Second-Party Opinion

Wells Fargo Sustainability Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the Wells Fargo Sustainability Bond Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020. This assessment is based on the following:

USE OF PROCEEDS The eligible categories for the use of proceeds – Clean Transportation, Energy Efficiency, Renewable Energy, Green Buildings, Housing Affordability, Education, Healthcare, Essential Services, and Socioeconomic Advancement and Empowerment – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that providing financing in relation to the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals ("SDGs"), specifically SDGs 1, 3, 4, 7, 8, 9, and 11.

PROJECT EVALUATION / SELECTION Wells Fargo & Company's Sustainability Bond Council (the "Council") will be responsible for project selection and evaluation. The projects, selected based on the criteria defined in the Framework and their compliance with the Wells Fargo & Company's Environmental and Social Risk policy, are reviewed by the Council on an ad-hoc basis. Sustainalytics considers the project selection process to be in line with market practice.

MANAGEMENT OF PROCEEDS The Council will be responsible for supervising the Eligible Bond Portfolio (the "Portfolio"), allocating net proceeds, and for ensuring the project's eligibility. The eligible projects will be tracked as per Wells Fargo & Company's sustainability bond tracking methodology. Wells Fargo & Company intends to fully allocate an amount equal to the proceeds raised within 24 months from the date of bond issuance and hold the unallocated proceeds in cash, cash equivalents and/or other liquid marketable instruments in its liquidity portfolio until full allocation. This is in line with market practice.

REPORTING Wells Fargo & Company intends to publish a sustainability bond report on its website within a year of bond issuance, until full allocation. The allocation reporting and the impact reporting will be based on category-level indicators. Sustainalytics views Wells Fargo & Company's allocation and impact reporting as aligned with market practice.

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Report Sections

For inquiries, contact the Sustainable Finance Solutions project team:

Zach Margolis (Toronto)
Project Manager
zach.margolis@sustainalytics.com
(+1) 647 695 4341

Hrithik Sharma (Toronto)
Project Support

Andrew Johnson (Toronto)
Project Support

Paramjot Kaur (New York)
Client Relations
susfinance.americas@sustainalytics.com
(+1) 646 518 9623

Introduction

Wells Fargo & Company ("Wells Fargo" or the "Bank") is a financial services company with approximately USD 1.9 trillion in assets, serving one in three U.S. households and more than 10% of all middle market companies in the U.S.[1] The Bank provides a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through its four reportable operating segments: Consumer Banking and Lending; Commercial Banking; Corporate and Investment Banking; and Wealth and Investment Management.

Wells Fargo has developed the Wells Fargo Sustainability Bond Framework (the "Framework") under which it intends to issue sustainability bonds and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future loans and/or investments that advance climate transition and inclusive growth. The Framework defines eligibility criteria in nine areas:

1. Clean Transportation
2. Energy Efficiency
3. Renewable Energy
4. Green Buildings
5. Housing Affordability
6. Education
7. Healthcare
8. Essential Services
9. Socioeconomic Advancement and Empowerment

Wells Fargo engaged Sustainalytics to review the Wells Fargo Sustainability Bond Framework, dated March 2021, and provide a Second-Party Opinion on the Framework's environmental and social credentials and its alignment with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), and Sustainability Bond Guidelines 2018 (SBG).[2] This Framework has been published in a separate document.[3]

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[4] opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.7, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Wells Fargo's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Wells Fargo representatives have confirmed (1) they understand it is the sole responsibility of Wells Fargo to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

[1] Wells Fargo report, "Wells Fargo Today", at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate/wells-fargo-today.pdf
[2] The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/
[3] The Wells Fargo Sustainability Bond Framework is available on Wells Fargo & Company's website at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/sustainability-bond-framework.pdf
[4] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Wells Fargo.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Wells Fargo has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Wells Fargo Sustainability Bond Framework

Sustainalytics is of the opinion that the Wells Fargo Sustainability Bond Framework is credible, impactful and aligns with the four core components of the GBP, SBP, and SBG. Sustainalytics highlights the following elements of Wells Fargo's Sustainability Bond Framework:

- Use of Proceeds:
  - Wells Fargo's four green categories are aligned with those recognized by the GBP and the five social categories are aligned with those recognized by the SBP.
  - Wells Fargo has established a two-year look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Under the Clean Transportation category, Wells Fargo contemplates investments in manufacturing and consumer financing of electric, hydrogen, hybrid and other clean alternative vehicles and low-carbon transportation infrastructure.
    - Electric vehicles are automatically eligible. For private and public transit hybrid vehicles, the issuer considers investments in vehicles with emission intensity below 50g CO_2 per passenger-km as eligible.
    - Sustainalytics considers the financing of clean transportation with associated thresholds and low-carbon infrastructure to be aligned with market practice.
  - Under the Energy Efficiency category, the Framework allows for investments in the development or deployment of energy-efficient solutions including (i) projects improving the energy efficiency of new and refurbished buildings, (ii) district heating and energy storage projects, and (iii) fuel cells. The Bank also intends to provide loans to manufacturers and/or businesses that exclusively derive at least 90% of their total revenue from clean technology.[5]
    - Sustainalytics recognizes that the GBP 2018 prefers project-based lending and financing, and that there is, in general, less transparency with non-project-based lending. While the Framework allows for general purpose lending to pure-plays, Sustainalytics views favorably the high threshold that Wells Fargo has established in order to deem a company eligible for inclusion.
    - Sustainalytics notes that expenditures in this category will exclude financing towards fossil fuel-powered improvements and, considering this exclusion, views these investments to be aligned with market practice.

[5] Wells Fargo has communicated that "clean technology" refers to technologies that serve to reduce or avoid GHG emissions, in line with the eligibility criteria outlined in the Framework.

- For the Renewable Energy category, the Bank may finance projects related to wind, solar, and geothermal energy generation, and facilities dedicated to the manufacturing of renewable energy equipment including wind turbines and solar panels.
    - Sustainalytics views favorably investment in this area, highlighting in particular that geothermal facilities are limited to those with direct emissions less than 100g CO_2 per kWh, a threshold that is aligned with market practice.
    - Sustainalytics notes that financing to nuclear power, fossil-fuel powered grid infrastructure projects, and pipelines are excluded under this category.
- For the Green Buildings category, the Bank intends to invest in commercial and residential buildings that have achieved a recognized green building certification.
    - Sustainalytics views the schemes specified by the Framework – LEED ("Gold" or above), and ENERGY STAR (score of 85 or higher) – to be credible and the levels selected to be indicative of positive impact and aligned with market practice. For Sustainalytics' assessment of these certifications please refer to Appendix 1.
    - Additionally, Wells Fargo may utilize the California Green Building Standards Code ("CALGreen")[6] to assess the eligibility for Green Building projects.
        - For residential buildings, Sustainalytics recognizes that the Climate Bonds Initiative has approved the 2013 California Building Standards Code as a proxy to meet the criterion of "top 15%" buildings in California in terms of GHG emissions, representing a high level of emissions performance, and therefore views compliance with CALGreen 2013, or its updated versions, as impactful for residential buildings qualification under the eligible category.[7,8]
        - For non-residential buildings, Sustainalytics notes that the Bank considers lending to projects in jurisdictions within California that have mandated the current prerequisites on energy efficiency set under CALGreen's Tier 1 (or Tier 1 + Tier 2) requirements and recognizes their potential for energy and water efficiency improvements to be aligned with market expectation.
- Under the Housing Affordability category, Wells Fargo intends to finance non-profit organizations and State Housing Finance Agencies[9] with a focus on affordable housing, as well as directly financing affordable housing projects.
    - These projects are expected to benefit low- and moderate-income populations and the Framework describes eligible affordable housing projects as those which qualify for the Low-Income Housing Tax Credit ("LIHTC") program[10] created by the Department of Housing and Urban Development in the U.S. Sustainalytics considers the housing which is eligible for the LIHTC program to be aligned with market practice.
- Under the Education category, the Bank intends to promote access to education for "underserved or vulnerable" populations. This may take the form of:
    - The financing of accredited Historically Black Colleges and Universities,[11] and tribal colleges and universities. Sustainalytics views positively this criterion, noting the role these institutions play in providing access to education for historically disadvantaged groups.
    - Projects that promote access to education among students from the low- and moderate-income ("LMI") groups or "majority-minority" geographies, such as apprenticeship training programs, junior and community colleges or public schools, colleges, and universities.
    - Sustainalytics recognizes that general-purpose financing for colleges and universities may not necessarily guarantee accessibility and affordability for the target populations, and notes that the Bank has disclosed that it intends that any financing granted to colleges and universities which are not broadly accessible will be done in the context

[6] State of California website, "CALGreen", at: https://www.dgs.ca.gov/BSC/Resources/Page-Content/Building-Standards-Commission-Resources-List-Folder/CALGreen
[7] Climate Bonds Initiative report, "Low Carbon Buildings Approved proxies for "top 15%"", at: https://www.climatebonds.net/files/files/California%20-%20Residential%20Proxy.pdf
[8] Sustainalytics notes that hospitals and medical facilities where CALGreen standards apply are excluded under this category, unless the facilities meet other third-party recognized standards such as LEED.
[9] FDIC website, "Products Offered by State Housing Finance Agencies", at: https://www.fdic.gov/consumers/community/mortgagelending/guide/part_2_docs/overview.pdf
[10] HUD website, "Low-income Housing Tax Credit", at: https://www.huduser.gov/portal/datasets/lihtc.html#:~:text=Created%20by%20the%20Tax%20Reform,targeted%20to%20lower%2Dincome%20households
[11] U.S. Department of Education, "What is an HBCU?", at: https://sites.ed.gov/whhbcu/one-hundred-and-five-historically-black-colleges-and-universities/

of financing specific programmes that aim to improve access to low-income or historically disadvantaged populations.

- For the Healthcare category, Wells Fargo intends to invest in healthcare facilities and services for the underserved or vulnerable populations in the U.S.[12] These financing initiatives will be directed to (i) non-profit or public emergency healthcare facilities, located in LMI or majority-minority areas, which aim to serve patients regardless of ability to pay and (ii) voluntary health organizations.
  - As it relates to emergency healthcare provision, Sustainalytics recognizes Wells Fargo's intent to further access to healthcare in the U.S., and notes that the Framework defines that eligible organizations will "provide free-of-cost or subsidized service to target populations" and considers these investments to be in line with market practice.
  - The voluntary health organizations[13] contemplated by the Framework consist of not-for-profit organizations which generally provide ancillary services such as patient support, research, and awareness and are not generally involved in the direct provision of healthcare. As such, Sustainalytics views the financing of such entities as aligned with the intents of the Framework.
- For the Essential Services category, Wells Fargo considers investments in activities that support the provision of essential services such as internet, child and youth care, vocational rehabilitation, and temporary shelters to underserved or vulnerable populations, and 501(c)(3) charitable organizations[14] that support similar activities including human rights or social advocacy, for the same target populations. Sustainalytics views this category as aligned with market practice.
- For the Socioeconomic Advancement and Empowerment category, the Bank contemplates investments in projects that support underserved or vulnerable populations in the U.S., including projects financed via the New Market Tax Credit program,[15] Minority Depository Institutions ("MDIs")[16], and small- or medium-sized businesses[17] that are either owned by minority and women or operated in the LMI or "majority-minority" census tracts.
  - Sustainalytics views positively the financing of small businesses that are owned by women, historically disadvantaged groups or that operate in geographies serving such populations. Sustainalytics further highlights the Bank's intention to rely upon official definitions to determine eligibility as a small business, which is considered to be aligned with market practice.
  - The Framework considers Community Development Corporations ("CDCs")[18] and Community Development Financial Institutions ("CDFIs")[19] eligible only if they are non-profit or community-based and certified by the CDFI Fund. CDFIs are mission-oriented lenders compliant with the regulatory definition of at least 60 percent of financing activities targeted at LMI populations or underserved communities.[20] While it is recognized that financing may still hold uncertainty around its end use, due to the mandate and structure of some CDFIs, Sustainalytics recognizes that the Framework aims to consider only such financing when provided to entities "that have missions that closely align with" the criteria of the Framework and therefore anticipates that this financing will support activities with positive social outcomes.

[12] For investments that are intended to address the effects socioeconomic crises, such as the COVID19 global pandemic, the definition of target populations is expanded to contemplate the needs of the broader population, which Sustainalytics views to be aligned with market expectations. The Framework also specifies that loans funded under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act are excluded in the Framework.
[13] As defined by the North American Industry Classification System. More information at: https://www.naics.com/naics-code-description/?code=813212
[14] Charitable organizations under Section 501(c)(3) of the U.S. Internal Revenue Code are required to comply with periodic regulatory disclosures including details on the funded activities and are subject to limits on lobbying to maintain their tax-exempt status. More information at: https://www.irs.gov/pub/irs-pdf/p557.pdf.
[15] CDFI Fund, "New Markets Tax Credit Program", at: https://www.cdfifund.gov/programs-training/programs/new-markets-tax-credit#:~:text=The%20NMTC%20Program%20attracts%20private,Community%20Development%20Entities%20(CDEs)
[16] Financial institutions obtain MDI status by complying with regulation under MDI Program administered by the Federal Deposit Insurance Corporation (FDIC).
[17] The Framework defines small- or mid-sized enterprises as the ones which have annual revenues less than USD 50 million.
[18] HUD website, "Capacity Building for Community Development and Affordable Housing", at: https://www.hud.gov/hudprograms/capacitybuilding
[19] CDFI Fund report, "What are CDFIs", at: https://www.cdfifund.gov/sites/cdfi/files/documents/cdfi_infographic_v08a.pdf
[20] US Department of Treasury, Affordable Mortgage Lending Guide at: https://www.fdic.gov/consumers/community/mortgagelending/guide/part-1-docs/cdfi-overview.pdf

  - The Framework provides a list of activities that are excluded from the eligible use of proceeds criteria. Sustainalytics views the exclusion of activities which have potential negative environmental or social impacts to further strengthen Wells Fargo's Framework.
- Project Evaluation and Selection:
  - Wells Fargo has established a Sustainability Bond Council (the "Council"), chaired by the Bank's Sustainable Finance Center of Excellence, and includes representation from internal units such as Environmental and Social Impact Management, Diverse Segments, Representation and Inclusion, and Corporate Treasury, will be responsible for project selection and evaluation.
  - The projects are selected based on the criteria defined in the Framework and their compliance with the Bank's Environmental and Social Risk Management ("ESRM") policy,[21] and are reviewed by the Council, on an ad-hoc basis.
  - Based on the establishment of the Sustainability Bond Council and well-defined project selection criteria, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Wells Fargo will track the eligible projects in the Portfolio as per its sustainability bond tracking methodology and monitor the aggregate size and maturity of the portfolio on a quarterly basis.
  - The Council will be responsible for supervising the bond portfolio, allocating net proceeds, and for ensuring the project's eligibility as per the criteria defined in the Framework, through quarterly meetings.
  - Wells Fargo intends to fully allocate an amount equal to the proceeds raised within 24 months from the date of bond issuance. The unallocated proceeds will be held in cash, cash equivalents and/or other liquid marketable instruments, including the U.S. Treasury securities, in the Bank's liquidity portfolio until full allocation.
  - Based on the management of bond portfolio and the handling of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
  - Wells Fargo intends to publish a sustainability bond report on its website, on an annual basis, within one year from issuance, until full allocation.
  - The allocation reporting will include category-level details on the allocation of proceeds, as well as the balance of unallocated funds.
  - The impact reporting will be based on category-level indicators including the GHG emissions avoided per year, total installed capacity of renewable energy projects, the number of students benefitted, and the number of affordable housing units financed. In addition, the Bank intends to seek external assurance on the allocation and impact reporting.
  - The Bank will also make additional disclosures in case of any material changes to the underlying investments.
  - Based on the commitment to periodically report portfolio allocation along with the reporting on category-level impact indicators in the Framework, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Wells Fargo Sustainability Bond Framework aligns with the four core components of the GBP and SBP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Wells Fargo

Contribution of Framework to Wells Fargo & Company's ESG strategy

Sustainalytics is of the opinion that Wells Fargo demonstrates a commitment to sustainability through its focus on three key environmental and social areas: (i) diversity and inclusion, (ii) economic empowerment, and (iii) environmental sustainability. The Bank developed a corporate responsibility (CSR) strategy in 2016, targeting the three focus areas with five-year goals for 2020, and in 2021 the Bank updated its commitments to environmental sustainability. Wells Fargo has demonstrated and reported on its commitments to these focus areas with the following initiatives and goals:

- Wells Fargo's commitment to environmental sustainability in its own operations includes goals to purchase 100% renewable energy; reduce GHG emissions by 45% from a 2008 baseline; achieve LEED certification for 35% of owned and leased buildings; reduce resource consumption, and

[21] Wells Fargo document, "Environmental and Social Risk Management Framework", at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/esrm-framework.pdf

enhance sustainability in its supply chain.[22] Wells Fargo largely achieved its 2020 sustainability goals including energy efficiency, GHG emissions reductions and sustainable financing.[23] In terms of providing sustainable finance, in 2021, Wells Fargo committed to updated sustainability goals, including providing USD 500 billion in sustainable financing by 2030 and committing to achieving net zero GHG emissions by 2050.[24] The 2021 emissions reductions targets are intended for scope 1, 2 and 3 emissions from the Banks investments.[25]

- USD 157 billion the Bank has already invested.[26] The Bank will create an Institute for Sustainable Finance to assist its clients with climate transitions.[27] Additionally, Wells Fargo will also integrate climate risk into its risk management framework as guided by the Task Force on Climate-Related Financial Disclosures (TCFD).[28] Sustainalytics Wells Fargo's progress towards its sustainability strategy and its updated sustainability targets, as having the potential to have a positive environmental impact.
- Wells Fargo has stated a commitment to advancing diversity and inclusion internally and with external stakeholders and clients. As part of its 2020 goals, Wells Fargo set out to invest in emerging technologies, enhance human rights risk management and reporting, increase employee volunteer hours and charitable giving to critical social needs and increase procurement from diverse suppliers.[29] The Company has reported these goals to be ongoing as of 2020, with two goals (providing USD 100 million to critical social needs and increasing employee involvement in resource groups by 30%) having been achieved.[30] As a result of these goals, Wells Fargo increased veteran employees, increased membership in employee resource groups, and surpassed its charitable giving goals.[31] Wells Fargo diversity and inclusion goals are set by the Enterprise Diversity and Inclusion Council, which is led by the CEO and President, and consists of other leaders from across the Bank.[32] Sustainalytics views positively Wells Fargo's commitments to diversity and inclusion, including the inclusion of the Bank's top leadership.
- The Bank has committed to the economic empowerment of underserved individuals by prioritizing greater access to financial products, strengthening financial capabilities, focusing on the LMI neighborhoods, and empowering small businesses.[33] Wells Fargo as developed key programs and initiatives under this focus area such as the Diverse Community Capital program to assist small businesses and the Wells Fargo NeighborhoodLIFT program to support homeownership for the LMI neighborhoods.[34] As part of its 2020 goals, Wells Fargo has provided more than 11,300 homeowners with down payment assistance, built more than 2,100 homes or rehabs in the LMI households, and assisted more than 14.2 million customers in accessing their credit scores for free.[35]

Sustainalytics is of the opinion that the Wells Fargo Sustainability Bond Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

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[22] Wells Fargo, "Wells Fargo Environmental, Social, and Governance (ESG) Goals and Performance Data", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf
[23] Wells Fargo, "Wells Fargo Environmental, Social, and Governance (ESG) Goals and Performance Data", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf
[24] Wells Fargo, "Wells Fargo Sets Goal to Reach Net Zero Greenhouse Gas Emissions By 2050", (2021), at: 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
[25] Wells Fargo, "Wells Fargo Sets Goal to Reach Net Zero Greenhouse Gas Emissions By 2050", (2021), at: 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
[26] Wells Fargo, "Wells Fargo Sets Goal to Reach Net Zero Greenhouse Gas Emissions By 2050", (2021), at: 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
[27] Ibid.
[28] Wells Fargo, "Wells Fargo Sets Goal to Reach Net Zero Greenhouse Gas Emissions By 2050", (2021), at: 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
[29] Wells Fargo, "Wells Fargo Environmental, Social, and Governance (ESG) Goals and Performance Data", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf
[30] Wells Fargo, "Wells Fargo Environmental, Social, and Governance (ESG) Goals and Performance Data", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf
[31] Wells Fargo, "Wells Fargo Environmental, Social, and Governance (ESG) Goals and Performance Data", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf
[32] Wells Fargo, "Diversity and Inclusion", (2021), at: https://www.wellsfargo.com/about/diversity/diversity-and-inclusion/
[33] Wells Fargo, "Wells Fargo Environmental, Social, and Governance (ESG) Goals and Performance Data", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf
[34] Wells Fargo, "Wells Fargo Environmental, Social, and Governance (ESG) Goals and Performance Data", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf
[35] Wells Fargo, "Wells Fargo Environmental, Social, and Governance (ESG) Goals and Performance Data", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/goals-performance-data.pdf

Well-positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that while projects financed through issuances under this Framework are anticipated to provide environmental benefits, some projects may have associated environmental and social risks. Examples of these risks include those of funding large infrastructure and construction projects, as well as the risks associated with being exposed to controversial companies or projects as a result of the Bank's lending activities. Some key risks associated with the eligible green and social projects may include land and biodiversity concerns associated with construction/ infrastructure projects, improper disposal of site waste, worker health and safety, and predatory lending. is of the opinion that Wells Fargo is able to manage and/or mitigate potential risks through implementation of the following:

- Wells Fargo & Company Corporate Responsibility Committee – oversees Wells Fargo's corporate responsibility policies including social responsibility, stakeholder relations and risks.[36] The Committee is responsible for overseeing the ESRM Framework.[37]
- ESG and Climate Related Reporting – Wells Fargo reports on its ESG goals and results using the Global Reporting Initiative Standards ("GRI") and has aligned its index with the Sustainability Accounting Standards Board ("SASB") indicators.[38] The GRI and SASB are aligned with market best practice for sustainability reporting and indexing.
- Code of Ethics and Business Conduct – Wells Fargo's Code of Ethics and Business Conduct document lays out how the Bank conducts business, including how to help customers make informed financial decisions that are fair and honest.[39] Sustainalytics notes that the financing under the Framework will take place primarily in the United States which is on the list of Designated Countries under the Equator Principles, indicating that environmental and social governance legislation systems and institutional capacity are sufficient to ensure mitigation of the common environmental and social risks[40]
- Exclusionary criteria – The Framework excludes financing to certain projects or activities including predatory lending, nuclear energy, and matured loans or investments. Wells Fargo's ESRM framework also includes an exclusionary list that the Bank uses to align with its clients' values.[41]

Based on the Banks policies, standards and assessments, Sustainalytics is of the opinion that Wells Fargo has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories in the Framework.

Section 3: Impact of Use of Proceeds

All nine use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on four below where the impact is specifically relevant in the local context.

The role of the financial sector in supporting sustainable finance

It is estimated that in order to achieve the SDGs by 2030, there is a USD 2.5 trillion annual gap in funding needed to support these targets.[42] Furthermore, the International Energy Agency estimates that if we are to limit global warming to 1.5˚C, the annual investment in low-carbon technologies and energy efficiency needs to increase six-fold "from around USD 390 billion in 2013 to USD 2.3 trillion per year by 2035.[43] As a means to increase funding for these areas, private financial institutions are working with the UN to understand the relevance of ESG challenges for the finance sector, and how to address them.[44] The UN Environment

[36] Wells Fargo, "Wells Fargo & Company Corporate Responsibility Committee", (2021), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate/corporate-responsibility-committee-charter.pdf?https://www.wellsfargo.com/assets/pdf/about/corporate/corporate-responsibility-committee-charter.pdf
[37] Wells Fargo, "Environmental and Social Risk Management Framework", (2018), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/esrm-framework.pdf
[38] Wells Fargo, "Wells Fargo GRI and SASB Index", (2020), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/gri-index.pdf
[39] Wells Fargo, "Code of Ethics and Business Conduct", (2021), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate/code-of-ethics.pdf
[40] Equator Principles, "Designated Countries", (2020), at: https://equator-principles.com/designated-countries/
[41] Wells Fargo, "Environmental and Social Risk Management Framework", (2018), at: https://www08.wellsfargomedia.com/assets/pdf/about/corporate-responsibility/esrm-framework.pdf
[42] UNDP, "Closing the green finance gap", (2019), at: https://www.undp.org/content/undp/en/home/blog/2019/closing-the-green-finance-gap.html.
[43] Fabian, N., (2015), "Economics: Support low-carbon investment", Nature, at: https://www.nature.com/news/economics-support-low-carbon-investment-1.17015.
[44] IISD, "UN Secretary-General Releases Strategy for Financing 2030 Agenda", (2018), at: https://sdg.iisd.org/news/un-secretary-general-releases-strategy-for-financing-2030-agenda/

Programme Finance Initiative has also recognized that “bank loans are the most important source of external finance for companies and will play a crucial role in steering businesses.”[45] Thus, the need for financial institutions to contribute and partner with the public sector to facilitate the mobilization of capital needed to achieve the SDGs and limit global warming.

As a leader in the financial sector, Wells Fargo is well positioned to make an impact through its sustainable financing activities and to contribute to closing the gap to reach the SDGs and limit the adverse effects of climate change.

Importance of affordable housing investments in the U.S.

The lack of affordable housing is a significant issue in the U.S. with about 568,000 people experiencing homelessness in 2019, a 3% increase over the previous year. More than 18.5 million households spend greater than 30% of their income on rent, with about 10.8 million households spending over 50%.[46] Lack of affordable housing further leads to negative social outcomes across multiple dimensions as families and individuals are compelled to make trade-offs between spending on rent and on other essentials such as food, healthcare, and transportation.

Solutions to address this severe shortage are multi-faceted and amongst others include government-sponsored programs such as (i) the National Housing Trust Fund (“HTF”), an annual grant to states for creation, preservation, or rehabilitation of rental housing for low-income renters; and (ii) the LIHTC, a tax incentive to construct or rehabilitate affordable rental housing for low-income households. The U.S. government has announced allocation of USD 326 million towards the HTF in 2020, an increase of over 30% versus last year[47], and the LIHTC costs about USD 9 billion per year, making it the largest federal program for low-income housing.[48]

In addition to government-sponsored support, housing development at the scale required will also require significant private-sector investment. In this context, Sustainalytics views positively investment in affordable housing projects.

The impact of green buildings in reducing GHG emissions

According to the UN Environment Programme, (“UNEP”) the building sector is a significant contributor to both global energy use and total CO2 emissions, with building construction and operations accounting for 36% of global final energy use and contributing nearly 40% of energy-related CO2 emissions globally.[49] In the United States alone, residential and commercial buildings account for 39% of total U.S. energy consumption and 72% of national electricity consumption.[50] UNEP states that while countries are continuing to implement and update building energy codes and certification policies, most expected building growth is expected in countries that do not have mandatory energy codes and policies in place as of 2018. Concurrently, investments in energy efficiency in buildings has slowed, with investments only experiencing a growth of 4.7% in 2017 (3% adjusted for inflation), which is cited as the lowest increase rate in recent years.[51] In this context, Wells Fargo’s investment and financing of buildings which have received certification from international building rating and certification systems, including LEED, Energy Star and CALGreen, has the potential to significantly reduce GHG emissions associated with its overall operations and investments.

[45] UNEP, “Financial Institutions Taking Action on Climate Change”, at: http://www.unepfi.org/fileadmin/documents/FinancialInstitutionsTakingActionOnClimateChange.pdf.
[46] National Low Income Housing Coalition (NLIHC), “The Gap: A Shortage of Affordable Homes”, (2020), at: https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf
[47] NLIHC article, “FHFA Authorizes $326.4 Million Disbursement for National Housing Trust Fund for 2020”, (2020), at: https://nlihc.org/resource/fhfa-authorizes-3264-million-disbursement-national-housing-trust-fund-2020
[48] Tax Policy Center, “What is the LIHTC and how does it work?”, (2020), at: https://www.taxpolicycenter.org/briefing-book/what-low-income-housing-tax-credit-and-how-does-it-work
[49] UNEP ”Global Status Report: Towards a zero-emission, efficient and resilient buildings and construction sector”, (2018), at: https://www.unep.org/resources/report/global-status-report-2018#:~:text=This%20Global%20Status%20Report%20documents,globally%20and%20in%20key%20regions.&text=Buildings%20play%20a%20dominant%20role%20in%20the%20clean%20energy%20transition
[50] EPA Energy and Environment, Electricity Customers: https://www.epa.gov/energy/electricity-customers#industrial
[51] UNEP ”Global Status Report: Towards a zero-emission, efficient and resilient buildings and construction sector”, (2018), at: https://www.unep.org/resources/report/global-status-report-2018#:~:text=This%20Global%20Status%20Report%20documents,globally%20and%20in%20key%20regions.&text=Buildings%20play%20a%20dominant%20role%20in%20the%20clean%20energy%20transition

The importance of increasing the share of renewable energy in the U.S.

According to the Intergovernmental Panel on Climate Change, as global energy demand rises at increasingly rapid rates due to population growth, shifting towards clean energy plays an important role in mitigating climate change and meeting the Paris Agreement's long-term goal of limiting temperature increases to well below 2°C, and ideally to 1.5°C.[52,53] In 2019, due to slower economic growth and the impacts of milder weather on heating and cooling-related energy consumption, global energy demand increased by 0.9%, which was a lower rate of increase than in 2018. While the share of renewable energy in global energy production increased by 7.6% in the same year,[54] fossil fuel energy still supplied approximately 84% of the global energy needs in 2019, with renewable energy only contributing to 5% of global primary energy supply.[55] The International Renewable Energy Agency states that the total share of renewable energy must rise to approximately 66% of the total primary energy supply by 2050 in order to meet the 2°C target.[56]

While renewable energy generation in the U.S. has experienced significant growth since 2008, it accounted for a total of only 11% of the country's total energy consumption and approximately 17% of electricity generation in 2019.[57] Specifically, wind energy contributed to 7.3% of total electricity generation in the country, while solar energy contributed 1.8% in the same year.[58] According to the Department of Energy's National Renewable Energy Laboratory, by increasing renewable electricity generation from technologies that are presently available, there is capacity for 80% of the country's electricity to be generated from renewable energy, including through wind and solar generation, by 2050.[59]

Considering the above, Sustainalytics believes that the activities financed under Wells Fargo's Framework, including investments and financing of generation, transmission, and distribution of renewable energy, are expected to provide meaningful contribution towards increasing the share of renewable energy generation in the U.S., and positively impact global decarbonization efforts.

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[52] IPCC website, "Global Warming of 1.5°C", at: https://www.ipcc.ch/sr15/
[53] OCED website, "OECD Green Growth Studies, Energy", at: https://www.oecd.org/greengrowth/greening-energy/49157219.pdf
[54] UNEP website, "Uptick for renewable electricity generation in 2019", at: https://www.unenvironment.org/news-and-stories/story/uptick-renewable-electricitygeneration-2019
[55] BP report, "Statistical Review of World Energy 2020", at: https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energyeconomics/statistical-review/bp-stats-review-2020-full-report.pdf
[56] IRENA report, "Global Energy Transformation, at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf
[57] EIA website, "U.S. primary energy consumption by energy source, (2019)", at: https://www.eia.gov/energyexplained/us-energy-facts/
[58] EIA website, "What is U.S. electricity generation by source", at: https://www.eia.gov/tools/faqs/faq.php?id=427&t=3
[59] National Renewable Energy Laboratory report, "Renewable Electricity Futures Study", at: https://www.nrel.gov/docs/fy13osti/52409-ES.pdf
[60] IPCC website, "Global Warming of 1.5°C", at: https://www.ipcc.ch/sr15/
[61] OCED website, "OECD Green Growth Studies, Energy", at: https://www.oecd.org/greengrowth/greening-energy/49157219.pdf
[62] UNEP website, "Uptick for renewable electricity generation in 2019", at: https://www.unenvironment.org/news-and-stories/story/uptick-renewable-electricitygeneration-2019
[63] BP report, "Statistical Review of World Energy 2020", at: https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energyeconomics/statistical-review/bp-stats-review-2020-full-report.pdf
[64] IRENA report, "Global Energy Transformation, at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2018/Apr/IRENA_Report_GET_2018.pdf
[65] EIA website, "U.S. primary energy consumption by energy source, (2019)", at: https://www.eia.gov/energyexplained/us-energy-facts/
[66] EIA website, "What is U.S. electricity generation by source", at: https://www.eia.gov/tools/faqs/faq.php?id=427&t=3

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Considering the above, Sustainalytics believes that the activities financed under Wells Fargo's Framework, including investments and financing of generation, transmission, and distribution of renewable energy, are expected to provide meaningful contribution towards increasing the share of renewable energy generation in the U.S., and positively impact global decarbonization efforts.

Alignment with/contribution to SDGs

The SDGs were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the Wells Fargo Sustainability Bond Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Housing Affordability	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Education	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

[67] National Renewable Energy Laboratory report, "Renewable Electricity Futures Study", at: https://www.nrel.gov/docs/fy13osti/52409-ES.pdf

Healthcare	3. Good Health and Wellbeing	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Essential Services	1. No Poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
Socioeconomic Advancement and Empowerment	8. Decent Work and Economic Growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

Conclusion

Wells Fargo has developed the Wells Fargo Sustainability Bond Framework under which it will issue sustainability bonds and use the proceeds to finance and/or refinance activities that enhance the natural environment, help address climate change, provide social benefits, and help build more inclusive and strengthened communities. Sustainalytics considers that the projects finance or refinanced by the sustainability bond proceeds are expected to provide positive environmental and social impact.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the company and that the use of proceed categories will contribute to the advancement of the UN SDGs 1, 3, 4, 7, 8, 9, and 11. Additionally, Sustainalytics is of the opinion that Wells Fargo has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Wells Fargo & Company is well-positioned to issue sustainability bonds and that that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020).

Appendices

Appendix 1: Comparison of Green Building Certification Schemes

	LEED[68]	ENERGY STAR[69]
Background	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	ENERGY STAR is a U.S Environmental Protection Agency voluntary program that helps businesses and individuals save money and protect our climate through superior energy efficiency. Every ENERGY STAR label is independently certified, whether on a product, a home, a building, or a manufacturing plant. It is administered and promoted in Canada by Natural Resources Canada. Certification is given on an annual basis, so a building must maintain its high performance to be certified year to year. And the information submitted in the certification application must be verified by a licensed professional to be eligible for approval.
Certification levels	Certified Silver Gold Platinum	1-100 ENERGY STAR score (of at least 75 and meet certain other eligibility criteria)
Areas of Assessment	• Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority	• Energy efficient products • Energy savings at home • Energy efficient new homes and apartments • Energy strategies for buildings and plants In case of buildings, the relevant data needed for Commercial Offices benchmarking: • Gross floor area • Hours of operation per week • Number of workers on the main shift • Heating degree days • Cooling degree days • Percent of the building that is cooled • Percent of the building that is heated
Requirements	Prerequisites (independent of level of certification) + Credits with associated points These points are then added together to obtain the LEED level of certification There are several different rating systems within LEED.	To be eligible for ENERGY STAR certification, a building must earn an ENERGY STAR score of 75 or higher, indicating that it performs better than at least 75 percent of similar buildings nationwide. Through Portfolio Manager, EPA delivers 1 – 100 ENERGY STAR scores for many types of buildings. The ENERGY STAR score accounts for differences in operating conditions, regional

[68] USGBC, LEED: www.usgbc.org/LEED
[69] Natural Resources Canada, ENERGY STAR certification: https://www.nrcan.gc.ca/energy/efficiency/buildings/energy-benchmarking/building/20258

	Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).	weather data, and other important considerations.
Performance display		

Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Wells Fargo & Company
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Wells Fargo Sustainability Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 26, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

☒	Use of Proceeds	☒	Process for Project Evaluation and Selection
☒	Management of Proceeds	☒	Reporting

ROLE(S) OF REVIEW PROVIDER

☒	Consultancy (incl. 2nd opinion)	☐	Certification
☐	Verification	☐	Rating
☐	Other *(please specify)*:		

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – Clean Transportation, Energy Efficiency, Renewable Energy, Green Buildings, Housing Affordability, Education, Healthcare, Essential Services, and Socioeconomic Advancement and Empowerment – are aligned with those recognized by both the Green Bond Principles and Social Bond Principles. Sustainalytics considers that providing financing in relation to the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals ("SDGs"), specifically SDGs 1, 3, 4, 7, 8, 9, and 11.

Use of proceeds categories as per GBP:

☒ Renewable energy

☒ Energy efficiency

☐ Pollution prevention and control

☐ Environmentally sustainable management of living natural resources and land use

☐ Terrestrial and aquatic biodiversity conservation

☒ Clean transportation

☐ Sustainable water and wastewater management

☐ Climate change adaptation

☐ Eco-efficient and/or circular economy adapted products, production technologies and processes

☒ Green buildings

☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs

☐ Other (please specify):

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

☐ Affordable basic infrastructure

☒ Access to essential services

☒ Affordable housing

☐ Employment generation (through SME financing and microfinance)

☐ Food security

☒ Socioeconomic advancement and empowerment

☐ Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP

☐ Other (please specify):

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Wells Fargo & Company's Sustainability Bond Council will be responsible for project selection and evaluation. The projects, selected based on the criteria defined in the Framework and their compliance with the Wells Fargo & Company's Environmental and Social Risk policy, are reviewed by the Council on an ad-hoc basis. Sustainalytics considers the project selection process to be in line with market practice.

Evaluation and selection

- ☒ Credentials on the issuer's social and green objectives
- ☒ Documented process to determine that projects fit within defined categories
- ☒ Defined and transparent criteria for projects eligible for Sustainability Bond proceeds
- ☒ Documented process to identify and manage potential ESG risks associated with the project
- ☐ Summary criteria for project evaluation and selection publicly available
- ☐ Other (please specify):

Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification
- ☐ In-house assessment
- ☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

The Council will be responsible for supervising the Eligible Bond Portfolio, allocating net proceeds, and for ensuring the project's eligibility. The eligible projects will be tracked as per Wells Fargo & Company's sustainability bond tracking methodology. Wells Fargo & Company intends to fully allocate an amount equal to the proceeds raised within 24 months from the date of bond issuance and hold the unallocated proceeds in cash, cash equivalents and/or other liquid marketable instruments in its liquidity portfolio until full allocation. This is in line with market practice.

Tracking of proceeds:

- ☒ Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other (please specify):

Additional disclosure:

- ☐ Allocations to future investments only
- ☒ Allocations to both existing and future investments

☐ Allocation to individual disbursements ☒ Allocation to a portfolio of disbursements

☐ Disclosure of portfolio balance of unallocated proceeds ☐ Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

Wells Fargo & Company intends to publish a sustainability bond report on its website within a year of bond issuance, until full allocation. The allocation reporting and the impact reporting will be based on category-level indicators. Sustainalytics views Wells Fargo & Company's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

☐ Project-by-project ☒ On a project portfolio basis

☐ Linkage to individual bond(s) ☐ Other (please specify):

Information reported:

☒ Allocated amounts ☐ Sustainability Bond financed share of total investment

☐ Other (please specify):

Frequency:

☒ Annual ☐ Semi-annual

☐ Other (please specify):

Impact reporting:

☐ Project-by-project ☒ On a project portfolio basis

☐ Linkage to individual bond(s) ☐ Other (please specify):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings ☐ Energy Savings

☐ Decrease in water use ☒ Number of beneficiaries

☐ Target populations ☒ Other ESG indicators (please specify): Total renewable energy installed capacity, number of green building units financed, number of students financed.

Frequency:

☒ Annual ☐ Semi-annual

☐ Other (please specify):

Means of Disclosure

☐ Information published in financial report ☐ Information published in sustainability report

☐ Information published in ad hoc documents ☒ Other (please specify): Bank's website

☐ Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

https://www.wellsfargo.com/

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

☐ Consultancy (incl. 2nd opinion) ☐ Certification

☐ Verification / Audit ☐ Rating

☐ Other *(please specify)*:

Review provider(s): Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.

iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.

iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

Disclaimer

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

GlobalCapital SRI Awards

Named
2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider