



## Inclusive Communities and Climate Bond

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May 2022

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## Introduction

Wells Fargo & Company (NYSE: WFC) is a leading financial services company that has approximately \$1.9 trillion in assets, proudly serves one in three U.S. households and more than 10% of small businesses in the U.S., and is a leading middle market banking provider in the U.S. We provide a diversified set of banking, investment and mortgage products and services, as well as consumer and commercial finance, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth & Investment Management. Wells Fargo ranked No. 37 on Fortune's 2021 rankings of America's largest corporations. In the communities we serve, the company focuses its social impact on building

a sustainable, inclusive future for all by supporting housing affordability, small business growth, financial health, and a low-carbon economy. For nearly 15 years, we have conducted formal environmental, social, and governance (ESG) materiality assessments to identify and stay apprised of ESG topics that align with our goals and priorities.

Our first Sustainability Bond, issued on May 19, 2021, builds on our expertise in and history of underwriting green, social, and sustainability bonds, and advances the company's efforts toward a more inclusive and sustainable economy. This \$1 billion Inclusive Communities and Climate Bond was developed to support housing affordability, socioeconomic opportunity, and renewable energy.

This report provides details about the issuance of our **\$1 billion Inclusive Communities and Climate Bond**, allocation of net proceeds, and associated estimated impact.

## ESG highlights

*Wells Fargo continues to make progress on our social and environmental initiatives, in addition to the issuance of our Inclusive Communities and Climate Bond.*

We've committed to aligning our activities to support the goals of the Paris Climate Agreement, setting a goal of net-zero greenhouse emissions by 2050 for our Scope 1, 2, and 3 financed emissions.

As part of our goal to reach net-zero greenhouse gas emissions by 2050, we have committed to deploy \$500 billion in sustainable finance between 2021 and 2030.

We're stewards of sustainability within our own operations, successfully meeting 100% of our global electricity needs with renewable energy<sup>1</sup>, as well as reaching and exceeding our 2020 energy, waste, water, and GHG reduction goals.

We offer a range of ESG-focused solutions including green, social, and sustainability bond underwriting, sustainability-linked capital, Wealth & Investment Management portfolios, project or asset specific financing, and more.

Our Community Lending and Investment (CLI) group, one of the top ranked affordable housing investors in the U.S., specializes in offering debt and equity capital to organizations that provide economic development and affordable housing in communities of need nationwide. CLI provided \$4.9 billion in capital commitments in 2020.

We fulfilled our \$50 million pledge to support Black- and African American-owned banks and assist underbanked individuals.

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1. Renewable energy sources include on-site solar, long-term contracts that support net new sources of off-site renewable energy, and the purchase of renewable energy certificates (RECs).

## Sustainability Bond Framework

Well Fargo Sustainability Bonds are debt securities of Wells Fargo in which an amount equal to net proceeds are allocated to finance or refinance loans and/or investments made by us to support projects intended to achieve positive social and/or environmental outcomes. Our Sustainability Bond Framework (the “Framework”) provides the criteria to identify “Eligible Green Projects” and “Eligible Social Projects” (described collectively as “Eligible Projects”), that comprise our Eligible Project Portfolio (the “Portfolio”). In the case of our **Inclusive Communities and Climate Bond**, Eligible Projects include initiatives to support housing affordability, socioeconomic opportunity, and renewable energy.

Our Sustainability Bond Framework is aligned with the four core components of the International Capital Market Association’s (ICMA) Green Bond Principles (2018), Social Bond Principles (2020), and Sustainability Bond Guidelines (2018). These principles and guidelines provide direction for the development of credible issuance programs and are voluntarily used by issuers to support market transparency and disclosure.

Our Framework is available on our website [here](#).

To uphold our Framework and ensure alignment with industry guidelines, we established a Sustainability Bond Council that includes representatives from the following company functions: Environmental and Social Impact Management; Sustainability; Diverse Segments, Representation, and Inclusion; Corporate and Investment Banking; and Corporate Treasury. The Sustainability Bond Council is responsible for screening projects to build our Portfolio, adding and removing projects as needed, keeping Eligibility Criteria aligned with industry best practices, and allocating net proceeds raised by our Sustainability Bonds.

### Third-party review of Sustainability Bond Framework

While not required, ICMA recommends that issuers engage an external party to assess and provide a review of the issuer’s sustainability program or Framework. [Sustainalytics](#)<sup>2</sup>, which provides analytical ESG research, ratings, and data to institutional investors and companies, has reviewed our framework as credible and impactful and in alignment with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020. Sustainalytics’ second-party opinion is available for public review [here](#)<sup>2</sup>.

### Alignment with the United Nations Sustainable Development Goals

The 2030 Agenda for Sustainable Development, which was adopted by all United Nations Member States in 2015, “provides a shared blueprint for peace and prosperity for people and the planet.” The [17 UN Sustainable Development Goals](#)<sup>2</sup> (UN SDGs) underpin the 2030 Agenda as a call for action by all countries. Projects financed or refinanced by Wells Fargo’s Sustainability Bonds are intended to align with the UN SDGs. In its review of our Sustainability Bond Framework, Sustainalytics noted that providing financing to projects included in Wells Fargo’s Eligibility Criteria will lead to positive environmental or social impacts and advance the UN SDGs, specifically SDGs 1, 3, 4, 7, 8, 9, and 11.



2. Wells Fargo does not control this website. Wells Fargo has provided this link for your convenience but does not endorse and is not responsible for the content, links, privacy policy, or security policy of this website.

## Wells Fargo's Sustainability Bond Framework & Project Categories for the Inclusive Communities and Climate Bond

**Use of proceeds:** Eligible Projects 1) include transactions originated and/or investments committed by us up to 24 months prior to the issuance of any Sustainability Bonds and 2) will be considered eligible for allocation if they meet the Eligibility Criteria as described in detail in our Framework for the following categories:

### Eligible Green Projects

- Clean transportation
- Energy efficiency
- Renewable energy
- Green buildings

### Eligible Social Projects

- Housing affordability
- Education
- Healthcare
- Essential services
- Socioeconomic advancement and empowerment

**Eligible Project categories for the Inclusive Communities and Climate Bond were focused on the following specific elements of these categories<sup>3</sup> as described in Pricing Supplement No. 8 dated May 12, 2021:**

### **Inclusive Communities Projects (representing “Eligible Social Projects”) including:**

- Housing affordability project design, construction, building, expansion, or renovation of multifamily housing properties for low- and moderate-income populations that specifically qualify for the Low-Income Housing Tax Credit, in which financing may be provided in the form of loans, equity investments, or investments in regional and national funds.
- Socioeconomic advancement and empowerment projects that promote economic development and job creation for underserved or vulnerable populations, specifically projects financed via the New Markets Tax Credit Program in U.S. census tracts where the Tract Minority Population comprises the majority of the total population. Tract Minority Population means the tract's total population minus the white-alone population.

### **Climate Projects (representing “Eligible Green Projects”) including:**

- Renewable energy projects, which include acquisition, development, operation and maintenance of new and ongoing renewable activities and projects including: (1) on and offshore wind energy power generation, including development, construction and operational production or manufacturing facilities wholly dedicated to wind energy generation; (2) solar energy power generation, including development, construction and operation of generation facilities; (3) geothermal energy power generation with direct emission of <100gCO<sub>2</sub>/kWh, including development, construction and operation of generation geothermal energy facilities; and (4) manufacturing of wind turbines or solar panels, in each case utilizing the Equator Principles, as appropriate, and excluding nuclear power, fossil fuels and grid infrastructure that support fossil fuels and pipelines.
- Climate Projects may include expenditures and/or investments made by us to support capital improvements in our own facilities.

3. In addition to exclusions specifically noted above, Eligible Projects, including Inclusive Communities and Climate Projects, exclude the following industries and businesses: coal industry, including companies deriving profits from mountaintop removal coal operations or any project associated with the expansion of an existing or development of a new coal mine or new coal-fired power plant, Equator Principles in-scope transactions in the Alaska Arctic Region, modern slavery, servitude, forced or compulsory labor (including child labor) and human trafficking, and private prison companies and immigrant detention centers.

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**Process for project evaluation and selection:**

**When selecting Eligible Projects from the Portfolio for allocation, the Sustainability Bond Council considers:**

- Adherence to the eligibility criteria outlined above
  - Compliance with Wells Fargo’s companywide Environmental and Social Impact Management policy
  - Alignment with ICMA’s Green Bond Principles, Social Bond Principles or Sustainability Bond Guidelines and relevant industry guidelines.
- 

**Management of proceeds:**

The Sustainability Bond Council intends to fully allocate an amount equal to the net proceeds raised by our Sustainability Bonds within 24 months from any issuance date. The group meets quarterly to evaluate whether the aggregate amount — whether by outstanding balance or amount invested in the Portfolio — is equal to or greater than the net proceeds attributable to our Sustainability Bonds. If for any reason the aggregate amount of net proceeds attributed to the Portfolio is less than the total amount of net proceeds attributable to our outstanding Sustainability Bonds — including that Wells Fargo’s financing of a project in the Portfolio is terminated or a project no longer meets Eligibility Criteria — then the Sustainability Bond Council is expected to promptly remove such project from the Portfolio, and Wells Fargo is expected to hold the unallocated amount in cash, cash equivalents, and/or other liquid marketable instruments (including U.S. Treasury securities) in our liquidity portfolio until the amount can be allocated toward the Portfolio.

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**Reporting:**

After any issuance of our Sustainability Bonds, Wells Fargo intends to publish a public report within 12 months from the date of an inaugural issuance outlining the allocation of net proceeds from that issuance. We intend to publish such a report annually until the aggregate net proceeds of the relevant Sustainability Bond issuance have been fully allocated to Eligible Projects and as promptly as practicable in case of any material changes in the Eligible Project Portfolio thereafter. Updates published following full allocation will be at our discretion. Information included in the subsequent pages of this report is intended to fulfill this expectation for our initial Inclusive Communities and Climate Bond.

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## Issuance Details and Impact Metrics

Wells Fargo Securities, LLC served as bookrunner, or primary underwriter, for the \$1 billion Inclusive Communities and Climate Bond issuance, joined by **five diverse broker dealers** whose owners include people of color, women, and service-disabled veterans – Academy Securities, Inc., CastleOak Securities, L.P., Penserra Securities LLC, Samuel A. Ramirez & Company, Inc., and Siebert Williams Shank & Co., LLC. They, along with **16 additional diverse broker dealers** whose owners are from underrepresented groups (see list below), received **75%** of the underwriting fees from the transaction. BurgherGray LLP, a minority-owned law firm, was retained as issuer’s co-counsel for the offering, together with Faegre Drinker Biddle & Reath LLP. Gibson, Dunn & Crutcher LLP served as underwriters’ counsel.

### Diverse Underwriters

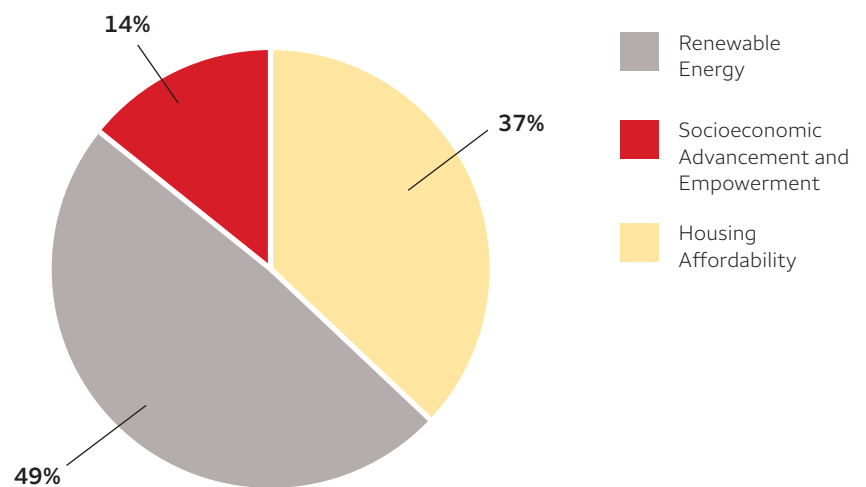
Academy Securities, Inc.*	Loop Capital Markets LLC
American Veterans Group, PBC	MFR Securities, Inc.
AmeriVet Securities, Inc.	Multi-Bank Securities, Inc.
Apto Partners, LLC	Penserra Securities LLC*
Bancroft Capital, LLC	R. Seelaus & Co., LLC
Blaylock Van, LLC	Roberts & Ryan Investments, Inc.
Cabrera Capital Markets LLC	Samuel A. Ramirez & Company, Inc.*
CastleOak Securities, L.P.*	Siebert Williams Shank & Co., LLC*
C.L. King & Associates, Inc.	Stern Brothers & Co.
Drexel Hamilton, LLC	Telsey Advisory Group LLC
Great Pacific Securities	

*\*Denotes Active Joint Bookrunner*

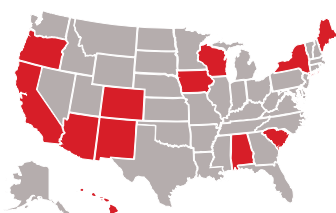
### Inclusive Communities and Climate Bond issuance details

<b>Issuer</b>	Wells Fargo & Company
<b>Principal amount</b>	\$1,000,000,000
<b>Total net proceeds</b>	\$997,500,000
<b>Allocated net proceeds</b>	\$997,500,000
<b>Unallocated net proceeds</b>	\$-
<b>Coupon</b>	Fixed annual rate of 0.805% with interest paid semi-annually until May 19, 2024. Then, interest paid quarterly based on Compounded SOFR + 0.51% until the stated maturity date of May 19, 2025 unless redeemed.
<b>Tenor</b>	4NC3 fixed-to-float
<b>CUSIP / ISIN</b>	95000U2T9 / US95000U2T91

Allocation by eligible project category



**Geographic reach of selected inclusive communities and climate projects\***



\*Map shows locations only from allocated eligible projects

**Impact metrics**

An amount equal to the total net proceeds from the Inclusive Communities and Climate Bond has been allocated to Eligible Projects as defined in our offering documents. All net proceeds for this issuance have been allocated on a go-forward basis (originated and/or committed by Wells Fargo on or after May 19, 2021).

The table below discloses allocated net proceeds and associated estimated impact across three kinds of projects: Renewable Energy, Socioeconomic Advancement and Empowerment, and Housing Affordability that fall within overarching Eligibility Criteria categories. All impact figures are based on available data actuals and projections.

Eligibility Criteria Category	Project Type	Amount Allocated	Total Project Impact <sup>4</sup>
Climate Projects	<b>Renewable Energy includes</b> 3 Solar, 3 Wind, and 1 combined Solar + Storage projects (7 total) across 7 states	\$485.5M	<b>Renewable Energy Capacity<sup>5</sup>:</b> 740.8 MW Wind and Solar 30 MW / 120 MWh Storage
	<b>Inclusive Communities Projects</b>		
	<b>Socioeconomic Advancement and Empowerment includes</b> Support for 3 health facilities, 2 education facilities, and 1 human services facility (6 total) in majority minority census tract areas in 6 states	\$139.4M	<b>Jobs Created/Retained:</b> 869 jobs (includes construction jobs)
	<b>Housing Affordability includes</b> Support for 5 multifamily rentals across 2 states	\$372.6M	<b>Affordable Units Supported:</b> 1,450 affordable units
<b>Total</b>		<b>\$997.5M</b>	Note: Impact estimates are rounded to nearest whole number

4. The impact measures are estimates based on the project documentation and include total impacts supported through these projects, not Wells Fargo's pro rata share of impacts based on its share of each project's total financing. Wells Fargo's funded share of Climate Projects' total valuation is 46.63%.

5. Based on installed capacity in megawatts (MW) for each project.

## Featured Projects

### Climate Project: Renewable Energy

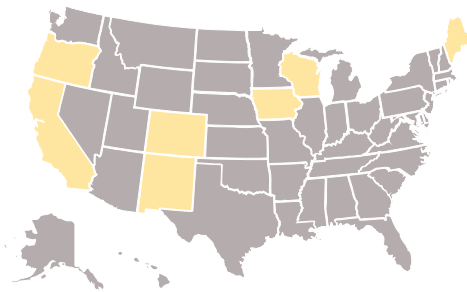
As the world transitions to a lower carbon economy, solar and wind power will play major roles. To help advance this transformation, nearly half of the total net proceeds of our **Inclusive Communities and Climate Bond** was allocated to solar and wind projects.

Wells Fargo provided tax equity for the Central Midway portfolio with sponsor/

developer NextEra Energy Resources, LLC. Central Midway consists of seven renewable energy projects – three solar, three wind, and one solar+storage project – across seven different states: California, Colorado, Iowa, Maine, New Mexico, Oregon, and Wisconsin. The projects are expected to have a total installed generating capacity of 740.8 MW and storage capacity of 30 MW / 120 MWh. This represents Wells Fargo's largest renewable energy tax equity investment to date.



**Renewable Energy — Allocation Impact<sup>6</sup>**



Locations of allocated renewable energy projects

Map depicts locations of all allocated projects for this category and is not limited to examples highlighted.

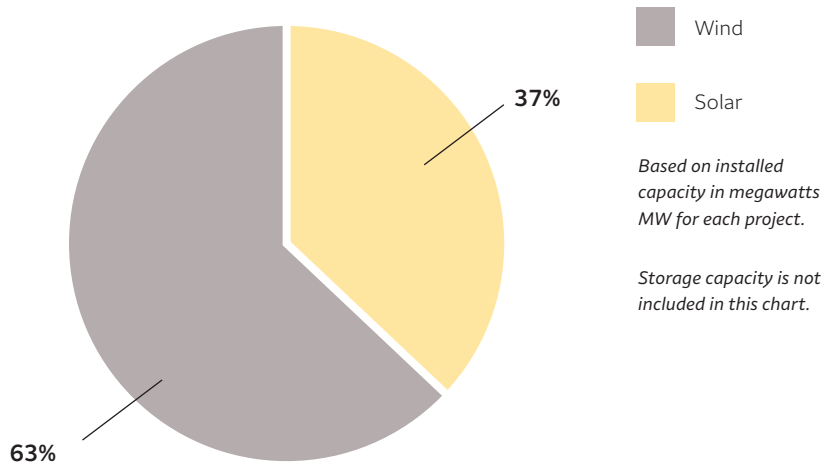
Operating capacity of 740.8 MW + 30 MW / 120 MWh storage  
*(Total combined)*

Estimated first year generation of **2,486 GWh** of renewable electricity

Wells Fargo's Funded Share of Climate Project's Total Valuation: **46.63%**

Wells Fargo's Share of Impact: **1,159 GWh** of renewable electricity

**Wind vs Solar Power**



6. The impact measures are estimates based on project documentation.

## Inclusive Communities Project: Socioeconomic Advancement and Empowerment

Rural hospitals are critical to the health of isolated communities. Many have been struggling to keep pace with the medical needs of surrounding areas even before the COVID-19 pandemic.

Queen’s North Hawaii Community Hospital is a 35-bed rural hospital located in Waimea, Hawaii (on the Big Island) a region which is 70% Native Hawaiian Islander, that provides both acute care and outpatient services, serving 30,000 patients a year. Services include women’s health, heart and cancer treatments, and diabetic care, in addition to primary and rehabilitative services. As part of our **Inclusive Communities and Climate Bond**, Wells Fargo provided a New Market Tax Credit investment to support operations and the purchase of new equipment and inventory.



Queen’s North Hawaii Community Hospital

### Other examples of socioeconomic advancement and empowerment projects:

#### Alabama

- Assisted an urgent care facility expected to serve 10,000 patients annually

#### Arizona

- Supported a health center expected to serve 10,400 patients annually

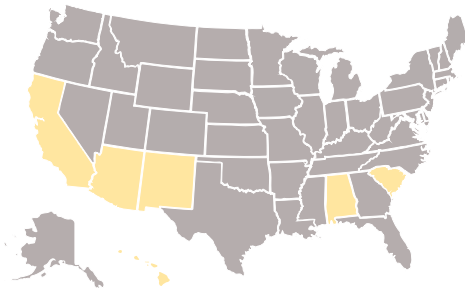
#### California

- Facilitated the renovation of a 9,000+ square foot building to accommodate high-quality early childhood education and wraparound services for an estimated 80 low-income children up to age 5
- Helped to develop transitional housing for an estimated 50 homeless families as well as on-site day care, health clinic, dental clinic, social services, housing assistance and employment training

#### South Carolina

- Assisted the development of a new student life and community center at an HBCU

### Socioeconomic Advancement and Empowerment — Allocation Impact<sup>7</sup>



**869**  
jobs created/  
retained

**50,000+**  
patients served

Locations of allocated socioeconomic and empowerment projects

Map depicts locations of all allocated projects for this category and is not limited to examples highlighted.

7. The impact measures are estimates based on project documentation.



Rendering of Atlantic Chestnut 1

### Inclusive Communities Project: Housing Affordability

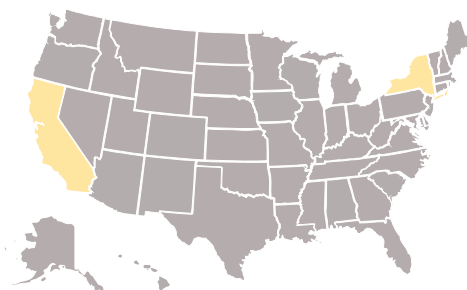
The lack of adequate affordable housing in the U.S. poses an array of challenges for both individuals and communities. It can impact health, food security, childhood education, crime, and more. In the borough of Brooklyn, in the Cypress Hills/East New York neighborhood, a new construction development is aiming to help alleviate this problem.

Atlantic Chestnut 1 is a 403-unit development with all units affordable to families earning 30% to 80% of the area median income. Sixty-one of these units are expected to be reserved for formerly homeless families. Wells Fargo’s Community Lending and Investment group made a \$97 million Low-Income Housing Tax Credit equity investment in the development.

The project also received support from New York City in the form of \$109 million in tax-exempt bonds (backed by a Wells Fargo Letter of Credit), \$70 million in subsidy loans, and two real estate tax abatements.

The project sponsor — and eventual property manager — is Phipps Houses, an experienced non-profit developer of affordable housing operating in New York since 1972 and a repeat Wells Fargo client. Monadnock Construction, Inc. is the general contractor.

### Housing Affordability — Allocation Impact<sup>8</sup>



**1,450**  
Affordable Units

Locations of allocated housing affordability projects

*Map depicts locations of all allocated projects for this category and is not limited to examples highlighted.*

8. The impact measures are estimates based on project documentation.



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## Independent Accountants' Review Report

Wells Fargo & Company Board of Directors and Management:

We have reviewed management's assertion that an amount equal to the net proceeds of \$997,500,000 from the May 19, 2021 issuance of Wells Fargo's Inclusive Communities and Climate Bond has been allocated to finance or refinance Inclusive Communities Projects and Climate Projects originated or committed by Wells Fargo on or after May 19, 2021, collectively "Eligible Projects," that meet the Sustainability Bond Eligibility Criteria, including the Exclusions, established in the Wells Fargo Sustainability Bond Framework (the "Reporting Criteria") as described in the Final Pricing Supplement No. 8 dated May 12, 2021. Wells Fargo & Company's management is responsible for the Eligible Projects in accordance with the Reporting Criteria. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be in accordance with the Reporting Criteria. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is in accordance with the criteria, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

Based on our review, we are not aware of any material modifications that should be made to management's assertion in order for it to be in accordance with the Reporting Criteria.

*KPMG LLP*

Charlotte, North Carolina  
April 27, 2022



## Management's Assertion

Wells Fargo & Company asserts that an amount equal to the net proceeds of \$997,500,000 from the May 19, 2021 issuance of Well Fargo's Inclusive Communities and Climate Bond has been allocated to finance or refinance Inclusive Communities Projects and Climate Projects originated or committed by Wells Fargo on or after May 19, 2021, collectively "Eligible Projects," that meet the Sustainability Bond Eligibility Criteria, including the Exclusions, established in the Wells Fargo Sustainability Bond Framework, as described in the Final Pricing Supplement No. 8 dated May 12, 2021. Wells Fargo is responsible for the completeness, accuracy, and validity of this management assertion.

This report is not, does not contain and is not intended as an offer to sell or a solicitation of any offer to buy any securities issued by Wells Fargo & Company. No representation is made as to the suitability of any issuance of green, social or sustainability bonds to fulfill environmental and sustainability criteria required by prospective investors. Eligible Projects may not satisfy an investor's expectations concerning environmental, social or sustainability benefits, and may result in adverse impacts.

#### **Cautionary Statement About Forward-Looking Statements**

This report contains forward-looking statements about our future financial performance and business. Because forward-looking statements are based on our current expectations and assumptions regarding the future, they are subject to inherent risks and uncertainties. Do 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 to reflect changes or events that occur after that date. For information about factors that could cause actual results to differ materially from our expectations, refer to our reports filed with the Securities and Exchange Commission, including the discussion under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission and available on its website at [www.sec.gov](http://www.sec.gov).

