

CO₂eMission

Net-zero alignment and target-setting methodology

May 2022

Any reference to “Wells Fargo,” “the Company,” “we,” “our,” or “us” in this document means Wells Fargo & Company and subsidiaries (consolidated). See Section 6, Abbreviations, for the definitions of abbreviated terms used throughout this document.

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Introduction¹

The climate challenge

At Wells Fargo, we recognize that climate change is one of the most urgent environmental and social issues of our time. Greenhouse gas emissions from human activity are warming the planet. A future with an average global temperature increase to 1.5°C (2.7°F), compared with the start of the Industrial Age, is expected to include more frequent and more intense floods, storms, and heatwaves. Warming above 1.5°C is expected to further amplify the frequency and severity of extreme events, as incremental temperature increases drive non-linear weather outcomes.²

The 2015 Paris Agreement, a landmark international accord, seeks to address climate change and its negative impacts by setting a goal to keep the global average temperature rise in this century to well below 2°C (3.6°F), striving for 1.5°C, compared to pre-industrial levels. Meeting the

Paris Agreement's objectives requires immediate and collective efforts across the globe to reduce the concentration of greenhouse gases in the atmosphere that are driving climate change. Driving down those emissions will require significant changes in public policy, the creation and deployment of new technologies, and a significant amount of capital investment, among other things. Financial institutions like Wells Fargo can play a role in helping to address these concerns by working with governments, clients, and communities — each of which also has an important role in confronting climate change — to help finance the transformation and transition of carbon-intensive assets, infrastructure, and business models.

Our net-zero goal

In March 2021 we announced a goal of net-zero greenhouse gas emissions³ by 2050, covering our Scope 1 and Scope 2 emissions, as well as our Scope 3,

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2. "Global Warming of 1.5°C," Intergovernmental Panel on Climate Change, 2018, https://www.ipcc.ch/site/assets/uploads/sites/2/2019/06/SR15_Full_Report_High_Res.pdf, accessed November 9, 2021.

3. Net-zero greenhouse gas emissions means that the amount of greenhouse gases emitted into the atmosphere is no more than the amount removed.

category 15 emissions (i.e., financed emissions).⁴ We achieved carbon neutrality for building operations (Scopes 1 and 2) in 2019 and again in 2020 through improving our operational efficiency, entering into long-term contracts for electricity from renewable energy sources, purchasing renewable energy certificates, and procuring carbon offsets. Addressing the emissions



from our own building operations is an important, long-standing goal, and we are proud of the work we have done to reduce emissions and minimize the impact of our operations and plan to continue with this work.

We recognize, however, that the emissions of the clients we

finance represent a far larger source of emissions than those from our own operations. That is why when we announced our net-zero goal, we specifically included our financed emissions. As a financial services

Our core business is providing financial solutions that enable clients to meet their goals.

company, our core business is providing financial solutions that enable clients to meet their goals. Measuring emissions attributable to our financing activities and setting emissions-based targets for our financial portfolios allows us to better understand how clients are positioned and how we can help them achieve their goals to transition to a low-carbon future.

Our methodology

CO2eMissionSM includes our methodological framework for setting targets to align our financial portfolios with our net-zero goal.

Our methodology relies upon externally developed climate scenarios to construct a benchmark that defines the downward trajectory of emissions attributable to a given financial portfolio over time required to reach

4. Greenhouse gas emissions are categorized into three groups or “Scopes” by the most widely used international accounting tool, the Greenhouse Gas Protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting company. Scope 3 covers other indirect emissions that occur in a company’s value chain and includes 15 categories of emissions. For more information on the Greenhouse Gas Protocol, see <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>.

Measuring portfolio alignment is an important step in our methodology as it provides a mechanism for us to account for our clients' progress.

net zero by 2050. We use the scenario benchmark to set interim portfolio targets.

To measure a financial portfolio's progress toward net zero, we compare the pace at which a given financial portfolio is transitioning against the net-zero aligned benchmark (that is, we measure our portfolio's alignment to the benchmark). We make this comparison by calculating our clients' emissions metrics and attributing these metrics to Wells Fargo based on our financing activities. We then aggregate these attributed emissions for all clients in a given portfolio and compare this to the portfolio benchmark. Measuring portfolio alignment is an important step in our methodology as it provides a mechanism for us to account for our clients' progress and calibrate and guide our actions to support them.

See Section 2, Methodology framework, for a more detailed explanation of our methodology.

Recognizing that each industry or sector of the real economy is unique,⁵ we have taken the approach of grouping our financial portfolios by industry and setting industry-specific targets, rather than a Companywide target, for our financial portfolios. This sector-based approach allows us to set targets informed by the trends and challenges each industry is facing.

To set a sector-specific target, we consider a host of design choices. Our methodology applies certain design choices universally across all sectors. For example, the decision to include both the financing we provide clients through lending activities and the financing we facilitate through debt and equity capital markets activities applies to all sectors. Other design choices, such as which metric to use for a target, are made on sector-specific basis.

As we were developing our methodology, we joined the Net-Zero Banking Alliance (NZBA), an industry-led bank leadership group that supports more than 100 bank members in aligning their financial

5. RMI's Center for Climate-Aligned Finance explains the importance of setting targets on a sector by sector basis, noting this approach can "maximize a financial institution's impact by focusing on where it has the most influence, expertise, and exposure to climate change;" enable targeted problem solving; and highlight investment needs for long-term solutions to reduce emissions. See "IMPACT+ Principles for Climate-Aligned Finance," at p.9, RMI's Center for Climate-Aligned Finance, February 2022, https://climatealignment.org/wp-content/uploads/2022/02/impact_principles_for_climate_aligned_finance_report.pdf, accessed February 9, 2022.

portfolios with net-zero goals. CO2eMission is informed by its target-setting guidelines, which outline principles for setting scientifically informed targets for financial portfolios in key high-emitting sectors.⁶

Our targets

When we announced our net-zero goal, we committed to setting interim targets for the Oil & Gas and Power sectors by the end of 2022. The following table sets forth these targets and key design choices underpinning them.

Developing CO2eMission and setting targets for our Oil & Gas and Power portfolios are important milestones for Wells Fargo. Realizing these targets — including our ultimate net-zero goal by 2050 — will require the commercialization of new technologies, shifts in business models and consumer behavior, supportive government policies, and public investment. In short, these goals depend upon the collective efforts across a wide range of stakeholders outside Wells Fargo’s control.

We anticipate our methodology will evolve over time as approaches to net zero mature, emissions data improves, and climate scenarios evolve. Nevertheless, because climate-related concerns require immediate action, we chose to move forward. We performed our due diligence and developed a methodology that we believe is sound using information and frameworks currently available. As we launch CO2eMission, we intend to continue to address challenges and refine our approach.

2030 Targets for Oil & Gas and Power Sectors

Sector	Metric	2019 Baseline	2030 Target	Financing activities included in the targets	Climate scenario relied upon to set target
Oil & Gas (Scopes 1, 2, and 3, category 11 (use of sold products))	Absolute emissions (Mt CO2e) ¹	97.7 Mt CO2e	72.3 Mt CO2e 26% reduction from 2019 baseline	<ul style="list-style-type: none"> Lending Debt and equity capital markets facilitation 	Network for Greening the Financial System (NGFS) Orderly Net Zero 2050 (June 2021)
Power (Scope 1)	Emissions intensity (kg CO2e/MWh) ²	253 kg CO2e/MWh	102 kg CO2e/MWh 60% reduction from 2019 baseline	<ul style="list-style-type: none"> Lending Debt and equity capital markets facilitation Renewable energy financing 	NGFS Orderly Net Zero 2050 (June 2021)

1. Million metric tons (Mt) carbon dioxide equivalent (CO2e)

2. Kilogram (kg) CO2e per megawatt-hour (MWh)

Methodology framework

The framework used to develop our targets and methodology for each sector is a multi-step process outlined in the following figure. We expect to follow this framework for each sector when we set a target.

Methodology Framework



Select a sector and define activities and emissions in scope

Select a sector. We chose to focus initially on the Oil & Gas and Power sectors — two carbon-intensive sectors for which data and climate scenarios outlining decarbonization pathways are more widely available.

Define activities and emissions in scope

Define activities and emissions in scope. Our sector-based approach to target setting acknowledges that each economic sector comprises a unique value chain, which represents the economic activities companies perform to ultimately create and deliver a product or service. When we consider a sector for target setting, we aim to evaluate the components

Our sector-based approach to target setting acknowledges that each economic sector comprises a unique value chain, which represents the economic activities companies perform to ultimately create and deliver a product or service.

of its value chain to prioritize specific sections that have high emissions and where data exists and to understand drivers of broader emission patterns.⁷

Within the analyzed sections of the value chain, we review our corporate clients' direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3), with a goal of developing targets calibrated around activities and emission scopes that are both high-emitting and key to a sector's transition.⁸

These direct and indirect emissions include the greenhouse gases identified by the Intergovernmental Panel on Climate Change (IPCC).⁹ To enable comparison and aggregation, the IPCC supports a weighting function to convert greenhouse gas emissions into

equivalent emissions of CO₂, often called CO₂ equivalents or CO₂e.

See Section 3.2, Activities and emissions in scope, and Section 4.2, Activities and emissions in scope, for additional information on how we analyzed the value chain and the activities and emissions included in our targets.

Evaluate climate scenario and derive benchmark

Climate scenarios, developed by international bodies and working groups, are foundational to target-setting methodologies. One type of climate scenario, the so-called "normative" scenario, sets a level of ambition in terms of temperature outcome (e.g., limiting the global

7. This approach conceptually draws from and relies on foundational third-party work, including "PACTA for Banks Methodology Document," version 1.1.0, at p.23, Paris Agreement Capital Transition Assessment and 2Investing Initiative, September 18, 2020, <https://www.transitionmonitor.com/wp-content/uploads/2020/09/PACTA-for-Banks-Methodology-Documents.pdf>, accessed November 9, 2021.

8. To categorize financing activities and capital markets transactions, we segment clients and transaction use of proceeds by economic sector using industry classification systems (e.g., the North American Industry Classification System (NAICS)). Mapping industry-specific NAICS codes to value chains is discussed in subsequent sectoral sections of this document.

9. These gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

Climate scenarios, developed by international bodies and working groups, are foundational to target-setting methodologies.

average temperature rise to 1.5°C) and then works backwards to identify changes that could deliver such an outcome.¹⁰ The modeled futures this type of scenario produces outline pathways of possible societal and technological change aligned with particular temperature goals.

Climate scenarios contain numerous assumptions about future economic events; the growth potential of renewable solar, wind, hydro, and geothermal power and other energy sources; the use of climate technologies such as negative emissions technologies and carbon capture, utilization and storage (CCUS); and decarbonizing industrial innovations. Critically, these scenarios and the assumptions embedded in them do not reflect a probabilistically prescribed future nor do they reflect our expectations of specific policy choices society is likely to follow during the planning horizon. Though the individual milestones specified by these scenarios are unlikely to occur precisely as described, cumulatively

they model detailed proofs-of-concept for industry-specific, low-carbon transformations. By aggregating sector-specific emissions and production data from these scenarios, we are generally able to outline transition pathways.

As noted in the Introduction, we use information and assumptions contained in climate scenarios to derive a benchmark that defines how financed emissions within a particular financial portfolio would need to change over time to reach net zero by 2050. We then use the benchmark to set interim portfolio targets. We measure our portfolio's progress against the benchmark as described below (see "Measure portfolio alignment and track progress").

In selecting a climate scenario, we evaluate a variety of factors, including the level of detail included, the scenario provider's expertise, whether the scenario is premised on aligning to a 1.5°C temperature goal by 2050, and alignment of a scenario's

10. For additional information on normative scenarios, see "Climate Change 2001: Impacts, Adaptation, and Vulnerability," at 3.1.3.2 Normative Scenarios, Working Group II to the Third Assessment Report for the Intergovernmental Panel on Climate Change, 2021, <https://archive.ipcc.ch/ipccreports/tar/wg2/index.php?idp=126#3132>, accessed February 17, 2022.

assumptions with potential transition pathways of our clients. Although we select climate scenarios on a sector by sector basis, we also believe applying consistent scenarios across sectors is preferable where possible. In this

first publication of CO2eMission, we use the same scenario — the Network for Greening the Financial System (NGFS) Orderly Net Zero 2050 (NGFS Net-Zero scenario) — for both the Oil & Gas and Power sectors.

The Network for Greening the Financial System (NGFS) Orderly Net-Zero 2050 Scenario. For our Power and Oil & Gas targets, we elected to use a scenario developed by a transatlantic academic consortium of integrated assessment modelers commissioned by the Central Banks and Supervisors of the NGFS. The selected scenario, “Orderly Net Zero 2050,” was published in June 2021. It is one of six scenarios produced as part of the second phase of the NGFS’s climate scenario program, initiated to support consistent and comparable financial sector climate-related scenario analysis.

In choosing a scenario for these initial sectors, we evaluated several credible and well-recognized sources. For setting our initial 2030 targets, we selected the NGFS Net-Zero scenario based on a number of factors including the scenario’s economy-wide scope and purpose-built design to support the financial sector. We also evaluated the analytical methods used to develop the scenarios and the degree to which they build on existing well-developed models.

Substantively, all net-zero scenarios outline transformational economy-wide changes on an ambitious timeline to meet identified emission targets. NGFS Net-Zero’s path follows a rapid decarbonization of power generation, increasing electrification of industry and end use, significant gains in resource efficiency, and a spectrum of new technologies including carbon dioxide removal to tackle remaining hard-to-abate emissions.

Our review of net-zero scenarios identified considerable assumptions about the rate and scale of changes to the global economy with increasingly pronounced transformations assumed as these scenarios closed in on 2050. Variations across scenarios exist in these later decade milestones, which had limited impacts on our 2030 Oil & Gas and Power targets.

Looking forward, we welcome the further evolution of net-zero scenarios.

For more information about the NGFS scenarios, see the NGFS’s interactive scenario explorer:

<https://www.ngfs.net/ngfs-scenarios-portal/explore/>.

Select metric for benchmark and target

We select metrics for our benchmarks and targets informed by the transition pathways for a sector outlined in climate scenarios. In so doing, we consider two quantitative metrics — an absolute emissions metric and an emissions intensity metric. An absolute emissions metric refers to the total quantity of greenhouse gases being emitted into the atmosphere (e.g., million metric tons of CO₂e). An intensity metric is expressed as a ratio of absolute emissions over a unit of output (e.g., kilograms of CO₂e per megawatt-hour). The choice between the metrics is determined based on sector idiosyncrasies.

In addition to quantitative metrics, our methodology strives to account for clients' progress in reducing emissions that a selected quantitative metric cannot capture. For example, our emissions intensity metric for the Power sector currently does not account for some of the decarbonization efforts made by municipalities and rural electric cooperatives (which comprise the public power sector). The public power sector's energy transition relies, in part, upon procuring electricity generated from renewable energy resources

through power purchase agreements. Clients do not uniformly disclose information associated with these agreements and without this data, our methodology's intensity metric cannot account for emission reductions. As a result, our intensity metric may not fully reflect the progress being made by the public power sector in its energy transition. Given the importance of the issue, we are monitoring developments around reporting of greenhouse gases associated with power purchase agreements and plan to explore the treatment of power purchase agreements in future enhancements to our methodology.

Set sector-specific target

We establish targets to begin aligning our portfolio with the underlying benchmark and to track our progress consistent with our net-zero goal. To set a target, we choose (1) the baseline year to begin measuring against and (2) the year by which we need to reach the target.

We develop sector-specific targets to account for variables such as the potential for decarbonization opportunities, identified business growth, and projected capital stock turnover. We consider how we can support and work with our clients to transition to low-carbon activities.



Our approach to offsets in target-setting. In keeping with our view that each sector has a unique path to net zero, we recognize that offsets may be needed to address unavoidable emissions in certain sectors over specific time horizons.

Offsets, including those procured by our clients, are not included in the 2030 Oil & Gas and Power targets outlined in subsequent sections of this document. Going forward, as we set further interim targets for the Oil & Gas and Power sectors and other carbon-intensive sectors, we intend to continue analyzing a sector's decarbonization pathway to assess, in the context of that pathway, the role offsets may play to counterbalance unavoidable emissions. We expect to look to these assessments, together with NZBA expectations, to inform our decisions with respect to incorporating offsets in specific future targets in volumes and over time horizons that complement and support a sector's transformation.

With any use of offsets in future targets, we plan to detail at that time the mechanics of how they will be incorporated in line with NZBA expectations and industry practice.



Measure portfolio alignment and track progress

The final step in our framework is to measure our financial portfolio's alignment with the benchmark to track our progress. To measure alignment, we compare the aggregate client emissions attributable to our financing (i.e., the portfolio indicator)¹¹ for a sector to the sector-specific benchmark. Measuring alignment with the benchmark typically involves the following steps:

- Calculating a client's emissions intensity or absolute emissions, depending on the metric selected
- Attributing client emissions to the financing we provide by developing an attribution factor and multiplying the attribution factor by the client's emissions intensity or absolute emissions
- Summing the attributed emission measurements to produce a portfolio-level indicator

By completing these three steps, we can then compare the portfolio-level indicator (i.e., the aggregated emission measurements of our clients) to the benchmark. Note, in instances when we use an absolute emissions metric for a target, we do not compare the portfolio indicator to the benchmark itself. Rather, we assess whether the

portfolio indicator is adjusting at the same rate of change as the benchmark. We refer to this approach as the rate of change approach. Each of these steps is explained in more detail below.

Calculating a client's emissions intensity or absolute emissions

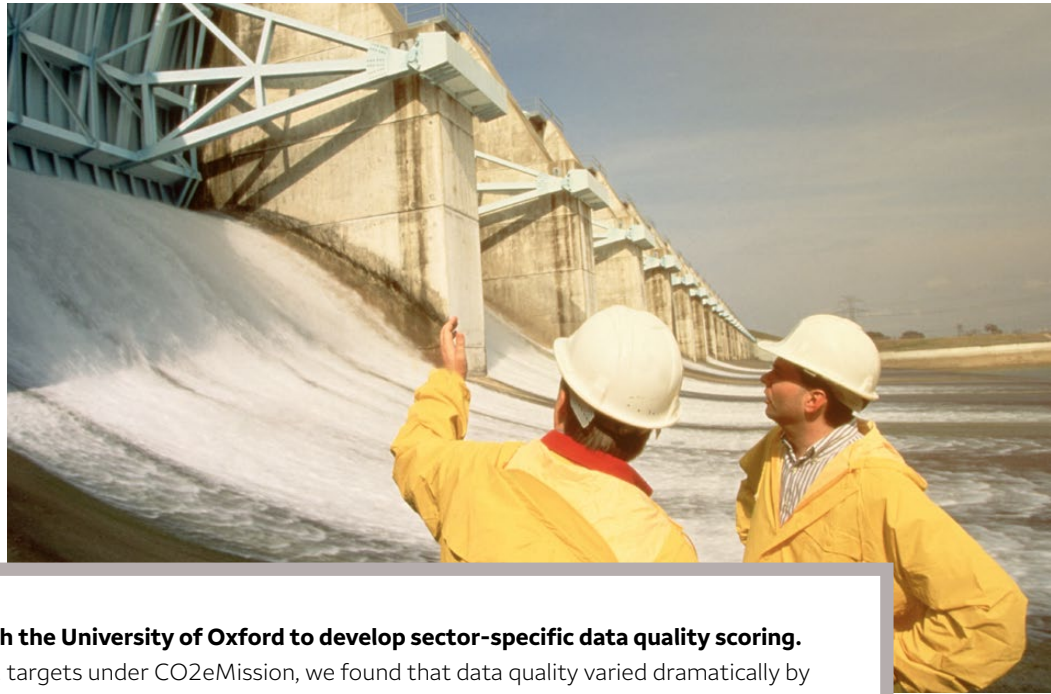
Calculating a client's emissions intensity or absolute emissions involves the design choices noted above with respect to value chain activities and emissions in scope, the metric selected (an emissions intensity metric or absolute emissions metric), and the greenhouse gases covered in the targets.

To quantify our clients' emissions, we evaluate and prioritize available data sources on a sector by sector basis. As we evaluate sector-specific emissions data, we consider the appropriateness of company-reported data disclosed through frameworks, such as CDP (formerly known as the Carbon Disclosure Project). We also consider sector-specific, asset-level data sets collated by third-party data providers, which quantify emissions from individual physical assets (e.g., power plants or oil and gas wells) within a sector, attributing the associated emissions to the parent companies that own these facilities. While the quality of voluntary emissions reporting has dramatically improved in recent years, there remains great

11. We adopted the term "portfolio indicator" from "Credit Portfolio Alignment," Katowice Banks in partnership with the 2 Degrees Investing Initiative, September 2020, <https://2degrees-investing.org/wp-content/uploads/2020/09/Katowice-Banks-2020-Credit-Portfolio-Alignment.pdf>, accessed November 9, 2021.

variability in reporting both across and within sectors. Some inventories may be audited and generally include all emission scopes (Scopes 1, 2, and 3) while others may be unverified, incomplete, or both. Moreover, approaches to measuring and attributing emissions may vary, which

can make meaningful comparisons within a sector challenging. Accordingly, our methodology does not take a “one size fits all approach” preferring company-reported data to third-party production data or vice versa. Rather, we evaluate the data sources for each sector separately.



Wells Fargo works with the University of Oxford to develop sector-specific data quality scoring.

In developing the initial targets under CO2eMission, we found that data quality varied dramatically by sector. Yet, existing data scoring methods provided universal guidance — often favoring company-reported emissions over asset-level production data — that overlooked the variations among sectors that we observed. To support the evolution of data quality assessment, we are working with the Spatial Finance Initiative at the University of Oxford to empirically evaluate data quality on a sector by sector basis with a view to providing sector-specific data scoring guidance. This project, the Sectoral Data Quality and Integrity project, intends to produce its first outputs in the second half of 2022. For more information about the project, see the following link: <https://www.smithschool.ox.ac.uk/research/sectoral-data-quality-integrity>.

Attributing client absolute emissions or emissions intensity to our financing

We attribute a client’s respective absolute emissions or emissions intensity to our financing activities by developing an attribution factor and then multiplying the attribution factor by the client’s emissions. As shown in the following figure, the attribution factor is a ratio reflecting our financing to the client in proportion to total financing.

Attribution Factor

$$\text{Attribution factor} = \frac{\text{Wells Fargo financing to client}}{\text{Total financing}}$$

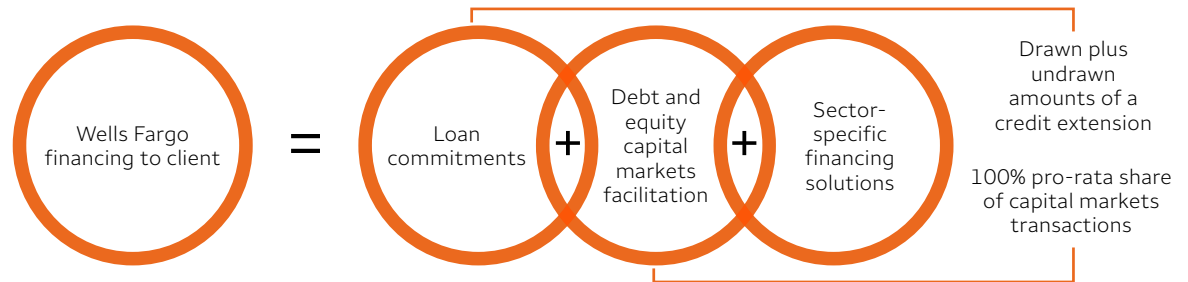
Our methodology applies two different approaches to “total financing” depending upon whether we use an intensity-based metric or an absolute emissions metric for our target. For intensity-based metrics, we weight a client’s emissions intensity in our portfolio based on our total financing to the sector. For absolute emissions, we measure the share of client emissions attributable to our financing relative to the client’s value. Each part of the attribution factor is discussed below.

Numerator for the attribution factor: Wells Fargo financing to client

The first design choice for developing an attribution factor is to decide

what financing activities are in scope. Our methodology includes our lending activities as well as the capital markets activities we help facilitate. Although the NZBA and supporting industry frameworks and tools do not currently include funding arranged in the capital markets, we include it in our methodology to capture more fully our financing activities in each sector. We also include sector-specific financing solutions, such as the tax equity financing we provide to renewable energy clients in the Power sector through our Renewable Energy & Environmental Finance (REEF) business. See Section 4.4, Climate scenario and target, for additional information about the REEF business.

Wells Fargo Financing to Client



With respect to our lending activities, our methodology includes bilateral loans and our share of syndicated loans and uses commitments — both the drawn amount and undrawn amounts of a credit extension — to calculate our financing to clients. By using commitments, we capture the full potential support we offer to clients. We also minimize potential volatility created by drawdowns of credit facilities that may influence an emissions metric attributable to the financing we provide but have little to do with a company’s emissions trajectory.

With respect to capital markets facilitation, our methodology includes 100% of origination activities that directly fund company operations (i.e., equity capital markets and debt capital markets, including high grade securities, high yield securities, and term loan transactions), but does not include advisory activities (such as mergers and acquisition advisory activity),

commodities activity, or derivatives. We also have not included assets that we hold in our investment portfolio and affiliated venture capital and private equity partnerships or that we hold in connection with secondary trading and market-making activities. When multiple financial institutions facilitate the same capital markets transaction, we attribute 100% of our pro rata share.

Capital markets facilitation activity has inherent volatility. To address the impacts of this volatility and better match the tenor of the capital to our reported activity, we amortize our capital markets facilitation activities over a five-year period using a straight-line method. Moreover, to avoid underestimating our capital markets facilitation activities in the baseline year (2019), and the following five years (until 2024), our methodology uses a “look back” to include amortized data from 2015 forward.

Denominator for the attribution factor: total financing

We apply two different approaches to calculate total financing — a portfolio-weighted approach for intensity-based targets and a balance sheet approach for absolute emissions-based targets. Under the portfolio-weighted approach, the attribution factor reflects our financing to a client relative to our total financing to all clients within the sector. This approach reflects the relative weight of our financing to a client within a sector-specific financial portfolio.

Portfolio-weighted Approach (Intensity-based targets)

$$\text{Attribution factor for emissions intensity} = \frac{\text{Wells Fargo financing to client (loan commitments + capital markets facilitation)}}{\text{Total Wells Fargo financing to sector}}$$

Under the balance sheet approach, the attribution factor reflects our financing to a client relative to the client's value. To measure client value, we use enterprise value including cash (EVIC) if the client is a publicly-traded company or the book value of debt plus equity if the client is a privately-held company.¹² This approach reflects the relative weight of our financing within a client's capital structure.

Balance Sheet Approach (Absolute emissions-based targets)

$$\text{Attribution factor for absolute emissions} = \frac{\text{Wells Fargo financing to client (loan commitments + capital markets facilitation)}}{\text{Client enterprise value + cash (public companies) or client book value of debt + equity (private companies)}}$$

We are mindful that a client's value may change based on client financing choices and market fluctuations. The volatility in a client's value could shift emissions attributable to our financing due to changes in enterprise value or book value rather than emissions performance. To limit volatility, our approach fixes client value as of December 31, 2019 (the baseline year) or the financial statement

12. Additionally, we include undrawn commitment amounts in the attribution factor denominator to better align the equation's numerator and denominator. Commitments in the numerator are composed of both funded and unfunded components, while the client value in the denominator represents on-balance sheet funding only. By adding unfunded commitments to client value, we reduce the overallocation of emissions that would arise from an unadjusted approach. Note that a complete approach would entail addition of all unfunded commitments from all lenders, but given data availability, we add only the unfunded portion of Wells Fargo's commitment. Although this method risks overallocating emissions to Wells Fargo, we concluded that this approach would best align with the principles of CO2eMission.

nearest to December 31, 2019, for all financing activities that occur on or before that date. For all financing activities that occur after December 31, 2019, our approach fixes client value at the end of the quarter that the financing activity occurred or the financial statement nearest to the end of that quarter.

After establishing the attribution factor, we multiply it by the client’s respective emissions intensity or absolute emissions (depending on the metric selected for the target) to produce a company-level performance indicator.

Aggregating company-level performance indicators into a sector-specific, portfolio-level performance indicator

Our final step is to aggregate company-level performance indicators to calculate a sector-specific, portfolio-level indicator. The following figure illustrates this calculation for both intensity metrics and an absolute emissions metric.

Portfolio Metrics

$$\begin{aligned}
 & \boxed{\text{Weighted portfolio emissions intensity}} = \sum \left(\boxed{\text{Client emissions intensity}} \times \boxed{\frac{\text{Wells Fargo financing to client (loan commitments + capital markets facilitation)}}{\text{Total Wells Fargo financing to sector}}} \right) \\
 & \boxed{\text{Portfolio absolute emissions}} = \sum \left(\boxed{\text{Client absolute emissions}} \times \boxed{\frac{\text{Wells Fargo financing to client (loan commitments + capital markets facilitation)}}{\text{Client enterprise value + cash (public companies) or client book value of debt + equity (private companies)}}} \right)
 \end{aligned}$$

The sector-specific, portfolio-level performance indicator can then be compared to the benchmark (or to the benchmark’s rate of change for an absolute emissions target) to assess our alignment.

Using the framework described above, we set targets for key emitting sectors. In the following sections, we describe these targets and the methodological choices underpinning them.

Oil & Gas

3.1 Overview

Our 2030 target for our Oil & Gas portfolio is an absolute emissions target. It covers Scope 1, 2, and 3, category 11 (use of sold products) emissions from companies engaged in exploration and production activities and Scope 1 and 2 emissions from companies engaged in petroleum refining. We believe that these emission categories cover substantially all of the emissions in the Oil & Gas value chain.¹³ We include Scope 3, category 11 (use of sold products) emissions for exploration and production activities so that

our targets cover the emissions associated with the end use of the produced hydrocarbons. Because a significant portion of extracted oil is ultimately refined into various petroleum products before its ultimate combustion, we exclude the Scope 3 end use emissions of our refiner clients to minimize double counting these same emissions.

The following two figures outline our 2030 Oil & Gas portfolio target and the key methodological design choices underpinning it. For now, offsets are not included in this target, including those procured by our clients.

2030 Oil & Gas Portfolio Target

Baseline absolute emissions	2030 Target
97.7 Mt CO ₂ e	72.3 Mt CO ₂ e
As of 12/31/2019	26% reduction in absolute emissions

13. "The future is now: How oil and gas companies can decarbonize," at pp. 3-4 (Exs. 2, 3), C. Beck, S. Rashidbeigi, O. Roelofsen, and E. Speelman (McKinsey & Company), January 2020, <https://www.mckinsey.com/industries/oil-and-gas/our-insights/the-future-is-now-how-oil-and-gas-companies-can-decarbonize>, accessed February 28, 2022.

Key Design Choices	
Activities	<ul style="list-style-type: none"> • Exploration and Production, Refining
Emission Scopes	<ul style="list-style-type: none"> • Scopes 1, 2, and 3, category 11 (use of sold products) for Exploration and Production • Scopes 1 and 2 for Refining
Metric	<ul style="list-style-type: none"> • Absolute emissions (in million metric tons)
Financing Activities	<ul style="list-style-type: none"> • Lending activities: Commitments (drawn plus undrawn amounts) • Capital markets facilitation: 100% of pro-rata share of notional using a five-year, straight-line amortization approach
Attribution Approach	<ul style="list-style-type: none"> • Balance sheet approach (measures share of client emissions attributable to Wells Fargo financing relative to the client's value)
Key External Data Sources	<ul style="list-style-type: none"> • S&P Trucost • GlobalData • S&P Capital IQ • International Energy Agency (IEA) • Intergovernmental Panel on Climate Change (IPCC) • Network for Greening the Financial System (NGFS)
Scenario	<ul style="list-style-type: none"> • NGFS Orderly Net Zero 2050 (June 2021) and internal analysis

In an effort to limit global warming to no more than 1.5°C above pre-industrial levels, the Oil & Gas sector will need to play a significant role. According to a January 2020 McKinsey & Company report, the Oil & Gas sector, directly or indirectly, accounts for 42% of global emissions, with 9% of these emissions attributable to

industry operations (Scope 1 and 2 emissions) and 33% of emissions attributable to use of the fuels the industry produces (Scope 3 emissions).¹⁴ Additionally, natural gas and petroleum systems are the second largest source of methane emissions in the U.S.¹⁵

14. "The future is now: How oil and gas companies can decarbonize," at p.2 (Ex. 3), C. Beck, S. Rashidbeigi, O. Roelofsen, and E. Speelman (McKinsey & Company), January 2020, <https://www.mckinsey.com/industries/oil-and-gas/our-insights/the-future-is-now-how-oil-and-gas-companies-can-decarbonize>, accessed February 17, 2022.

15. "Overview of Greenhouse Gases," Environmental Protection Agency, <https://www.epa.gov/ghgemissions/overview-greenhouse-gases>, accessed November 23, 2021.

To manage its greenhouse gas emissions, the Oil & Gas industry has available a range of potential actions including decreasing operational emissions by consuming low-carbon energy during the extraction process; eliminating routine flaring; and reducing methane emissions from venting (i.e., the direct release of gas into the atmosphere) and addressing methane leakage during oil and gas extraction and transportation.¹⁶

In addition, Oil & Gas companies seeking to transition to net zero may neutralize residual gross emissions through technologies such as CCUS and/or diversify into new businesses such as low-carbon energy production and sales.¹⁷

3.2 Activities and emissions in scope

To set our Oil & Gas portfolio target, we analyzed the upstream, midstream, and downstream segments of the Oil & Gas sector value chain as shown in the following figure.¹⁸ The upstream segment includes exploration and production activities such as drilling and completing wells and extracting oil and gas deposits, the midstream segment includes transporting oil and gas and storing it, and the downstream segment includes refining crude oil and natural gas into end use products such as gasoline, diesel, and jet fuel that are then sent to energy providers, gas stations, or other distributors and retail outlets.

Oil & Gas Sector Value Chain



16. "Net Zero Standard for Oil and Gas," at pp.12-16, Institutional Investors Group on Climate Change (IIGCC), September 2021, <https://www.iigcc.org/download/iigcc-net-zero-standard-for-oil-and-gas/?wpdmdl=4866&refresh=6140cea4a40a01631637156>, accessed November 23, 2021.

17. Ibid.

18. The Oil & Gas sector value chain reference is from "PACTA for Banks Methodology Document," version 1.1.0, at p.23, Paris Agreement Capital Transition Assessment and 2Investing Initiative, September 18, 2020, <https://www.transitionmonitor.com/wp-content/uploads/2020/09/PACTA-for-Banks-Methodology-Documents.pdf>, accessed January 13, 2021.

To capture the bulk of the sector's emissions, our methodology currently focuses on the upstream and downstream segments. We identify clients within these segments by mapping sector-specific NAICS codes to each segment. (For a list of NAICS codes in scope, see Section 7, Appendix - NAICS codes in scope.) The following figure illustrates the activities and emissions within these components of the value chain that our target covers.

Activities and Emissions in Scope

Emissions Estimates of Oil & Gas Sector Value Chain ¹			
	Upstream ✓	Midstream	Downstream ✓
	Exploration & Production	Transportation & Storage	Refining
Scopes 1&2	13% of emissions of which 24% are CO ₂ and 76% are non-CO ₂ ✓	1% of emissions of which 100% are CO ₂ ²	7% of emissions of which 70% are CO ₂ and 30% are non-CO ₂ ✓
Scope 3, category 11 (use of sold products)	79% of emissions ✓	Avoid double counting Scope 3 emissions from upstream and integrated companies ³	

1. The emissions estimates in the figure above are from the following source: "The future is now: How oil and gas companies can decarbonize," C. Beck, S. Rashidbeigi, O. Roelofsens, and E. Speelman (McKinsey & Company) (January 2020).

2. Fugitive emissions from midstream (e.g., methane) are included in the Scope 1 and Scope 2 upstream emissions to be consistent with the International Energy Agency (IEA) World Energy Outlook 2018 classification.

3. Scope 3 emissions for midstream and downstream are already included in the Scope 3 emissions for upstream.

As reflected in the preceding figure, our methodology attributes all Scope 1, Scope 2, and Scope 3, category 11 (use of sold products) emissions to clients involved in upstream activities, including integrated oil and gas companies. These emissions include emissions from the heavy machines and pumps

used for drilling wells and extracting oil and gas deposits, emissions from purchased electricity, and most importantly, the emissions from the combustion of the extracted oil and gas, which constitute approximately 79% of the value chain emissions. Our methodology also attributes Scope 1 and Scope 2 emissions

to clients involved in downstream refining activities. These emissions include clients' direct emissions from refining facilities and indirect emissions related to purchased electricity. Our methodology does not attribute Scope 3, category 11 emissions to downstream clients to avoid double counting, given the inclusion of these emissions for clients involved in upstream activities.

By focusing on the upstream and downstream activities and capturing the Scope 1, 2, and 3 emissions as noted above, based on industry estimates we believe our methodology currently covers substantially all of the value chain emissions. Though our methodology currently does not capture emissions associated with the midstream segment (transportation and storage activities), these emissions comprise a very small percentage of the value chain emissions and require significant effort to estimate in an accurate and consistent manner in the current disclosure environment.

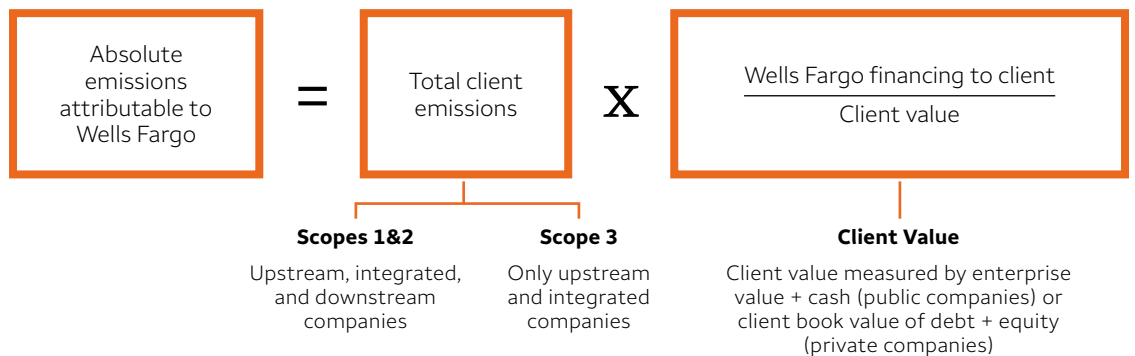
3.3 Metrics and data

We use an absolute emissions metric in the Oil & Gas sector and apply a balance-sheet attribution approach. An absolute metric is well suited not only to measure reductions in operational emissions (Scopes 1 and 2), but also to capture reductions in Scope 3, category 11 (use of sold products) emissions resulting from clients transitioning into new businesses.

We recognize the long time horizon and challenges inherent in the Oil & Gas industry's energy transition, where, as net-zero scenarios indicate, the world is expected to continue to rely on oil and gas for a meaningful proportion of its energy for years to come. We are committed to supporting our clients throughout the process as we work toward our net-zero ambition.

The following figure illustrates our calculation approach for Scopes 1, 2, and 3, category 11 (use of sold products).

Calculation Approach: Absolute Emissions



We use Oil & Gas production data and apply corresponding emission factors to calculate Scope 3 company emissions for upstream and integrated companies. We then multiply these emissions by the attribution factor (Wells Fargo financing divided by client value) to calculate client emissions attributable to our financing activities. For Scopes 1 and 2, we source company emissions data from S&P Trucost for upstream, integrated, and downstream companies and then multiply by the attribution factor. If Scope 1 and 2 emissions data is unavailable, we impute emissions using production data and the relevant emission factors.

We recognize the limitations of imputing emissions and other approaches to remediate data, as companies' actual performance may not be accurately reflected by such approaches. Wells Fargo will continue to work with data providers and other companies to improve its data coverage and quality over time. We plan to reassess our estimation approaches in the future as standards evolve and data availability improves.

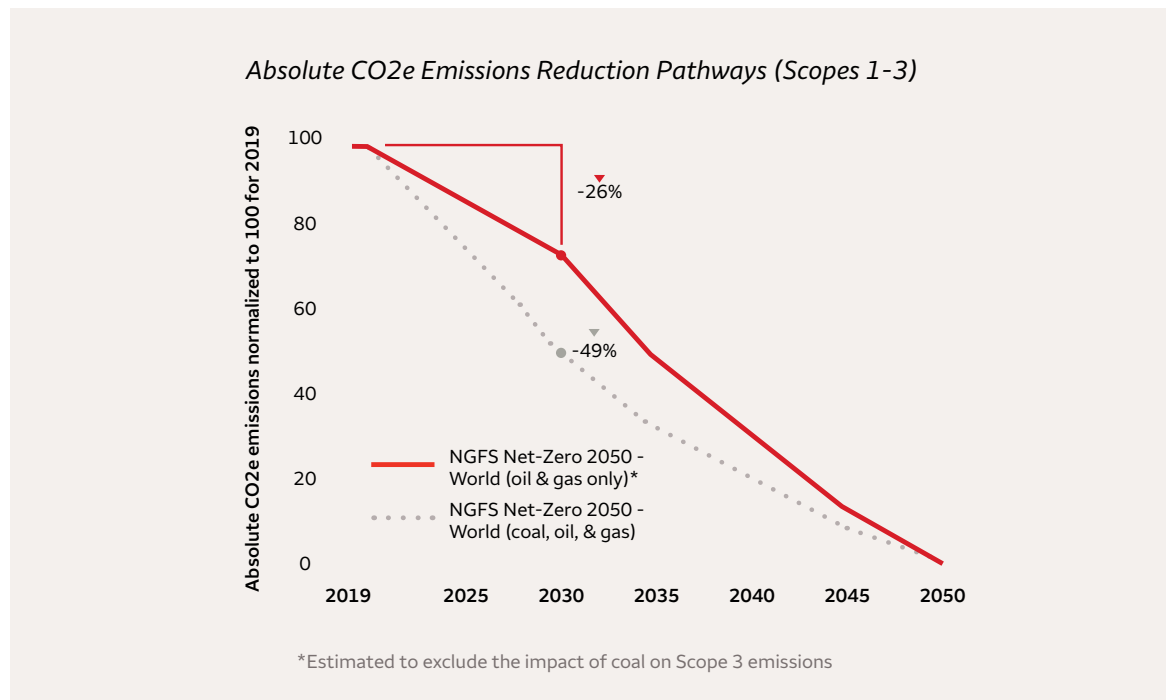
3.4 Climate scenario and target

We elected to align our 2030 target with the NGFS Net-Zero scenario. Through economy-wide climate policies and innovation, the NGFS Net-Zero scenario outlines an ambitious pathway to reduce emissions and limit the global average temperature rise in this century to no more than 1.5°C above pre-industrial levels.

Wells Fargo chose this scenario because of its general rigor and alignment with the Paris Agreement. The NGFS Net-Zero scenario assumes a rapid and near complete phase out of coal, which shrinks 86% by 2030, and a continued dependency on oil and gas as key energy sources through 2030, driven by a modest growth in energy consumption. The scenario also assumes an increase in non-biomass renewable sources of energy, such as wind and solar, from 5% in 2020 to 19% in 2030.

Including coal, oil, and gas, the NGFS Net-Zero scenario implies a 49% rate of change in absolute CO₂e

emissions (composed of CO₂ and methane) between 2019 and 2030. Given that our portfolio currently does not include significant financing of coal mining,¹⁹ we removed its effect on the NGFS pathway by excluding coal's relative contribution to emissions to calculate an oil- and gas-only pathway.²⁰ The resulting adjusted NGFS Net-Zero scenario implies a 26% rate of change in absolute CO₂e emissions between 2019²¹ and 2030. The following figure shows the absolute emissions pathways including and excluding the impact of coal on Scope 3 emissions.



Based on the 26% rate of change discussed above, we set a target of 72.3 Mt CO₂e for 2030 from a 2019 baseline of 97.7 Mt CO₂e. We have made progress since 2019 against this target and plan to report this progress as well as progress against our Power portfolio target in subsequent disclosures. While we have attempted to address the volatility embedded in the underlying components of the attribution factor for this target, changes to these components, alongside other changes such as data availability and scenario development, may impact our progress against the target and result in its recalibration prior to 2030.

19. Although other financial institutions may seek to meet their energy targets by de-emphasizing coal, we have already limited our exposure to coal mining.

20. We estimated relative contributions of Scope 3 emissions from coal, oil, and gas using emissions derived from annual end-use consumption and IPCC non-energy adjusted emissions factors for each fuel type.

21. The NGFS Net-Zero scenario only provides emissions data in five-year increments. We therefore used 2015 and 2020 emissions data to interpolate a 2019 baseline on a straight-line basis from which we calculated the rate of change for our target.

Power

4.1 Overview

Our 2030 target for our Power portfolio is an emissions intensity target that covers Scope 1 emissions from power-generating activities. For now, offsets are excluded from this target, including those procured by our clients. The following two figures outline our 2030 Power portfolio target and the key methodological design choices underpinning it.

2030 Power Portfolio Target

Baseline emissions intensity	2030 Target
253 kg CO ₂ e/MWh	102 kg CO ₂ e/MWh
As of 12/31/2019	60% reduction from 2019 baseline

Key Design Choices	
Activities	<ul style="list-style-type: none"> • Power generation
Emission Scopes	<ul style="list-style-type: none"> • Scope 1
Metric	<ul style="list-style-type: none"> • Emissions intensity (kg CO₂e/MWh)
Financing Activities	<ul style="list-style-type: none"> • Lending activities: Commitments (drawn plus undrawn amounts) • Capital markets facilitation: 100% of pro-rata share of notional using a five-year, straight-line amortization approach • Renewable energy financing
Attribution Approach	<ul style="list-style-type: none"> • Portfolio-weighted approach (measures Wells Fargo financing to the client relative to the total Wells Fargo financing to the sector)
Key External Data Sources	<ul style="list-style-type: none"> • GlobalData • Intergovernmental Panel on Climate Change (IPCC) • Network for Greening the Financial System (NGFS)
Scenario	<ul style="list-style-type: none"> • NGFS Orderly Net Zero 2050 (June 2021)

Producing clean electricity requires transitioning from power plants that generate electricity by burning fossil fuels to plants that generate electricity from renewable sources.

Decarbonizing the Power sector is an important component in effectively addressing climate change and globally reaching net-zero emissions by 2050. Although electricity itself is a clean form of energy, the generation of electricity produces greenhouse gas emissions that contribute to climate change. In the U.S. in 2019, electricity generation was the second largest source of greenhouse gas emissions largely due to burning fossil fuels (mostly coal and natural gas).²² Moreover, climate scenarios, including NGFS scenarios, make plain that electrification of the economy is paramount to reaching net zero by 2050. If electricity can be produced without emitting greenhouse gases into the atmosphere, it can then be a viable solution to meet growing power demand and help transition other

industries such as transportation and manufacturing.

Producing clean electricity requires transitioning from power plants that generate electricity by burning fossil fuels to plants that generate electricity from renewable sources (i.e., solar, wind, hydro, and geothermal sources), or from nuclear energy. This transition will be difficult. Fossil fuels historically have accounted for the majority of all electricity generated worldwide, ahead of renewables and nuclear energy.²³ Additionally, fossil fuels are widely available, relatively inexpensive, capable of being stored, and readily transported. Governments have taken numerous steps to keep fossil fuel prices low and to incentivize their production. The shift from fossil fuels to renewable or nuclear energy sources to generate electricity depends in part on public policies to incentivize this transition.

Producing clean electricity also depends upon innovative technologies to capture CO₂ emissions such as CCUS, which involves capturing CO₂ generated from burning fossil fuels before they enter the atmosphere

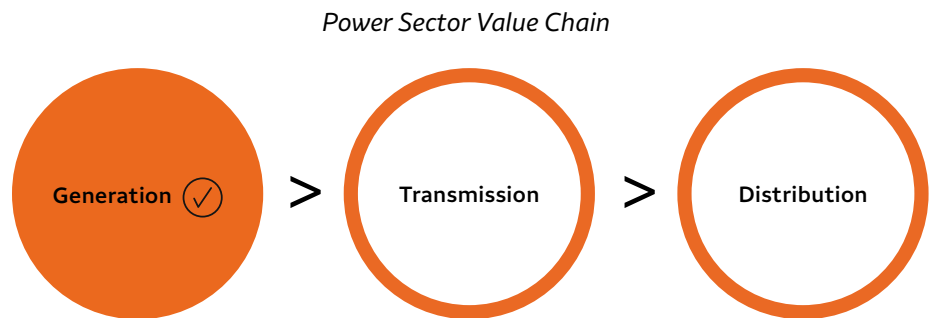
22. "Sources of Greenhouse Gas Emissions," U.S. Environmental Protection Agency, <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>, accessed November 9, 2021.

23. See bp Statistical Review of World Energy 2021, 70th edition, <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>, accessed February 11, 2022.

and storing these emissions. CO2 capture technologies can be applied to electric-power generation facilities (as well as other large industrial sources of emissions).²⁴ Implementing and operating CCUS technologies, however, require sizeable investments, and climate scenarios assume they will not be available at scale before 2030.²⁵

4.2 Activities and emissions in scope

In developing our Power target, we considered the following three segments within the Power sector value chain to determine where we could make the most climate impact: generation, transmission, and distribution.²⁶



Our methodology currently focuses on power generation, the segment of the value chain responsible for substantially all sector emissions. To define this segment within our financial portfolio, we relied upon NAICS codes related to power-generating activities. We also analyzed the NAICS codes related to transmission and distribution to evaluate counterparties that might engage in generation activities in addition to transmission

and distribution activities. (For a list of NAICS codes in scope, see Section 7, Appendix - NAICS codes in scope.)

Our methodology attributes to clients engaged in power generation activities all Scope 1 emissions, which include emissions resulting from the combustion of fossil fuels (oil, gas, and coal) to produce electricity. These Scope 1 emissions cover

substantially all emissions in the Power sector value chain. Our methodology currently does not include Scope 2 and Scope 3 emissions. Scope 2 emissions are de minimis relative to Scope 1. Scope 3 emissions — largely attributable to electricity generation procured from other sources — require additional data and their inclusion may be a future enhancement to our methodology.

24. "Carbon Capture and Storage," Intergovernmental Panel on Climate Change Special Report, 2005, https://www.ipcc.ch/site/assets/uploads/2018/03/srccs_wholereport-1.pdf, accessed November 10, 2021.

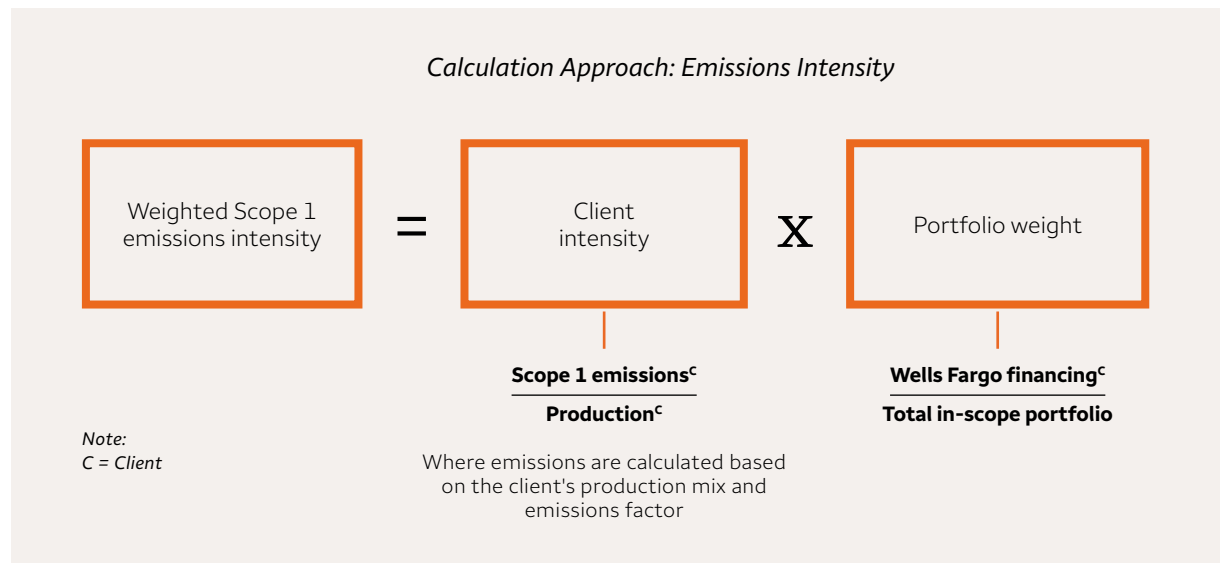
25. Notably, net-zero climate scenarios, such as the NGFS Net-Zero scenario and the International Energy Agency Net Zero Emissions by 2050 scenario, rely heavily upon CCUS technologies after 2030.

26. The Power sector value chain reference is from "PACTA for Banks Methodology Document," version 1.1.0, at p.23, Paris Agreement Capital Transition Assessment and Investing Initiative, September 18, 2020, <https://www.transitionmonitor.com/wp-content/uploads/2020/09/PACTA-for-Banks-Methodology-Document.pdf>, accessed January 13, 2022.

4.3 Metrics and data

We use a portfolio-weighted, carbon emissions intensity-based approach to measure Power sector performance. An emissions intensity metric allows us to track a company's decarbonization relative to electricity generation over time. Given the availability of zero-emission generation technologies, such as wind, solar, and nuclear, an intensity metric captures the pace of adoption of these solutions as the sector transitions. An intensity-based metric also provides for consistent tracking and comparability between companies.

The following figure illustrates our calculation approach for portfolio-weighted Scope 1 emissions intensity.



We use a client's electricity generation, by technology type, and apply the appropriate IPCC emission factor to calculate the Scope 1 emissions and emissions intensity of our Power generation portfolio. We also reviewed public disclosures and other sources

of information, such as the Transition Pathway Initiative²⁷, to assess the emissions for select clients. We plan to reassess our estimation approaches in the future as data availability improves.

27. The Transition Pathway Initiative is a global research initiative led by asset owners that aims to enable investors to assess company performance and progress towards the low-carbon economy against internationally agreed benchmarks. See <https://www.transitionpathwayinitiative.org/>.

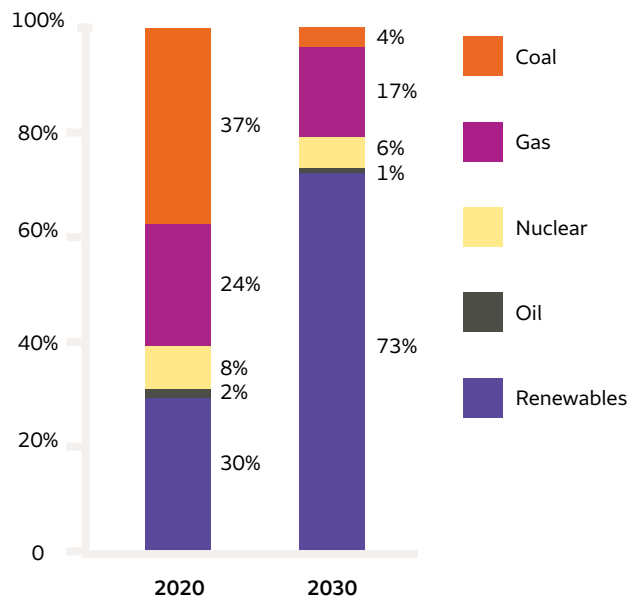
4.4 Climate scenario and target

As noted above, decarbonizing the Power sector is an important component in effectively transitioning to a net-zero carbon economy. It requires simultaneous scaling of low- and zero-emissions power resources, such as solar, wind, or nuclear, paired with decommissioning and deployment of carbon capture for new and existing fossil fuel-based generation. To best capture this future trajectory, we selected the NGFS Net-Zero scenario to derive the benchmark to measure portfolio alignment and inform our Power generation portfolio.

We chose this scenario based on its relatively rapid decarbonization pathway for the Power sector. Moreover, the selection of this scenario is consistent with that which is used in our Oil & Gas target (see Section 3.4, Climate scenario and target) and achieves an initial degree of uniformity and consistency across the first iteration of our methodology.

The NGFS Net-Zero scenario assumes electricity from renewable sources increases five-fold by 2050, with a near-complete phasing out of coal-fired plants by 2030, as illustrated by the evolution of fuel mix in the following figure.

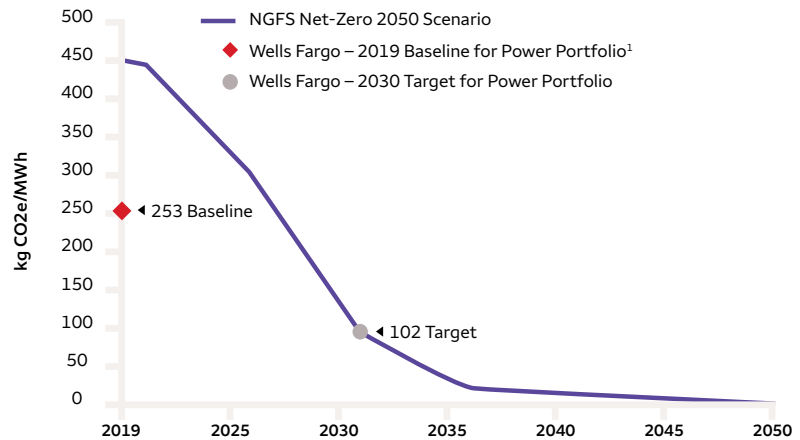
NGFS Net-Zero Scenario Fuel Mix



Wells Fargo contributes to the transition of the Power sector through our renewable energy finance businesses, which currently represent a meaningful portion of our Power generation portfolio. (See insert **Financing renewable energy projects** for information with respect to our Renewable Energy & Environmental

Finance (REEF) business.) Given our demonstrated commitment to finance low-carbon alternatives in the Power sector, we believe we are well positioned to meet our 2030 portfolio target. This target, based on the NGFS Net-Zero scenario, is illustrated in the following figure.

Scope 1 Intensity: 2019 Baseline, Scenario, and Wells Fargo 2030 Target



1. Power sector baseline calculated using 2020 power generation data as a proxy for 2019 data due to data availability.

Financing renewable energy projects. Renewable Energy & Environmental Finance (REEF) is a Wells Fargo business that helps our clients finance renewable energy generation and storage projects (such as wind, solar, and fuel cells) primarily through a form of financing known as tax equity.

From 2005 through 2021, Wells Fargo invested over \$13.2 billion in clean energy projects across the country, making us a leading provider in the tax equity market.

Next steps

We set a climate goal — to become a net-zero organization by 2050 — and developed a methodology to help us define our starting point and measure our progress towards that goal. Moving forward, we plan to update and refine our methodology as data improves, climate scenarios change, and experience is gained. As additional data becomes available and greenhouse gas reporting standards evolve, we intend to modify and enhance our methodology. This may result in changes to our reported baseline and targets.

As a member of the NZBA, we plan to follow its guidelines for setting additional targets for other key emitting sectors. We also plan to follow its guidelines for future actions with respect to our targets

for the Oil & Gas and Power sectors, such as the following:

- *Publishing high-level transition plans providing an overview of the categories of actions we expect to take to meet our 2030 targets and an approximate timeline*
- *Setting additional, interim five-year targets as the initial 2030 targets and other future target years approach*
- *Reporting annually on progress against our 2030 and future targets*
- *Reviewing and, if needed, revising targets at least every five years to promote consistency with the latest climate science*
- *Recalculating and revising targets as needed to reflect significant changes that might compromise the relevance and consistency of the existing targets*

Abbreviations

Abbreviation	Definition
CCUS	carbon capture, utilization and storage
CO ₂	carbon dioxide
CO ₂ e	carbon dioxide equivalent
EVIC	enterprise value including cash
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
kg	kilogram
Mt	million metric tons
MWh	megawatt-hour
NAICS	North American Industry Classification System
NGFS	Network for Greening the Financial System
NGFS Net-Zero scenario	Network for Greening the Financial System Orderly Net Zero 2050
NZBA	Net-Zero Banking Alliance
PACTA	Paris Agreement Capital Transition Assessment
REEF	Renewable Energy & Environmental Finance
Wells Fargo	"Wells Fargo," "the Company," "we," "our," or "us" means Wells Fargo & Company and Subsidiaries (consolidated)

Appendix - NAICS codes in scope

Oil & Gas Sector - NAICS Codes in Scope	Descriptor
211120	Crude Petroleum Extraction
211130	Natural Gas Extraction
324110	Petroleum Refineries
Power Sector - NAICS Codes in Scope	Descriptor
221111	Hydroelectric Power Generation
221112	Fossil Fuel Electric Power Generation
221113	Nuclear Electric Power Generation
221114	Solar Electric Power Generation
221115	Wind Electric Power Generation
221116	Geothermal Electric Power Generation
221117	Biomass Electric Power Generation
221118	Other Electric Power Generation
221121*	Electric Bulk Power Transmission & Control
221122*	Electric Power Distribution
926130*	Regulation and Administration of Communications, Electric, Gas, and Utilities

*We analyzed these NAICS codes to evaluate clients that may be engaged in power generation activities.

Disclaimer

This document contains forward-looking statements about Wells Fargo & Company's (the Company) future plans, financing, objectives, targets, and climate-related strategies, including expectations, assumptions, and projections regarding implementation. Forward-looking statements are not based on historical facts but instead represent our current expectations and assumptions regarding our business, the economy, and other future conditions. Investors are urged to not unduly rely on forward-looking statements as actual results could differ materially from expectations. Forward-looking statements speak only as of the date made, and we do not undertake to update them, or any other information contained in this document, to reflect changes or events that occur after that date. For more information about factors that could cause actual results to differ materially from expectations, refer to the "Forward-Looking Statements" discussion in Wells Fargo's press releases announcing our quarterly results and in our most recent Quarterly Report on Form 10-Q, as well as to Wells Fargo's other reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in our most recent Annual Report on Form 10-K as filed with the Securities and

Exchange Commission and available on its website at www.sec.gov.

Because forward-looking statements are based on the Company's current expectations and assumptions regarding the future, they are subject to inherent risks and uncertainties, many of which are outside the Company's control.

In addition, climate-related disclosures as a whole and related expectations, assumptions, target-setting, and projections regarding the implementation and effectiveness of the Company's approach, are based on scenarios, assumptions, third-party data, and other material that we take at face value and may be outside the control of the Company. The Company does not independently verify third-party data or material. While information contained herein is gathered from sources believed to be reliable, the Company makes no representations or warranties as to the quality, completeness, accuracy, fitness for a particular purpose, or non-infringement of such information. In no event shall the Company be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained herein.

With respect to estimating client emissions, we note that our emissions calculations are often the product of multiple inputs, including third-party compiled production data and third-party developed emissions factors, all of which may include uncertainties and assumptions that we take at face value. Uncertainties and inaccuracies in any of these elements potentially have compounding effects on the accuracy of resulting emissions figures.

While the Company set sector-specific targets to enable it to track the alignment of its financing activities to its net-zero goal, these targets, even if met, do not guarantee reductions of absolute greenhouse gas emissions in the real economy. The companies that emit the greenhouse gases ultimately control that outcome. Relatedly, given the indirect nature of financial institution target setting and the challenges of drawing causality between bank financing and real economy emission outcomes,²⁸ these targets should be interpreted as efforts in financial portfolio alignment and should not be construed as a commitment to achieve a particular outcome or a claim to realize a specific climate effect.

In following the Greenhouse Gas Protocol, our methodology segments greenhouse gases into “Scopes” that, when aggregated across sectors or even within different value chains of a single sector, significantly overstate overall portfolio emissions due to the inherent overlap of emissions across intra- and inter-sector scopes. While CO2eMission makes limited attempts to reduce and minimize the impact of overstatement within a given sector, no attempt is currently made to do so across sectors and it is important to analyze our sectoral disclosures independent of each other.

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This document is intended to provide non-exhaustive, general information. Content herein may contain or incorporate by reference public information not separately reviewed,

28. See for example the work of the Evidence for Impact research collaborative’s efforts to typologize and empirically track the impact financial institution climate measures have on the real economy. “Climate Impact Management System for Financial Institutions,” S. Ralite, K. Hagedorn, and T. Ghirardi, <https://2degrees-investing.org/wp-content/uploads/2021/10/Climate-Impact-Mgmt-System-final.pdf>, accessed November 9, 2021.

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