, and we know we must regularly assess our practices and approaches in light of our changing world.

Deepening our understanding and management of human rights issues relevant to our business, operations, and culture is an ongoing journey. In the spirit of continuous improvement, we're working throughout our value chain to improve our management of any actual or potential adverse impacts on human rights. To that end, we continue to work on:

- Updating and developing human rights positions.
- Exercising due diligence to enhance our understanding of potential adverse impacts on the human rights of employees, non-employees, and our customers.
- Strengthening oversight of human rights issues in our supply chain.
- Collaborating with external, cross-sectoral, and industry-specific leadership groups.

Governance

Wells Fargo's human rights commitment is explicitly approved at the senior-most level of our company, as documented in the [Wells Fargo & Company Board of Directors Corporate Responsibility Committee \(CRC\) charter \(PDF\)](#). Day-to-day management of human rights is led by our ESRM team. External stakeholders also help inform our understanding of business

and human rights issues. Our external Stakeholder Advisory Council includes organizations that focus specifically on these issues.

Human rights due diligence

The Wells Fargo ESRM process includes performance of human rights due diligence and analysis of third-party environmental, social, and governance research across identified sensitive industries, as set forth in our [ESRM Framework \(PDF\)](#). When our research uncovers allegations – or they are otherwise brought to our attention – we engage with our customers to help understand their risk management approach and actively monitor developments over time. When there are different viewpoints on an allegation, we document these views and their sources and assess the situation. In cases where we become uncomfortable with a relationship – for financial, ethical, or other reasons – we seek opportunities to exit that relationship.

Additional due diligence for vulnerable communities

Beyond our Human Rights Statement, we recognize that several vulnerable groups have been historically disadvantaged. We dedicate extra attention to understanding and addressing their unique concerns and perspectives, as detailed in the two examples below.

Indigenous Peoples

As a result of issues that arose during construction of the Dakota Access Pipeline – and following specific assessment findings – we enhanced our ESRM due diligence to include more focused research into whether Indigenous communities are affected and properly consulted. We have also implemented an [Indigenous Peoples Statement \(PDF\)](#), which we developed in consultation with tribal leaders, Indigenous stakeholders, and their representatives. We created this document to better communicate our commitment to Indigenous Peoples in general and, more specifically, to guide our decision-making on projects in which Wells Fargo financing may potentially impact Native American, Native Alaskan, or other Indigenous communities. The statement also outlines our approach to responsible finance. Specifically:

- We recognize that governments play the central role in the approval of policies or projects that impact Indigenous Peoples, and we encourage our customers to collaborate in meaningful ways to manage the impacts and risks of their activities on these communities.
- We conduct due diligence in sensitive industries covered by the ESRM Framework to help make sure that our customers have an opportunity to engage meaningfully and effectively with critical stakeholders and commit to protecting community health, safety, and security; the environment; cultural identity; and the sacred lands and heritage of affected Indigenous Peoples.

We've supplemented this due diligence with a heightened focus on potentially impacted Indigenous communities. We place special focus on whether they've had the opportunity for informed consultation and participation. For certain transactions, we require escalated approval from senior leaders.

- If we don't determine that a company can effectively manage elevated environmental and social risks in its operations, we will decline participation in the transaction.
- For projects where we can identify that the use of proceeds may potentially impact Indigenous Peoples – specifically for project finance, project finance advisory services, project-related corporate loans, project-related refinance, and project-related acquisition finance opportunities – we expect our customers to demonstrate alignment with the objectives and requirements of International Finance Corporation Performance Standard 7 on Indigenous Peoples, with particular emphasis on circumstances requiring Free, Prior, and Informed Consent.

In general, Wells Fargo respects Indigenous Peoples' rights to determine their own way of life on their own lands, according to their time-honored cultures, traditions, and beliefs. We recognize their rights to meaningful and appropriate consultation regarding issues that affect their sacred lands and natural resources – whether traditionally owned or otherwise occupied and used – today and for future generations. We believe the way these important policies came about illustrates our commitment to listen to stakeholders who may be impacted by our

lending and investing. And it demonstrates our commitment to adhere to recognized global best practices in environmental and social risk management.

To help make sure that we keep abreast of these issues, we continue to engage stakeholders who can help guide our approach. We launched a tribal listening tour to enable representatives from the ESRM team and those who provide banking services to tribal clients to hear concerns from tribal members firsthand. This has been invaluable in informing and improving implementation of the commitments outlined in our Indigenous Peoples Statement. We remain engaged with these communities as issues arise.

We also seek to educate the banking industry about the importance of engaging tribal communities. In January 2020, Wells Fargo convened a meeting of banks engaged in project finance, and we brought in experts to help our peers at these banks to understand the issues and responsibilities associated with engaging U.S. tribal communities.

Modern slavery

According to estimates by the antislavery nonprofit [Walk Free Foundation*](#) and the [International Labour Organization*](#), more than 40 million people are trapped in modern slavery worldwide. The trafficking and exploitation of women, children, and men is a highly lucrative global business that generates illegal profits of \$150 billion a year. We recognize Wells Fargo's role in preventing modern slavery, including human trafficking, both in our operations and in our supply chain.

We have an internal companywide Modern Slavery Working Group that formalizes and reinforces our efforts in this area. Functional business units whose work may be affected by modern slavery risks participate in the Modern Slavery Working Group. Such efforts and related activity are outlined in our [Modern Slavery Act statements](#).

The Modern Slavery Working Group's mandate is to:

1. Look for ways to continuously improve our practices for assessing and addressing this risk.
2. Better coordinate companywide efforts to meet disclosure requirements under the UK Modern Slavery Act.

Grievance mechanism

We know that even as we work to respect human rights, adverse impacts sometimes occur. That's why our internal reporting mechanisms are designed to allow for concerns to be raised and addressed. These include our EthicsLine, a service that enables anonymous reporting of concerns and violations, including those related to human rights. Employees at any location in the world can reach the EthicsLine by phone or online – 24 hours a day, seven days a week. We encourage and expect our employees to speak up and raise concerns via the confidential EthicsLine, to their managers, or to our human resources team. We also expect non-employees to speak up, raise concerns, and report any suspicions or evidence of human rights abuses, via their employer, Wells Fargo supply chain management, Global Non-employee Program Office, or the EthicsLine. In addition, we have in place a Security Response Center – a companywide

service that employees and non-employees around the world can contact on a 24/7 basis to report a range of security incidents.

Human rights training

Human rights training is an important part of our overall ESRM training provided to the Wholesale Banking Credit Management team for its new credit analysts and associates. In addition, each year, employees complete the first two modules of our diversity and inclusion learning curriculum, which address aspects of human rights as they relate to discrimination.

Performance 
trends can be found in the Wells Fargo ESG Goals and Performance Data (PDF).

Collaborating with others and setting human rights standards

Many human rights challenges are systemic and can't be solved by any single actor. Therefore, we have to work together in collaboration with others, both to learn from them and share what we do. For example, we participate in [Business for Social Responsibility's \(BSR\) Human Rights Working Group*](#) – a cross-sector, collaborative initiative that helps more than 40 global companies implement the United Nations Guiding Principles on Business and Human Rights (UNGPs). We're also part of the Thun Group of Banks. This informal group of bank representatives works to understand how the UNGPs can be practically implemented within the financial sector. In addition, from 2016 to 2019, we participated in [Shift's Business Learning Program*](#), an initiative to help companies understand and implement the UNGPs. Shift is a nonprofit

organization focused on building an economy in which businesses can succeed while respecting human rights. We also participate on the [Social Risk Working Group of the Equator Principles Association*](#), which facilitates dialogue on human rights and other sustainability issues in the financial sector.

Promoting human rights

We work hard to respect, advance, and promote human rights. One of the most important ways we do that is by deploying our financial and human capital to support economic development and improve quality of life in the communities where we operate. We have robust philanthropic and employee volunteerism programs around the world.

In addition, in September 2019, we signed on to participate in the United Nations (UN) [Survivor Inclusion Initiative*](#) (SII), which provides basic financial services – including checking and savings accounts and/or debit cards – to survivors of modern slavery and human trafficking. Members of our Global Financial Crimes Intelligence Group are our points of contact for the UN SII. They work with the UN and other financial institutions to learn best practices for offering these financial services. Further, they collaborate with survivors and NGOs that provide services to survivors, to help ensure a smooth account opening process.

Advancing environmental sustainability

We're embedding environmental sustainability throughout our products, services, operations, and culture to drive efficiencies and responsible resource use while creating comfortable, safe, and healthy workplaces for our stakeholders. We're focused on reducing our energy consumption and greenhouse gas emissions, increasing our operational efficiency, and advancing clean technology and innovative solutions. We believe that climate change continues to be one of the most urgent environmental and social issues of our time, and we are working across our value chain to help accelerate the transition to a low-carbon economy and reduce the impacts of climate change on our business, communities, employees, and customers.

Climate change strategy

As one of the largest financial institutions and employers in the U.S., we strive to do our part to address climate change in alignment with our responsibility to our customers, employees, suppliers, investors, communities, and the environment we all share. We support the principles of the Paris Agreement, including its goal of limiting the increase in global average temperature to well below 2° Celsius above pre industrial levels by 2050. We're building a robust, centralized approach that seeks to integrate near- and long-term climate-related risk and opportunity considerations into decision-making.

Environmental sustainability objectives

- Accelerate the transition to a low-carbon economy
- Finance environmentally beneficial business opportunities
- Enhance the performance of our own operations
- Promote environmental stewardship in our interactions with our employees, our customers, and the communities we serve
- Manage environmental risk in our lending practices (see [Understanding environmental and social impacts](#))

We're leveraging our expertise and market position as we collaborate with our stakeholders on a number of initiatives to transition to a low-carbon, climate-resilient future, including:

- Deploying capital to accelerate and scale the transition to a low-carbon economy.
- Using strategic environmental and social risk management (ESRM) practices.
- Transparently disclosing our progress, including working to quantify and qualify the emissions intensity of our lending and investing portfolios.



Performance trends can be found in the Wells Fargo ESG Goals and Performance Data (PDF).

- Enhancing energy and resource efficiency in our own physical assets to help ensure operational sustainability, adaptation, and resilience.
- Collaborating with leading organizations, peers, and other thought leaders to drive innovation and accelerate market-based solutions to the climate crisis.

For more information, please visit our [Climate Change Issue Brief \(PDF\)](#).

Climate-related disclosure

An important part of a well-thought-out climate change strategy is the ability to transparently and accurately provide climate-related financial disclosures to our stakeholders, which helps them to identify historical, current, and emerging risks and opportunities. As such, in addition to the [disclosure of our energy usage and greenhouse gas emissions](#), we've endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) – a framework which helps companies and other organizations develop more effective climate-related financial disclosures and practices. We're actively working to report according to the TCFD framework and while this work is evolving, enterprise-level initiatives are underway to implement the TCFD recommendations, including:

Capacity building

We're developing internal capabilities to further assess climate risks and opportunities across our company. This includes adding a climate change specialist to our existing ESRM team. This new role is responsible for establishing Wells Fargo's climate change strategy and advancing progress towards implementing the TCFD's four-pronged recommendations. We've also established a

dedicated enterprise Climate Change Working Group, which is made up of leaders from a wide range of business, risk, and corporate functions across the organization. Its objective is to build climate change capacity, harmonize methodologies for nonfinancial data analysis, drive cross-bank collaboration and efficient use of resources, and deepen efforts to build actionable views on climate change.

Greenhouse gas accounting

Quantifying our greenhouse gas emissions enables us to manage and improve our energy and resource efficiencies, as well as maximize cost efficiencies. We disclose Scope 1, Scope 2, and relevant Scope 3 greenhouse gas (GHG) emissions through [CDP \(PDF\)](#). We also collaborate with vendors, peers, and industry groups to measure Scope 3 emissions by portfolio and by sector. Understanding our full emissions profile informs internal transition-focused scenario analyses and helps us determine the feasibility of achieving medium milestones on the way to longer-term, science-based reduction targets.

Scenario analysis for climate-related risks

The TCFD guidance on climate scenario analysis frames our consideration of climate change impacts over the longer term. Two pilot scenarios already conducted, focused on corporate loan portfolios in the oil and gas sectors, yielded insights into medium-term future states where:

1. A carbon tax ranging from \$25 to \$100 per metric ton of CO₂ was incrementally introduced as a policy intervention over a three-year period.
2. A rapid consumer regime shift toward electric vehicle adoption displaced internal combustion engine vehicles and accounted for up to 20% of new auto sales over a three-year period.



Performance trends can be found in the Wells Fargo ESG Goals and Performance Data (PDF).

These pilots demonstrated the benefit of integrating climate-related scenarios into fundamental credit analysis. What's more, we believe they offer the potential to expand the scope of coverage to meet targeted objectives in other areas of our operating activities.

In an effort to assess the resiliency of our physical footprint, we commissioned a third party to help us identify the physical risks of climate change on a number of our most critical properties. The results of the study will help us further integrate a climate lens into our practices, including the approach we take to locating and constructing new corporate properties.

Sustainable finance

According to the Clean Trillion Initiative of nonprofit sustainability advocacy organization Ceres, an additional \$1 trillion per year in clean energy investment will be needed to limit global temperature rise to below 2° Celsius.

In 2018, we announced that we would provide \$200 billion in financing by 2030 to sustainable businesses and projects, with more than half focused on transactions that directly contribute to the Clean Trillion (e.g., renewable energy, green buildings, green bonds, alternative transportation, etc.), and the remainder on companies and projects focused on sustainable agriculture, conservation, recycling, resource management, and other environmentally beneficial activities.

In the first two years of that commitment, we deployed approximately \$49 billion in sustainable finance, 67% of which supported low-carbon opportunities. By the close of 2019, Wells Fargo's tax equity projects represented 10.3% of all solar and wind generation capacity in the U.S. (Jan. 1, 2006 – Dec. 31, 2019).

As part of our commitment, we've also pledged sector-leading transparency in how we account for progress against the financial goal. We published our [sustainable finance reporting methodology \(PDF\)](#)¹ on our corporate website, and we're making progress on measuring and disclosing the carbon intensity of our lending portfolio (see above). To help guide environmentally responsible financing in our lines of business, we're signatories to the Equator Principles and the United Nations-supported Principles for Responsible Investment. We're also member underwriters of the Green Bond Principles.

Financing a low-carbon economy

Wells Fargo is a leader in financing projects that help propel the U.S. toward a low-carbon economy. We contribute to the advancement of renewable energy and clean tech, serving a wide variety of companies in these rapidly growing sectors. We work with businesses around the world that manufacture, market, and develop clean technologies that enable sustainability and resource efficiency. Our customers include businesses that specialize in:

- Energy generation, including solar, wind, and biomass
- Energy storage
- Energy efficiency
- Water technologies
- Agricultural technologies
- Electric and low-emission vehicles
- Smart grid applications

Wells Fargo renewable energy and clean tech products include:

- **Tax-equity investments and lease financing** – The Renewable Energy & Environmental Finance (REEF) team's approach to project finance is relationship based. We work with leading, high-quality, trusted developers, and collaborate with them on multiple projects.
- **Corporate banking** – Offers foreign exchange support, treasury management, letters of credit, as well as term loans, revolvers, and project financing (construction/term) to renewable energy and cleantech companies.
- **Asset-based lending** – Wells Fargo Capital Finance provides asset-based, revolving lines of credit and term loans in support of high-growth emerging businesses in the renewable energy and other clean tech sectors looking to expand into the U.S.

The Wells Fargo Innovation Incubator

In addition to providing sustainable finance through our lines of business, we support clean technology innovation and entrepreneurship through strategic philanthropy and community partnerships. The Wells Fargo Innovation Incubator (IN2) is a \$50 million collaboration with the United States Department of Energy's National Renewable Energy Laboratory (NREL) that aims to speed the path to market for technology startups focused on sustainability and resiliency in the built environment, as well as sustainable agriculture.

IN2 harnesses the world-class expertise and facilities at NREL and the Donald Danforth Plant Science Center to support promising startup technologies referred through a network of channel partners. This network includes some of the nation's foremost clean technology and agriculture incubators, accelerators, and university programs. Companies selected to participate in the program receive \$250,000 non-dilutive grants to validate their technologies at NREL or the Danforth Center, and secure the priceless benefit of business connections across the entire [IN2 ecosystem](#).

The Center for Climate-Aligned Finance

The financial sector's role in the global sustainability agenda is a critical component that will help drive climate-aligned solutions with a growing focus on the implementation of the Paris Agreement in real economy sectors. In July 2020, Rocky Mountain Institute (RMI), a leading global clean energy nonprofit, announced the launch of the Center for Climate-Aligned Finance in collaboration with Wells Fargo, Goldman Sachs, Bank of America, and JPMorgan Chase. The Center will be independently administered by RMI and will collaborate with the financial sector to help develop integrated solutions and decision-useful frameworks in partnership with industry clients in carbon-intensive sectors. This work will support decarbonization, as well as develop relevant metrics, tools, and means designed to track progress toward the net-zero transition.



Performance trends can be found in the [Wells Fargo ESG Goals and Performance Data \(PDF\)](#).

Operational efficiency

To help provide healthy, safe, productive, and environmentally responsible spaces for our stakeholders, we approach building operations through the principles of leadership, learning, and continuous improvement; additionality; and risk management.

Leadership, learning, and continuous improvement

Wells Fargo's Corporate Properties Group (CPG), oversees our real estate footprint. CPG consistently seeks to adopt best practices and is willing to learn, improve, and proactively innovate to do our part to address climate change directly.

In 2012, we released the first iteration of our 2020 operational goals, which aimed for efficiencies across energy, water, greenhouse gas emissions, and waste. Through these goals, we sought to increase the percentage of our real estate portfolio that would be Leadership in Energy and Environmental Design (LEED®) certified. By setting clear and ambitious goals, our intent was not merely to achieve the goals, but to leverage the goals as a means to drive lasting, positive change. Through the years, tactics such as leveraging the LEED green building rating system, and rolling out low and no cost operational improvements, combined with embracing technology and other portfolio-wide actions, have assisted us to achieve many of the original milestones early. Through our focus on continuous improvement, we increased and added new goals such that today [our 2020 goals](#) include 40% energy reduction, 45% greenhouse emission reduction, 100% of electricity consumption supplied or offset by renewable energy sources, 65% water reduction, 50% waste reduction, and 35% of real estate portfolio LEED certified.

We approach building operations through the principles of

Leadership, learning, and continuous improvement

Additionality

Risk management

We are proud of our desire to change course when needed to achieve our operational efficiency objectives. For example, in 2017, we realized that our focus should be on total waste reduction – that is, using less resources overall – rather than on waste diversion. We proactively changed our goal from 65% waste diversion (a goal we were on target to meet) to 50% total waste reduction, a far more difficult goal to achieve, but one we felt would help create more impactful change. This redirected focus helps drive our conversations with vendors and service providers on how we can work to use less, design for reuse where possible, and return products back into the material stream (core concepts in the creation of a circular economy). We are in the early stages of integrating these circular economy ideas into our operations, and we strive to continue sourcing and instituting more responsible options.

One success that we celebrate in this area is the ongoing donation of used office furniture to hundreds of local nonprofits such as schools, civic organizations, and groups across the country, which serve diverse stakeholders in the communities that we serve.

Additionality

Wells Fargo strives to make decisions regarding procurement and purchasing that will support additionality in building operations. Additionality – particularly as it pertains to environmental sustainability – is a complex issue that continues to evolve over time. In the context of buildings and building operations, additionality means actions Wells Fargo can take that directly or indirectly cause a beneficial “additional” result that would not have happened if Wells Fargo had not taken the activity or action.

An example of how supporting additionality is reflected in our building operations is our effort to meet 100% of our electricity consumption with renewable energy sources. In 2017, we achieved our goal of meeting 100% of Wells Fargo’s global electricity needs with renewable energy,² primarily through the purchase of Green-e® certified renewable energy certificates (RECs). These purchases were an important first step in our renewable energy strategy. The second step in our renewable energy strategy has been to leverage our purchasing strength to encourage the development of new sources of green power through long-term agreements with developers that build the renewable energy infrastructure needed to meet their contracts with Wells Fargo, thereby adding to the overall supply of renewable energy available in the electric grid.

In addition to meeting our purchased electricity needs from 100% renewable sources, Wells Fargo achieved carbon neutrality for our 2019 operations. Carbon neutrality, or having a net zero carbon footprint for Scope 1 and 2 GHG emissions was achieved by investing in carbon offsets geographically aligned to our portfolio supporting the majority of the UN Sustainable Development Goals in the areas of forestry, agriculture, climate action, clean energy, and innovation. This milestone is a significant step in support of the transition to a low-carbon economy.

Risk management

In the environmental sustainability arena, some areas of risk management may be readily apparent, such as environmental risk and compliance – but Wells Fargo also considers the long-term impact of our decisions on the health and well-being of stakeholders. For example, Wells Fargo works with vendors and outside experts to help optimize indoor air quality in our spaces. Indoor air quality has been a key priority for new, retrofitted and existing spaces, and in 2019, we took the added step of beginning to proactively test indoor air quality, which allows us to act on such tests to improve indoor air quality conditions. Likewise, our efforts to provide greater access to daylight, clean water, a connection with nature, and opportunities for greater physical activity play a role in safeguarding the mental and physical health of our customers and employees.

Environmental risk and compliance

Our Environmental Risk and Compliance program is managed by a team with deep subject matter expertise. This team is responsible for environmental due diligence in support of projects, as well as unplanned environmental issues that could impact the health and safety of employees or assets. This team oversees environmental assessments, tests, reports, identification of remediation requirements, and remediation oversight services for the following areas:

- Indoor air quality
- Refrigerant management
- Underground storage tank management
- Asbestos management
- Environmental contractor management

²Renewable energy sources include on-site solar, long-term contracts that support net new sources of offsite renewable energy, and the purchase of renewable energy certificates.

Forward-looking statements

This Report contains forward-looking statements about the Company's future activities, plans, objectives, and expectations.

Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "target," "projects," "outlook," "forecast," "will," "may," "could," "should," "can" and similar references to future periods. Forward-looking statements are not based on historical facts, but instead represent our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. You are urged to not unduly rely on forward-looking statements, as actual results could differ materially from expectations. Forward-looking statements speak only as of the date made, and we do not undertake to update them to reflect changes or events that occur after that date.

For more information about factors that could cause actual results to differ materially from expectations, please refer to our reports filed with the Securities and Exchange Commission (SEC), including the discussion under "Forward-Looking Statements" and "Risk Factors" in our 2019 Annual Report on Form 10-K and in our 2020 Quarterly Reports on Form 10-Q, each as filed with the SEC and available on its website at www.sec.gov*.

Securities and Exchange Commission filings

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports are available free of charge on our website as soon as practical after they are electronically filed with or furnished to the SEC. These reports and amendments also are available free of charge on the SEC's website at www.sec.gov*.

References and resources

Corporate

Annual Report and Proxy Statement

(<https://www.wellsfargo.com/about/investor-relations/annual-reports/>)

Board Committees and Charters

(<https://www.wellsfargo.com/about/corporate/governance/>)

By-laws of Wells Fargo & Company (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate/governance-by-laws.pdf>)

Code of Ethics and Business Conduct (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate/code-of-ethics.pdf>)

Corporate Governance Guidelines (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate/governance-guidelines.pdf>)

Government Relations and Public Policy

(<https://www.wellsfargo.com/about/corporateresponsibility/government-relations/>)

History of Wells Fargo

(<https://www.wellsfargo.com/about/corporate/history/>)

Leadership and Governance

(<https://www.wellsfargo.com/about/corporate/governance/>)

Online Newsroom

(<https://newsroom.wf.com/>)

Wells Fargo Stories

(<https://stories.wf.com/?cid=vty>)

Wells Fargo Today Quarterly Fact Sheet (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate/wells-fargo-today.pdf>)

Wells Fargo: Charting a New Future (PDF)

(https://stories.wf.com/wp-content/uploads/New_Future8.pdf)

Wells Fargo Stories: Wells Fargo's New CEO: 'We will get it done'

(<https://stories.wf.com/wells-fargos-new-ceo-will-get-done>)

Corporate responsibility

CDP: Wells Fargo & Company - Climate Change (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/climate-change-information-request.pdf>)

Climate Change Issue Brief (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/climate-change-issue-brief.pdf>)

Community Giving

(<https://www.wellsfargo.com/about/corporate-responsibility/community-giving/>)

Community Reinvestment Act Performance Evaluation (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/community-reinvestment/performance-evaluation.pdf>)

ESG Goals and Performance Data (PDF)

(<https://www.wellsfargo.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf>)

Environmental Data Verification Statement – Apex Companies, LLC. (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/verification-statement.pdf>)

Environmental and Social Risk Management (ESRM) Framework (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/esrm-framework.pdf>)

Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) Index (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/gri-index.pdf>)

Human Rights Statement (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/human-rights-statement.pdf>)

Innovation Incubator (IN2)

(<https://in2ecosystem.com/>)

Indigenous Peoples Statement (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/indigenous-peoples-statement.pdf>)

Modern Slavery Act Statement (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/corporate/modern-slavery-statement.pdf>)

Sustainable Finance Reporting Methodology (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/sustainable-finance-methodology.pdf>)

COVID-19 response

COVID-19: Supporting employees, customers and communities (PDF)

(https://wfstories-wpengine.netdna-ssl.com/wp-content/uploads/COVID_outreach_external.pdf)

Resources and support for COVID-19

(<https://www.wellsfargo.com/jump/enterprise/coronavirus-response>)

Wells Fargo Stories: Wells Fargo responds to COVID-19

(<https://stories.wf.com/series/wells-fargo-responds-covid-19/>)

Employees

Careers at Wells Fargo

(<https://www.wellsfargo.com/about/careers>)

Careers for Military Veterans

(<https://www.wellsfargo.com/about/careers/veterans/>)

Diversity and Accessibility

(<https://www.wellsfargo.com/about/diversity/>)

Wells Fargo Benefits

(<https://www.wellsfargo.com/about/careers/benefits/>)

Wells Fargo Veterans Scholarship

(<https://learnmore.scholarsapply.org/wellsfargoveterans/>)

Privacy and security

Privacy and Security

(<https://www.wellsfargo.com/privacy-security/>)

Privacy, Cookies, Security, and Legal

(<https://www.wellsfargo.com/privacy-security/privacy/>)

Privacy Center

(<https://privacycenter.wellsfargo.com/pcc/portal/enter>)

Security Center

(<https://www.wellsfargo.com/privacy-security/fraud>)

Wells Fargo Important information: Privacy (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/personal/privacy-security/privacy-center-important-information.pdf>)

Products and services

CollegeSTEPS®

(<https://collegesteps.wf.com/>)

Control Tower®

(<https://www.wellsfargo.com/online-banking/manage-accounts/control-tower/>)

Conversations about financial well-being

(<https://www.wellsfargo.com/financial-health/conversations>)

Diverse Community Capital program

(<https://www.wellsfargo.com/com/financing/real-estate/community-lending-investment/cdfi/>)

Financial well-being

(<https://www.wellsfargo.com/financial-health>)

Hands on Banking®

(<https://handsonbanking.org/>)

Hands on Banking® for service members

(<https://handsonbanking.org/military/>)

LGBTQ Resource Center

(<https://www.wellsfargo.com/lgbt/>)

Military Mortgage Services

(<https://www.benefits-mortgage.com/loans/mil0307/index-affinity.page>)

Military Resource Center

(<https://www.wellsfargo.com/military/>)

My FirstHomeSM Education Program

(<https://myfirsthome.wellsfargobank.com/index.html#bookmark/0/0/0/0>)

NeighborhoodLIFT[®]

(<https://www.wellsfargo.com/mortgage/lift/>)

Overdraft Rewind[®]

(<https://www.wellsfargo.com/checking/overdraft-services/>)

The Private Bank – Social Impact Investing

(<https://www.wellsfargo.com/the-private-bank/solutions/social-impact-investing/>)

Smarter CreditTM Center

(<https://www.wellsfargo.com/goals-credit/smarter-credit>)

Wells Fargo AssistSM

(<https://www.wellsfargo.com/financial-assistance/>)

Wells Fargo Investment Institute

(<https://www.wellsfargo.com/investment-institute>)

Wells Fargo's Lending and Servicing Principles for U.S. Residential Real Estate Products

(<https://www.wellsfargo.com/mortgage/principles/>)

Wells Fargo's Responsible Lending Principles for Consumer Credit

(<https://www.wellsfargo.com/help/consumer-credit-lending-principles/>)

Wells Fargo's Responsible Lending Principles for Education Financing

(<https://www.wellsfargo.com/student/lending-principles/>)

Wells Fargo Asset Management ESG Investing Library

(<https://www.wellsfargoassetmanagement.com/insights/esg-investing>)

Wells Fargo Asset Management ESG Policy and Process (PDF)

(<https://www.wellsfargoassetmanagement.com/assets/public/pdf/legal/esg-policy-and-process.pdf>)

Wells Fargo Works® for Small Business

(<https://wellsfargoworks.com/>)

Suppliers

Supplier Code of Conduct (PDF)

(<https://www08.wellsfargomedia.com/assets/pdf/about/corporate/supplier-code-of-conduct.pdf>)

Supplier Diversity

(<https://www.wellsfargo.com/about/diversity/supplierdiversity/>)

