Wells Fargo

Wells Fargo faces reputational, greenwashing, regulatory, and other material financial risks due to its position as the world's third largest banker of fossil fuels. Investors are encouraged to vote on the highlighted opportunities to encourage banks to lower their exposure to climate risk by adopting a transition plan and committing to a phaseout of fossil fuel development and exploration. Investors are encouraged to vote against directors responsible for climate risk oversight.

Financing activities misaligned with climate goals

Total financing to fossil fuel companies (2016-2021)	**$272 billion**
Financing to companies expanding fossil fuel assets since joining NZBA (April 2021- August 2022)	**$5.9 billion**
Global Fossil Fuel Financing Rank (2016-2021)	**#3**
Fossil fuel financing as a percent of total financing (2016-2021)	**10%**
Public transition plan?	**NO**
Absolute emissions targets?	**YES**
Paris-Aligned financing?	**NO**
Adequate board oversight?	**NO**

Transition plan status

Wells Fargo has not demonstrated a concrete and actionable transition plan to meet its 2030 targets. The bank has disclosed an approach to measuring its financed emissions and taken first steps towards better integrating climate risk into its financing and helping clients transition. However, investors still lack a public plan with measurable metrics, timelines, and indicators of success demonstrating the strategies Wells plans to use to meet its interim targets. Without such information, investors will not be able to understand if Wells is on track to meet its public-facing commitments.

Absolute emissions target

Wells Fargo has already adopted absolute emissions targets for its energy sector clients. No further action is needed.

Financing of fossil fuel development and exploration

Wells Fargo lacks sectoral policies necessary to align its financing activities with the goals of the Paris Agreement, misaligning the bank with both its public commitments and science-based transition pathways.

Continued financing of fossil fuel expanders: Wells Fargo is continuing to finance the expansion of new fossil fuel reserves and has indicated no plan to phase out these activities. Wells Fargo financed $52.7 billion to its top five upstream fossil clients (Pioneer Natural Resources, Diamondback Energy, Marathon Petroleum, Occidental Petroleum, and Civitas Resources) in the six years following the Paris Agreement. Those five companies alone are currently developing four billion barrels of oil equivalent in hydrocarbon resources beyond what is compatible with IEA's net zero pathway to limit warming to 1.5°C.

Lacking commitments: As a member of NZBA, Wells Fargo has committed to transition emissions from their lending and investment portfolios. Criteria from the Race to Zero, of which Wells Fargo is also a member, makes clear that financial institutions must "phase out...development, financing and facilitation of new unabated fossil fuel assets, including coal, in line with appropriate global, science-based scenarios." However, Wells Fargo lacks any sectoral policy to align its financing activities accordingly with the goals of the Paris Agreement.

Without sectoral policies to phase-out financing of projects and companies expanding fossil fuel assets, Wells Fargo is not able to credibly claim alignment with the Paris Agreement, industry group pledges, or net-zero goals.

Inadequate board oversight of climate risk

Wells Fargo has unacceptably high exposure to climate risk. It continues to be a top five global financier of fossil fuel expansionists, does not contribute its fair share toward financing climate solutions, and does not disclose adequate information on climate risk or associated business strategies to investors. This position comes despite publicly committing to both net-zero alignment and to financing climate solutions, years of engagement from investors and stakeholders, and growing regulatory pressure.

Investors have felt it necessary to file two resolutions calling on Wells to strengthen and disclose its climate policies. The need for such resolutions demonstrates a lack of confidence by investors in the board's ability to adequately manage climate risk and disclose such strategies to investors.

For failure to provide adequate oversight and transparency, votes are warranted against the following members of Wells' Risk and Corporate Responsibility Committees: Celeste Clark, Maria Morris Wayne Hweett, Cecelia Morken, Suzanne Vautrinot, Richard Davis, Felicia Norwood, Richard Payne Jr, and Juan Pujadas.

Bank-Specific Risks

Reputational risk:
Wells Fargo is garnering negative attention for its continued misaligned climate strategies. Like peers, it is a key target for millions of global activists calling on banks to reduce financing for companies expanding fossil fuel assets, and its financing profiling has been highlighted in several reports. Wells drew scrutiny in 2022 for its threat to leave the Net Zero Banking Alliance, citing concerns about the decarbonisation guidance that would push the bank to align its financing activities with science-based 1.5°C pathways. Wells Fargo has failed to note the materiality of this risk, unlike peers JPMorgan, Citibank, and Goldman.

Earlier this year, BloombergNEF denounced Wells Fargo falling short of clean energy financing. Wells Fargo's climate performance has received negative attention from outlets including *The Washington Post, Bloomberg, the Financial Post, CBS News,* and the *LA Times*, among others.

Investors can help ensure Wells Fargo is accountable to its own climate commitments by supporting resolutions to phase out expansion financing and release a credible transition plan.