BE IT RESOLVED: Shareholders request that Wells Fargo issue a report disclosing a transition plan that describes how it intends to align its financing activities with its 2030 sectoral greenhouse gas emissions reduction targets, including the specific measures and policies to be implemented, the reductions to be achieved by such measures and policies, and timelines for implementation and associated emission reductions.

WHEREAS: The banking sector has a critical role to play in achieving global Net Zero by 2050 goals. The Net Zero Banking Alliance (NZBA) notes that 40 percent of global banking assets have committed to aligning lending and investment portfolios with net zero by 2050.[1] But targets alone are insufficient. Investors seek disclosures demonstrating banks' concrete transition strategies to credibly achieve their disclosed emission reduction targets.

The United Nations has recommended that financial institution transition plans demonstrate how all parts of the business align with interim targets and long-term net zero targets.[2] Other guidelines exist to help financial institutions operationalize and translate net zero commitments into strategies "with specific objectives . . . against which progress can be assessed."[3,4]

Wells Fargo is the third largest global financer of fossil fuels, with $46 billion in fossil fuel financing in 2021, and nearly $272 billion between 2016 through 2021.[5] Of the top 3 fossil fuel funders, only Wells increased its fossil fuel funding above 2019 levels.[6]

Recognizing the need for action, and the importance of achieving global 1.5°C climate goals, Wells is a member of the NZBA. In March 2021, Wells announced a Net Zero by 2050 greenhouse gas emissions (GHG) reduction goal. It also announced five broad areas of focus toward this goal. In addition to its Net Zero target, it disclosed an approach for measuring and annually disclosing its financed emissions; it committed to and has set 2030 reduction targets for the oil & gas and power portfolio sectors; it established an institute for sustainable finance to assist clients achieve GHG emissions reductions; and integrated climate into its risk management framework.[7]

These are important and critical first steps. But Wells cannot stop there. Shareholders are concerned that Wells does not have, or does not disclose, a transition plan for how it will

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1 https://www.unepfi.org/net-zero-banking/
2 https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf p.21-22
3 https://www.iigcc.org/media/2022/07/An-investor-led-framework-of-pilot-indicators-to-assess-banks-on-the-transition-to-net-zero-28-July.pdf
4 https://assets.bbhub.io/company/sites/63/2022/06/GFANZ_Recommendations-and-Guidance-on-Net-zero-Transition-Plans-for-the-Financial-Sector_June2022.pdf
5 https://www.ran.org/wp-content/uploads/2022/03/BOCC_2022_vSPREAD-1.pdf
6 https://www.ran.org/wp-content/uploads/2022/03/BOCC_2022_vSPREAD-1.pdf
7 https://newsroom.wf.com/English/news-releases/news-release-details/2021/Wells-Fargo-Sets-Goal-to-Achieve-Net-Zero-Greenhouse-Gas-Emissions-by-2050/default.aspx

achieve its 2030 sectoral reductions targets. An effective transition plan creates bank accountability by describing the affirmative strategies, indicators, milestones, metrics, and timelines necessary to deliver on its decarbonization targets and ensure investors that the bank is fully accountable for the risks associated with its financing of high-carbon activities.

A transition plan could include, for example, disclosure of clients' estimated annual reductions and how the bank plans to achieve remaining reductions. Additional actions may include client and employee incentives or disincentives; setting requirements, including loan approval guidelines, investment and underwriting priorities or prohibitions; and policies or guidelines that otherwise restrict, limit, or condition bank business activities, among others.