**Whereas:** Climate change poses a systemic risk, with estimated global GDP loss of 11-14% by midcentury under current trajectories.¹ The climate crisis is primarily caused by fossil fuel production and combustion, which is enabled by funding from financial institutions.

According to scientific consensus, limiting warming to 1.5°C means that the world cannot develop new oil and gas fields or coal mines beyond those already approved (new fossil fuel exploration and development).² Existing fossil fuel supplies are sufficient to satisfy global energy needs.³ New oil and gas fields would not produce in time to mitigate current energy market turmoil resulting from the Ukraine War.⁴

Wells Fargo (WFC) has committed to align its financing with the Paris Agreement,⁵ achieving net-zero emissions by 2050, consistent with limiting global warming to 1.5°C.⁶ However, WFC’s policies and practices are not net-zero aligned.

WFC is the world’s third largest funder of fossil fuels, providing $271 billion in lending and underwriting to fossil fuel companies during 2016-2021, including $37 billion to 100 top companies engaged in new fossil fuel exploration and development.⁷ WFC’s existing commitments do not equate to alignment: under its 2030 absolute emissions target for oil and gas, WFC can continue to finance new fossil fuel exploration and development, increasing stranded asset risk.

Without a policy to phase out financing of new fossil fuel exploration and development, WFC is unlikely to meet its climate commitments and merits scrutiny for material risks that may include:

- **Greenwashing:** Regulators are tightening and enforcing greenwashing regulations, which could result in fines and settlements.⁸
- **Regulation:** Central banks, including the Fed, are starting to implement climate stress tests⁹ and scenario analyses,¹⁰ and some have begun to propose increased capital requirements for climate risks.¹¹
- **Competition:** Dozens of global banks have adopted policies to phase out financing for new oil and gas fields¹² and coal mines.¹³
- **Reputation:** Campaigns targeting WFC’s climate policies include organizations with tens of millions of global members and supporters, including current and potential WFC customers.¹⁴

By exacerbating climate change, WFC is increasing systemic risk, which will have significant negative impacts – including physical risks and transition risks¹⁵ – for itself and for diversified investors.

Best practices for banks to achieve net zero involve financing of companies reducing scopes 1-3 absolute emissions and allocating capital in line with science-based, independently verified short, medium and long-term decarbonization targets. Organizations like the Science Based Targets initiative and Transition Pathway Initiative can provide independent verification of decarbonization targets.

**RESOLVED:** Shareholders request that the Board of Directors adopt a policy for a time-bound phase-out of WFC’s lending and underwriting to projects and companies engaging in new fossil fuel exploration and development.

**Supporting Statement:** This proposal is intended, in the discretion of board and management, to enable support for WFC’s energy clients’ low-carbon transition.

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⁴ [https://www.unepfi.org/net-zero-banking/](https://www.unepfi.org/net-zero-banking/)
⁵ [https://www.bis.org/bcbs/publ/d517.pdf](https://www.bis.org/bcbs/publ/d517.pdf)
⁶ [https://www.bankingonclimatechaos.org/](https://www.bankingonclimatechaos.org/)
⁹ [https://www.federalreserve.gov/newsevents/pressreleases/other20220929a.htm](https://www.federalreserve.gov/newsevents/pressreleases/other20220929a.htm)
¹⁰ [https://www.issb.org/review/r220223e.htm](https://www.issb.org/review/r220223e.htm)
¹¹ [https://oilgaspolicytracker.org/](https://oilgaspolicytracker.org/)
¹² [https://coalpolicytool.org/](https://coalpolicytool.org/)
¹³ [https://stopthemoneypipeline.com/](https://stopthemoneypipeline.com/)
¹⁴ [https://www.bis.org/review/r220223e.htm](https://www.bis.org/review/r220223e.htm)
¹⁵ [https://www.bis.org/bcbs/publ/d517.pdf](https://www.bis.org/bcbs/publ/d517.pdf)