WHEREAS: Wells Fargo has established a Net Zero by 2050 goal and aligned 2030 emission reduction targets for financing activity in the auto, aviation, oil and gas, steel, and power sectors. Wells is also a Net Zero Banking Alliance member. Despite investor demand for clear disclosure of its transition plan,[1] shareholders lack sufficient information as to whether Wells is on track to meet its 2030 targets.

Critically, Wells' annual disclosures fail to disclose the impact high-emitting sectors will have on its ability to meet its 2030 targets. Independent assessments show that most companies in these sectors are failing to align with a 2030 Net Zero aligned pathway. The Transition Pathway Initiative finds no public companies in the oil and gas sector have 2030 targets aligned with a 1.5° C scenario;[2] and no public auto manufacturers, besides dedicated electric vehicle manufacturers, are on a 2030 Net Zero pathway.[3] The International Energy Agency states the steel sector is not on track with the Net Zero Emissions by 2050 Scenario.[4]

This omission leaves investors unable to assess the potential for misalignment between Wells Fargo's 2030 targets and its clients' transition progress, and what actions, if any, Wells is proactively taking to address such misalignment.

The potential for misalignment carries significant risk. If Wells fails to meet its targets, it faces the possibility of reputational harm, litigation risk (including greenwashing), and financial costs.[5] Failure to meet targets also contributes to systemic climate risk that harms Wells' and investors' portfolios.

Wells must have a fully informed, realistic transition plan in place to meet its goals. This requires assessing its clients' likelihood of meeting 1.5°C aligned 2030 goals. As the Institutional Investors Group on Climate Change explains, "[t]o deliver on their targets and commitments, banks should independently establish and disclose . . . protocols and strategies specific to each business activity," and potentially "phasing out financing of inconsistent activities which present particular risks . . . while pivoting financing towards climate solutions." Other actions may include developing criteria related to financing of

[1] https://www.asyousow.org/press-releases/2023/4/27/wells-fargo-disclose-climate-transition-plan
[2] https://www.transitionpathwayinitiative.org/sectors/oil-gas
[3] https://www.transitionpathwayinitiative.org/sectors/autos
[4] https://www.iea.org/energy-system/industry/steel
[5] https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/banks-face-mounting-risk-of-fines-regulatory-probes-over-sustainability-claims-74385257

misaligned clients and setting firm-wide targets to increase the share of financing, facilitation, and revenue derived from 1.5°C-aligned companies and activities.[6]

BE IT RESOLVED: Shareholders request that, for each of its sectors with a Net Zero aligned 2030 target, Wells Fargo annually disclose the proportion of sector emissions attributable to clients not aligned with a credible Net Zero pathway, whether this proportion of unaligned clients will prevent Wells Fargo from meeting its 2030 targets, and actions it proposes to address any such emissions reduction shortfalls.

SUPPORTING STATEMENT: Emissions attributable to unaligned clients can be measured using estimates or other appropriate method. At management discretion, the assessment should take into account all material financing mechanisms and asset classes contributing to Wells Fargo's emissions, including direct lending, underwriting, and investments.

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[6] https://139838633.fs1.hubspotusercontent-eu1.net/hubfs/139838633/Past%20resource%20uploads/IIGCC-Net-Zero-Standard-for-Banks-June-2023.pdf, p.7,9