

RESOLVED that shareholders of Wells Fargo & Company (“WFC”) urge the Board of Directors to oversee a racial equity audit analyzing WFC’s adverse impacts on nonwhite stakeholders and communities of color. Input from civil rights organizations, employees, and customers should be considered in determining the specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential or proprietary information, should be publicly disclosed on WFC’s website.

SUPPORTING STATEMENT

High-profile police killings of black people—most recently George Floyd—have galvanized the movement for racial justice. That movement, together with the disproportionate impacts of the COVID-19 pandemic have focused the attention of the media, the public and policy makers on systemic racism, racialized violence and inequities in employment, health care, and the criminal justice system.

In June 2020, WFC CEO Charles Scharf urged that “the inequality and discrimination that has been so clearly exposed . . . must not continue,” and WFC announced initiatives to improve workforce diversity and inclusion and invest in black-owned businesses.¹ Those actions followed some missteps: Scharf’s statement that he appointed white men to top jobs after arriving at WFC because of “a very limited pool of Black talent,” demoralizing black employees, and the loss of black female top managers.²

WFC’s problems predate Scharf’s 2019 arrival. WFC has settled employment discrimination claims on several recent occasions, including incidents of race discrimination in 2014 uncovered through a Labor Department audit. The Ninth Circuit recently allowed a lawsuit brought by the City of Oakland to proceed; it sued to recover property tax revenues lost due to foreclosures on “predatory loans,” which WFC made more than twice as often to black and Latino borrowers.³ A similar lawsuit by the City of Philadelphia was settled in 2019. In 2012, the same discriminatory lending practices were the subject of a \$184 million Department of Justice settlement.

WFC’s activities with potential adverse impacts are not limited to the employment and lending contexts. WFC has donated to police foundations in Sacramento, Houston, Los Angeles, and Seattle, which bypass normal procurement processes to buy equipment for police departments, including surveillance technology that has been used to target communities of color and nonviolent protestors. WFC recently “paused” such donations after being targeted by Color of Change. WFC’s political contributions are not fully aligned with its public statements:

¹ See <https://stories.wf.com/wells-fargo-ceo-a-watershed-moment/>

² https://www.wsj.com/articles/wells-fargo-ceo-finds-himself-on-defense-after-a-tough-first-year-11602149402?mod=hp_lead_pos5

³ <https://www.sfchronicle.com/business/article/Oakland-can-sue-Wells-Fargo-over-home-loan-15519809.php>

WFC has donated to Senator Tom Cotton, who called for military air strikes on Black Lives Matter protests, as well as other members of Congress with racist records.

A racial equity audit would help WFC identify, prioritize, remedy and avoid adverse impacts on nonwhite stakeholders and communities of color. We are encouraged by Scharf's recent acknowledgment that his statements about the black talent pipeline reflected his own unconscious bias, and we urge WFC to assess its behavior through a racial equity lens in order to obtain a complete picture of how it contributes to, and could help dismantle, systemic racism.