A Report to

Wells Fargo & Company

On its Efforts to Promote Racial Equity

December 2023

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I. Introduction

Wells Fargo[i] is the fourth largest bank in the United States measured by assets, as of June 30, 2023. It provides a diversified set of products and services related to banking, investment, and mortgages, as well as consumer and commercial finance, through four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth & Investment Management.[1] Wells Fargo serves 68 million customers worldwide, a third of all U.S. households, and over 10% of U.S. small businesses.[2] The Bank operates approximately 4,300 branches and 11,000 ATMs in the United States.[3] Wells Fargo holds approximately $1.9 trillion in assets[4] for its customers and, as of September 30, 2023, employs more than 180,000 people in the United States. Five strategic pillars guide the Bank's activities: (i) Risk and Control Culture; (ii) Operational Excellence; (iii) Customer-Centric Culture and Conduct; (iv) Technology and Innovation; and (v) Financial Strength.[5]

Chief Executive Officer Charles Scharf has stated that he recognizes that the size and scale of Wells Fargo's business carries with it "tremendous responsibility" and that the Bank's business "has tremendous impact upon people."[6] He has stated that this responsibility includes Wells Fargo's "commitment to racial equity and closing the wealth gap in [the United States]."[7] The term "racial wealth gap" refers to persistent racial disparities in accumulated wealth among households from different demographic groups in the United States.[8] As of March 2023, Black and Hispanic households owned about $0.24 and $0.23 for every dollar of white household wealth, respectively.[9] Recent data published by the Federal Reserve shows that Black and Hispanic households earn about half as much white households.[10] The Center for American Progress and U.S. Department of the Treasury have found that people of color are less integrated into the financial system in the United States, and therefore lack access to investment opportunities and affordable credit and have lower homeownership rates, making building home equity and accumulating household wealth relatively more difficult.[11]

The racial wealth gap is not the result of a single company or governmental policy. Rather, scholars have concluded that the cumulative effect of various historical policies "bears major responsibility for disparities in income, health, education, and opportunity that continue to this day."[12] The Federal Reserve Bank of Cleveland has described the racial wealth gap as "the consequence of many decades of racial inequality that imposed barriers to wealth accumulation either through explicit prohibition during slavery or unequal treatment after emancipation."[13] The Treasury Department has similarly noted that the racial wealth gap is rooted in historical racial inequality, stating that "policies, uneven enforcement of equal protections, and a failure to invest in individuals harmed by de jure and de facto discrimination has resulted in vastly limited opportunities and stark inequities between white and non-white Americans that have continued to this day."[14]

Wells Fargo has undertaken efforts to advance racial equity and to help close the racial wealth gap for many years. For example, in its 1977 Annual Report, the Bank discussed its "minority purchasing program," through which it purchased goods and services from minority-owned firms.[15] In its 1999 Annual Report, the Bank's then-Chairman and President and Chief

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[i] Wells Fargo & Company is a financial holding company and a bank holding company. Its principal business is to act as a holding company for its subsidiaries, including its principal subsidiary, Wells Fargo Bank, N.A., and the company's other operating subsidiaries. In this report, we use "Wells Fargo" and "the Bank" to refer to both Wells Fargo & Company and its subsidiaries, and, in discussions of philanthropic activities, the Wells Fargo Foundation.

Executive Officer noted that the Bank "must become an even more diverse organization, reflecting the diversity of our markets."[16] Moreover, as the largest bank home mortgage originator in the United States in 2022, and the largest bank originator of home loans to people of color for the past decade, Wells Fargo has recognized its potential to positively affect racial equity in homeownership.[17] In June 2023, Kristy Fercho, who leads Wells Fargo's Diverse Segments, Representation, and Inclusion ("DSRI") team, noted that "[c]ommon pursuit of shared goals and meaningful collaboration across the housing ecosystem are essential to driving lasting impact," and that Wells Fargo was "committed to continuing to play a leading role in the effort to advance racial equity in homeownership."[18]

Events in 2020, including the murders of George Floyd and Ahmaud Arbery, focused public awareness on racial injustice in the United States. That summer, Wells Fargo announced several initiatives designed to reinforce its commitment to promoting racial equity. Wells Fargo developed a comprehensive DE&I agenda that included efforts to identify and cultivate high potential senior leaders from underrepresented backgrounds, and to include diversity and inclusion measures among the factors that bear on the compensation of the Bank's Operating Committee members.[19] Also that summer, Wells Fargo's CEO and other executive leaders began meeting with groups of the Bank's Black senior leaders to discuss ideas for enhancing the Bank's DE&I efforts and promoting diversity among its senior ranks. Wells Fargo has since expanded these Executive Forums to include meetings with Hispanic/Latino, Asian, and women senior leaders as well.

In September 2022, Wells Fargo engaged Covington & Burling LLP to conduct an assessment of the Bank's efforts in the United States to promote racial equity, serve customers in historically underserved communities, and promote an inclusive workplace that values diversity.[20] The company described the assessment as an important next step in its commitment to promoting racial equity and closing the racial wealth gap, and as a means to "measure [its] progress and hold [itself] accountable."[21]

This report contains Covington's conclusions and related recommendations. It begins with a description of the methodology used to conduct the assessment, followed by an overview of Wells Fargo's leadership structure and the Bank's approach to promoting DE&I. This includes a discussion of DSRI, the Bank's centralized function responsible for coordinating its DE&I efforts across the company. The report then provides a detailed description of the Bank's efforts to promote racial equity in the United States across its three DE&I strategic priorities.

DE&I Strategic Priority 1: Increase Diverse Representation and Inclusion. The assessment team examined Wells Fargo's efforts to foster an inclusive culture and work environment for its employees, including those from underrepresented backgrounds, that provides an equal opportunity to develop and advance. The assessment team concluded that Wells Fargo has adopted policies and procedures that are well designed to help the Bank build and sustain an inclusive workplace, and to identify and address allegations involving discrimination or harassment. Wells Fargo's recruitment practices and procedures, including its Diverse Slate Guidelines, participation in conferences and recruiting events, and partnerships with organizations and universities, help connect Wells Fargo with qualified candidates from underrepresented backgrounds. Wells Fargo offers its employees a variety of trainings, programs, and initiatives aimed at creating a more inclusive culture and work environment, including through efforts supported by its DE&I councils and Employee Resource Networks (ERNs). The Bank has implemented mentorship programs and DE&I training for its employees. Wells Fargo has also taken steps to integrate DE&I into its performance review processes, such as by including progress toward DE&I goals among the factors used to evaluate executive performance.

Wells Fargo can continue its progress towards this strategic priority by taking steps discussed further below, including offering greater opportunities for employee participation in DE&I programs and incorporating feedback focused on DE&I from third-party benefits reviews and employees into benefits offerings.

DE&I Strategic Priority 2: Better Serving and Growing Diverse Customer Segments. The assessment team reviewed Wells Fargo's work related to better serving and growing diverse customer segments by examining the Bank's home lending programs, banking inclusion initiatives, small business programs, and wealth and investment management programs.

Home Lending. After reviewing the Bank's initiatives to advance racial equity in homeownership, the assessment team concluded that Wells Fargo has undertaken significant efforts over time to meet the mortgage needs of racial and ethnic minorities and to make home financing more accessible to these groups through its philanthropic investments. In January 2023, Wells Fargo announced that its home lending business would emphasize lending to Bank customers and underserved communities as a strategic focus. Wells Fargo has implemented strategies to mitigate bias in the mortgage approval process and the real estate appraisal process, including investigating complaints alleging discrimination or bias in these processes. Additionally, Wells Fargo has implemented Special Purpose Credit Programs (SPCPs)[ii] authorized by Congress and the Federal Reserve Board, which are designed to assist minority homeowners. The Bank is also working to fulfill its commitment to provide $1 billion in philanthropic support to promote housing affordability in the United States. In addition to these steps, Wells Fargo could enhance its home lending efforts by tailoring its unconscious bias trainings to focus on how these issues may arise in the home lending and real estate appraisal contexts, and conducting regular independent audits of any AI tools it plans to use in the mortgage approval process.

Banking Inclusion. The assessment team reviewed Wells Fargo's business and philanthropic initiatives designed to bring unbanked and underbanked households into the mainstream financial system. Wells Fargo's Banking Inclusion Initiative brings together a number of internal teams and external stakeholders to increase access to affordable digital banking products and financial education. Wells Fargo makes philanthropic investments that support programs focused on increasing savings, reducing debt, building credit scores, and encouraging asset acquisition. Wells Fargo also promotes banking inclusion through various products such as Clear Access Banking, and through partnerships with minority depository

[ii] "In 1976, Congress amended the Equal Credit Opportunity Act (ECOA) to provide that it was not discrimination for a 'profit-making organization to meet special social needs' by offering SPCPs which follow standards prescribed by regulation." The Federal Reserve Board has since implemented regulations requiring that SPCPs "be established and administered pursuant to a written plan 'that identifies the class of persons that the program is designed to benefit and sets forth the procedures and standards for extending credit pursuant to the program,' and . . . the program is established to provide credit 'to a class of persons, who, under the organization's customary standards of creditworthiness, probably would not receive such credit or would receive it on less favorable terms than are ordinarily available to other applicants[.]'" Brad Blower, *Special Purpose Credit Programs Remain on Solid Legal Ground Despite Supreme Court's Affirmative Action Decision*, NCRC (Sept. 11, 2023), https://ncrc.org/special-purpose-credit-programs-remain-on-solid-legal-ground-despite-supreme-courts-affirmative-action-decision/.

institutions (MDIs). Wells Fargo also partners with Operation HOPE, which provides financial coaching to individuals. Wells Fargo's opportunities to enhance its banking inclusion efforts include exploring additional ways to meet the current needs of MDIs, and more clearly differentiating between its business efforts and its philanthropic investments in the Bank's external reporting about the Banking Inclusion Initiative.

Small Business. The assessment team also examined the Bank's programs designed to address the needs of minority-owned and small business customers. The assessment team concluded that Wells Fargo has taken steps to increase minority-owned small businesses' access to financial services, as demonstrated by its support for Community Development Financial Institutions (CDFIs) and projects such as an online portal to connect small business customers with potential financing. Wells Fargo also collaborates with outside organizations, such as chambers of commerce, to provide services and trainings to minority-owned small businesses. Wells Fargo has opportunities to further increase its engagement with minority-owned small businesses through additional programs and work with external partners.

Wealth & Investment Management. Wells Fargo has also implemented programs to reach more diverse customers through its Wealth & Investment Management Division (WIM). Over the past two years, WIM developed and launched an action plan to reach more potential Asian-American customers, and undertook efforts to understand and better serve their needs. WIM plans to implement similar action plans for customers in other racial and ethnic minority groups. In addition, WIM regularly holds networking events designed to attract high net-worth potential customers from diverse backgrounds and communities.

DE&I Strategic Priority 3: Supporting and Increasing Spend with Diverse Suppliers. Finally, the assessment team considered Wells Fargo's efforts to provide opportunities for potential suppliers from underrepresented demographics to compete for Wells Fargo's business. The Supplier Diversity team is primarily responsible for these initiatives, engaging with potential suppliers, and supporting the Bank's capacity-building programs and supplier showcases, which are designed to help smaller companies grow in size and acquire business skills that will help them compete effectively for Wells Fargo's business. Wells Fargo has made progress toward increasing its direct and indirect diverse supplier spend. It has opportunities to enhance the effectiveness of its supplier diversity efforts by training the company's various procurement teams about the Bank's supplier diversity program. This would help to increase awareness within Wells Fargo of both the potential benefits to the Bank of engaging with diverse suppliers, and the resources available to help facilitate this engagement.

II. Methodology

This report contains the assessment team's evaluation of Wells Fargo's initiatives aimed at advancing racial equity, the assessment team's observations regarding these initiatives, and its recommendations to build on those efforts. To inform its observations and recommendations, the assessment team considered many of Wells Fargo's programs and initiatives designed to advance racial equity in its workforce and in the communities it serves and in which it does business.

Three questions guided the assessment team's work:

(i) What internal or external commitments and efforts has Wells Fargo undertaken to promote DE&I and racial equity within its own workforce as well as within the communities it serves, through its home lending, small business, and banking inclusion initiatives, as well as its diverse supplier program?

(ii) What progress has Wells Fargo made toward those commitments and what barriers, if any, have impeded implementation of those efforts?

(iii) What additional steps could Wells Fargo take to fulfill its commitments related to racial equity and DE&I?

To answer these questions, the assessment team:

(i) Reviewed policies, procedures, and reports and data provided by Wells Fargo, such as Wells Fargo's ESG reports, DE&I Reports, Employee Handbook, and DE&I-related announcements and communications. The assessment team also reviewed reports prepared by Wells Fargo's data analytics functions to learn how the Bank assesses its progress on efforts and initiatives related to racial equity.

(ii) Conducted approximately 60 briefings with approximately 100 Wells Fargo subject matter experts. As part of Covington's review of the company's workforce-related initiatives, the assessment team met with executives, managers, and team members responsible for overall diversity strategy, talent acquisition and retention, talent management, compensation, benefits, learning and development, and employee programming and engagement. In Covington's review of Wells Fargo's external initiatives, the assessment team met with line of business and enterprise function[iii] leaders, executives, managers, and team members responsible for banking inclusion, home lending, small business, supplier diversity, and philanthropic initiatives.

(iii) Met with members of Wells Fargo's Operating Committee, including its: (i) Chief Executive Officer and President; (ii) Vice Chair of Public Affairs; (iii) Chief Executive Officers for Consumer Lending, Consumer, Small & Business Banking, Wealth & Investment Management, and Corporate & Investment Banking; (iv) Senior Executive Vice President, Head of DSRI; (v) Senior Executive Vice President, Head of Human Resources; and (vi) Senior Executive Vice President, Head of Technology.

[iii] Wells Fargo uses the term "enterprise functions" to describe key Bank-wide functions such as Human Resources, Legal, and Technology.

(iv) Interviewed representatives of suppliers participating in Wells Fargo’s supplier diversity and capacity building programs.

(v) Met with representatives of MDIs Wells Fargo has invested in and partnered with.

(vi) Held roundtables with leaders from Wells Fargo’s ERNs and DE&I councils.

(vii) Convened a listening session with representatives of civil rights and advocacy organizations that had relevant subject matter expertise regarding the topics and challenges within the scope of the assessment, including some organizations with direct knowledge of Wells Fargo’s racial equity-related efforts and initiatives.

Throughout the project, Covington worked closely with a working group within Wells Fargo. The working group periodically reported the assessment's progress to an internal steering committee and the CEO. The assessment team also discussed the observations and recommendations with Wells Fargo’s Board of Directors. Although Wells Fargo’s internal and external efforts to promote racial equity are ongoing, unless otherwise noted, this report describes Wells Fargo’s programs, policies, and initiatives as of September 30, 2023.

III. DE&I Governance

A. Operating Committee and Board of Directors

Wells Fargo's Operating Committee is comprised of the CEO and his direct reports, who include the Bank's line of business CEOs and enterprise function-aligned leaders.[22] As of September 2023, 15 executives, in addition to the CEO, sit on the Operating Committee, 26.7% of whom self-identify as racially or ethnically diverse. This is a significant increase from December 31, 2019, approximately two months after the arrival of Wells Fargo's current CEO, when there were no members of the Operating Committee who self-identified as racially or ethnically diverse.

As of	OC Members (Excluding CEO)	# Racially or Ethnically Diverse	% Racially or Ethnically Diverse
12/31/2019	13	0	0.0%
12/31/2020	17	3	17.6%
12/31/2021	17	4	23.5%
12/31/2022	16	5	31.3%
9/30/2023	15	4	26.7%

Among other responsibilities, Wells Fargo's Board of Directors focuses on overseeing management's efforts to execute on the Bank's strategy and to continue building an appropriate risk and control infrastructure.[23] The Board carries out its oversight duties through six committees, three of which are most relevant to this assessment:[24]

- **Risk Committee.** Oversees Wells Fargo's risk management framework and independent risk management function.

- **Corporate Responsibility Committee.** Oversees significant strategies, policies, and programs related to social and public responsibility.

- **Human Resources Committee.** Oversees human resources strategies such as talent and leadership development, succession planning, and benefits and compensation, as well as Wells Fargo's DE&I efforts.

From 2019 through 2023, the percentage of members of the Board of Directors identifying as racially or ethnically diverse has been between 23% and 29%.

B. Diverse Segments, Representation, and Inclusion

Wells Fargo established the Diverse Segments, Representation, and Inclusion function ("DSRI") in 2020.[25] DSRI describes its role as supporting diverse representation, equity, and inclusion across all areas of the Bank, and responding to the evolving DE&I needs of its employees, customers, stakeholders, and communities it serves.

1. DSRI Structure

The Head of DSRI, in conjunction with the heads of Wells Fargo's lines of business and enterprise functions, is responsible for integrating DE&I into every aspect of Wells Fargo's business, developing products and services for customers from underserved communities, and driving DE&I initiatives across the Bank.[26] The Head of DSRI reports directly to Wells Fargo's CEO and has a seat on the Bank's Operating Committee. This structure places the Head of DSRI among the Bank's most senior leaders, which reflects Wells Fargo's commitment to DE&I. Having a seat on the Operating Committee also allows the Head of DSRI to drive DE&I strategy at the highest levels of the Bank.

Wells Fargo named Kleber Santos as the first Head of DSRI in 2020. Before joining Wells Fargo, Santos had over 15 years of experience working in senior roles at another bank and at a leading management consulting firm.[27] In July 2022, Wells Fargo named Santos as the CEO of its Consumer Lending business, and in November 2022, Wells Fargo announced that Kristy Fercho, who joined Wells Fargo in 2020 as the Head of Wells Fargo Home Lending, would succeed Santos as Head of DSRI. Fercho joined Wells Fargo with over 18 years of experience working in the home lending industry at Fannie Mae and another bank, where she served as president of its mortgage division.[28] Wells Fargo's record of selecting experienced business leaders dedicated to DE&I to serve as Head of DSRI and promoting a DSRI leader to lead a line of business underscores the Bank's commitment to integrating DSRI into its business operations.

Unlike DE&I functions at many large companies, DSRI is integrated throughout Wells Fargo's lines of business and enterprise functions. Several Wells Fargo groups actively support DSRI's work on Wells Fargo's DE&I initiatives. These groups report to the Head of DSRI directly or through a dual reporting/dotted line. The Head of DSRI currently oversees seven direct reports, who lead the following groups:

- **DSRI Chief Administrative Office.** The DSRI Chief Administrative Officer is responsible for strategic execution for DSRI, which includes DE&I project intake and oversight as well as DSRI's business office functions. The Chief Administrative Officer is the primary contact between DSRI and the various business lines and supports DSRI efforts across the Bank. The Chief Administrative Officer is also responsible for the risk and controls framework for DSRI and provides governance of DE&I initiatives across Wells Fargo.

- **DSRI External Engagement.** The DSRI External Engagement team manages Wells Fargo's DE&I-related relationships with external partners and provides support for DSRI, lines of business, and enterprise functions to further advance DSRI objectives.

- **Internal Diversity, Equity & Inclusion.** Internal Diversity, Equity & Inclusion aligns all internal DE&I resources under one office. Internal Diversity, Equity & Inclusion is responsible for setting the Bank's global DE&I strategy and ensuring the Bank creates a sustainable infrastructure across the enterprise to drive DE&I consistently throughout Wells Fargo. It serves as a liaison between DSRI and lines of business in support of their DE&I-related workforce activities, and consults and advises senior leadership, line of business and enterprise function leaders, as well as HR. Internal Diversity, Equity & Inclusion also oversees the Bank's employee engagement initiatives, including by providing operational support for the Bank's ERNs and DE&I councils, which are described in more detail below.

- **DSRI Analytics, Insights, & Data.** DSRI has centralized the analysis and reporting associated with diverse employees and customers within the DSRI Analytics, Insights & Data team. This team tracks key performance indicators (KPIs) and trends over time to measure the effectiveness of DE&I and Diverse Customer Segments strategies. It also offers insights into how strategies can be enhanced to drive acquisition, retention, satisfaction, and growth among underrepresented segments. In addition, the team analyzes and researches the specific behavior, preferences, and needs of diverse customers and employees. The DSRI Analytics, Insights, & Data team reported that the majority of their work has related to DSRI's first strategic priority, increasing diverse representation, described below.

- **Hispanic/Latino Affairs.** The Hispanic/Latino Affairs team manages a Hispanic/Latino external engagement portfolio focused on national cultural engagement, executive recruitment, business development, and stakeholder relations. The team is responsible for identifying new and managing existing external partnerships, communicating with Wells Fargo's Hispanic/Latino customer segments about how the Bank could better serve the Hispanic/Latino community, and increasing the Bank's Hispanic/Latino executive representation.

- **Accessibility.** The Chief Accessibility Officer is responsible for efforts to encourage accessibility in all aspects of the Bank's internal and external affairs. The Chief Accessibility Officer is also accountable for the implementation of the Bank's Accessibility for Customers and Employees with Disabilities Policy, which establishes Wells Fargo's enterprise-wide requirements related to the Americans with Disabilities Act and similar laws.

- **Customer Strategy.** The Head of Customer Strategy works with the enterprise strategy team and each line of business to develop the overall strategy for each of the Bank's diverse customer segments. The Head of Customer Strategy also works with the diverse segments leads and marketing teams for each line of business to share insights that inform product development and execution plans.

Seven DSRI teams have leaders with a dual/dotted reporting line to the Head of DSRI and to their respective line of business and enterprise function leaders: (i) Home Lending; (ii) Wealth & Investment Management; (iii) Corporate & Investment Banking; (iv) Consumer, Small & Business Banking; (v) DE&I Chief Operating Office; (vi) Commercial Banking; and (vii) Technology. This dual reporting structure is intended to promote consistency in DE&I efforts across the Bank while ensuring these DE&I teams are integrated within their individual line of business and enterprise function and understand their unique business needs.

DSRI also has DE&I Leads who are responsible, in partnership with OC leaders and HR, for defining the DE&I strategic approach and program execution in their assigned lines of business and enterprise functions. This includes attracting, retaining, and developing diverse talent and supporting an inclusive culture and values. Diverse Segments Leaders similarly have responsibility for defining the DE&I strategy and approach related to their line of business and better serving and growing diverse customer segments. Diverse Segments Leaders serve the Consumer, Small & Business Banking, Corporate & Investment Banking, Wealth & Investment Management, Home Lending, and Commercial Banking lines of business.

The Bank is in the process of establishing segment leads within DSRI for Black/African American, Asian American and Pacific Islander segments, and has named a segment lead for the Hispanic/Latino segment. The segment leads will work with DSRI on recruiting, talent management, and development for their respective segments. They will also work with HR to review the Bank's efforts to promote equitable representation and inclusion for all of the Bank's employees, including those from underrepresented backgrounds across all lines of business and enterprise functions.

2. DE&I Strategic Priorities

DSRI's initiatives are all rooted in and connected to Wells Fargo's three DE&I strategic priorities:

- **Diverse Representation:** Increasing diverse representation at all levels of the Bank through an inclusive culture and work environment.

- **Diverse Segments:** Better serving and growing diverse customer segments in each line of business.

- **Diverse Suppliers:** Supporting and increasing spend with diverse suppliers Bank-wide.

Wells Fargo formulated these three priorities in November 2021. After considering feedback received from employees and external stakeholders during a 2023 listening tour, described below, the DSRI team reevaluated the three priorities and recommitted to them.

Some lines of business and enterprise functions establish their own DE&I strategic priorities, but all of these strategic priorities align to the three core priorities. For example, the Consumer, Small & Business Banking line of business implemented additional priorities, including increasing business leaders' understanding of their workforce, gaps, and opportunities for diverse representation and mobility. DSRI's DE&I Strategy and Integration team, which is part of the Internal Diversity, Equity & Inclusion team, serves as a liaison between DSRI and lines of business and enterprise functions and supports their DE&I-related activities related to increasing diverse representation. DE&I Strategy & Integration Consultants serve as DE&I subject matter experts and assist in the design, development, and maintenance of DE&I best practices, tools, and resources. The consultants also collaborate with HR to provide feedback on employee policies, programs, and initiatives.

During the third quarter of 2022, the DSRI Chief Administrative Office designed a DSRI Intake Tool to establish a centralized repository of new DE&I efforts across the Bank. The DSRI Intake Tool allows lines of business and enterprise functions to submit new ideas that may align with DSRI priorities for DSRI funding or other support. The DE&I Strategy and Integration team then reviews submissions to determine if ideas align with DSRI priorities, and can submit the ideas for funding or connect the employee who submitted the idea to others who may have implemented similar ideas in a different line of business or enterprise function.

3. Monitoring Progress Toward Strategic Priorities

The DSRI Analytics, Insights, and Data team tracks KPIs and trends over time to measure the effectiveness of DE&I programs and initiatives. Wells Fargo monitors diverse representation across the entire employee population, including within its executive ranks. It also measures its efforts to sustain an inclusive culture and work environment through DE&I-related questions in global employee surveys, described in more detail below. The DSRI Insights, Analytics, and Data team tracks various data points, including data regarding diverse representation and from regular employee surveys. This information is summarized in reports that may be presented to the CEO, the Operating Committee, the Board of Directors, the Head of DSRI, or the Head of Human Resources.

Regarding its second strategic priority, Wells Fargo measures its market share in certain lines of business.[iv] For example, it maintains analytics related to the mortgage approvals and deposit account adoption and usage rates for customers from underrepresented communities. To monitor progress toward its third strategic priority, Wells Fargo tracks its total percentage of spending from diverse suppliers.

The Head of DSRI provides frequent reports to the CEO and also meets periodically with the CEO one-on-one. The Head of DSRI also provides periodic updates to either the entire Board, or to its Human Resources Committee. These presentations typically focus on progress toward the DSRI KPIs, including progress on key DE&I strategic priorities and other key updates. The presentations also highlight opportunities for growth and summarize feedback the DSRI team has received from employees. For example, following the DSRI Listening Tour, the presentation to the Human Resources Committee summarized feedback received during the tour from employees and external stakeholders.

4. DSRI Listening Tour and Innovation Summit

In early 2023, the Head of DSRI completed a DSRI Listening Tour, during which she traveled to five cities and met with over 1,900 Wells Fargo employees and 66 external stakeholder partners from more than 50 non-profit organizations. In each city, the Head of DSRI hosted: (i) a meet-and-greet reception to which all employees in each location were invited; (ii) a town hall open to all employees in each location; (iii) a session with ERN leaders; (iv) leader sessions for specific levels of managers; and (v) an external stakeholder session. In addition to two virtual sessions for employees not located in the five cities the Head of DSRI visited, she also hosted: (i) two sessions for Bank branch employees; (ii) Executive Leadership Forums for Black/African American, Hispanic/Latino, and AAPI executives; (iii) a session for Black executive women; (iv) an international session; and (v) a PRIDE session. She also conducted sessions with DSRI employees to see if feedback varied between those hired to help drive DE&I across the Bank and other employees.

The goals for the DSRI Listening Tour were to advance DE&I strategy, promote energy and engagement around DE&I, and understand the greatest opportunities for improvement. During the Listening Tour, the Head of DSRI engaged ERN leaders to better understand how to enhance the ERN function across Wells Fargo. DSRI designed the leader sessions with the goal of discussing the role and expectations of leaders in driving DE&I and understanding key challenges they face.

Some key themes emerged from the DSRI Listening Tour. Employees recognized the Bank's strong commitment to DE&I and noted Wells Fargo's progress towards building a diverse and inclusive workplace. ERN leaders reported a strong sense of inclusion and belonging in the workplace among many of their members. External stakeholders also complimented Wells Fargo for its support of the diverse communities they serve.

[iv] Except where it is permitted by law to collect demographic information (e.g., pursuant to the Home Mortgage Disclosure Act), Wells Fargo relies on industry standard tools when estimating market share or tracking adoption of its products and services by demographic.

The DSRI Listening Tour also identified opportunities for growth. Some participants expressed a desire for increased transparency regarding data related to the Bank's DE&I initiatives and the Bank's long-term DE&I strategy. The discussions also revealed that while many leaders understood the value of DE&I, some employees felt the rationale for DE&I was not as widely understood throughout the Bank as it could be. Listening Tour participants also reported that early talent programs, like internship programs, worked well, but that Wells Fargo would benefit from a more consistent strategy for talent mobility and better internal pipeline management. External stakeholders also conveyed a desire to see Wells Fargo focus on capacity-building and suggested that Wells Fargo award multi-year grants to provide a longer timeframe to deliver outcomes, rather than one-time grants.

The Head of DSRI has also convened Innovation Summits, which are listening sessions for DSRI employees to increase collaboration and share ideas, and develop a plan concerning how to enhance DSRI's work. As of November 2023, the Head of DSRI had hosted three Innovation Summits.

C. Philanthropy and Community Impact

Wells Fargo's Head of Philanthropy and Community Impact (PCI) is responsible for overseeing the Bank's community engagement and philanthropic investment strategy, including grants made by the Wells Fargo Foundation.[29] PCI partners with national and local non-profit organizations focused on its four strategic funding priorities: (i) Financial Health; (ii) Housing Access and Affordability; (iii) Small Business Growth; and (iv) Sustainability, including Environmental Justice.[30] PCI prioritizes efforts that support the needs of underserved communities, including low-to-moderate income (LMI) communities, and advancing racial equity.[31] PCI also makes local grants, on a limited basis, related to disaster relief, arts and culture, civic engagement, education, human and social services, and workforce development.[32]

PCI reports that in 2022, it funded a total of $300 million in philanthropic investments through 4,100 grants.[33] That year, it worked with over 100 national partner organizations, which it defines as "partners that share, guide, and amplify Wells Fargo's aspiration to improve financial well-being for all diverse segments and promote financial inclusion."[34] Wells Fargo reports on aspects of its philanthropic efforts in a variety of media,[v] including in its DE&I report, its community giving webpage, and press releases on its website, but does not publish a standalone report primarily focused on its philanthropy.

[v] Wells Fargo relies on data it receives from grant recipients and other partners to assess the impact and results of its philanthropic investments. It reports data provided by these third parties in its DE&I report and other publications.

Recommendations for DE&I Governance

- **Enhance coordination and collaboration between different teams charged with defining and implementing DE&I priorities.** Wells Fargo's DSRI function and its integration throughout the Bank reflect Wells Fargo's commitment to promoting DE&I and helping to address the racial wealth gap, as well as the Bank's recognition that addressing the needs and challenges of diverse markets is a business imperative that requires coordination across different aspects of its operations. Enhanced coordination and collaboration between key internal DE&I stakeholders, lines of business, and enterprise functions could help scale some of DSRI's programs and implement initiatives consistently and effectively across the Bank. For example, Wells Fargo could increase collaboration and communication between DE&I councils, ERNs, and HR by convening meetings of representatives of these groups more regularly. Wells Fargo could also expand the DSRI Innovation Summit to include other line of business and enterprise function leaders responsible for implementing DE&I priorities.

- **Collect and report on additional data to assess DE&I initiatives.** To expand on its current structure for collecting and reporting on KPIs related to its DSRI goals, Wells Fargo could consider expanding its KPI reporting to include a greater focus on its second and third overall objectives—better serving and growing diverse customer segments in each line of business and supporting and increasing spend with diverse suppliers.

- **Enhance communications with external partners, including civil rights organizations and local non-profit organizations.** More regularly informing and updating external partners about the Bank's initiatives and how these partners can assist in implementing them could both increase awareness of the Bank's progress and result in the collection of helpful feedback.

- **Issue a public report that summarizes Wells Fargo's and the Wells Fargo Foundation's philanthropic investments.** The report could describe Wells Fargo's philanthropic priorities, summarize new and existing grants, and provide data on impact. Having a single report that focuses on the Bank's philanthropic investments, instead of reporting on aspects of its philanthropic efforts in a variety of documents, would provide a more comprehensive and accessible overview of the Bank's philanthropy.

IV. DE&I Strategic Priority 1: Increasing Diverse Representation and Inclusion

Wells Fargo's first DE&I strategic priority focuses on fostering an inclusive culture and work environment in order to increase diversity in its workforce, including racial and ethnic diversity, at all levels of the Bank.[35] To accomplish this, Wells Fargo has implemented workplace policies, programs, and initiatives and promotes the integration of DE&I goals and priorities across all phases and aspects of the employee lifecycle.

Wells Fargo monitors its progress toward increasing diversity throughout the Bank by tracking representation data at all levels, and year-over-year changes in that data.[36] This data is based on demographic information that Wells Fargo employees self-report. Wells Fargo asks employees to self-identify their ethnicity, sex, veteran status, disability status, gender identity, and sexual orientation. Over 99% of employees have provided race or ethnicity information. To promote transparency, Wells Fargo publishes this data annually in its DE&I Report. Wells Fargo does not set representation goals.

As of September 30, 2023, Wells Fargo had over 180,000 employees in the United States. The table below shows the percentages of Wells Fargo's U.S. employees and U.S. executives who identified themselves as members of a particular demographic group.

Race/Ethnicity	US Employees	US Executives
White	53%	73%
Racially/Ethnically Diverse	46%	26%
Hispanic/Latino	17%	5%
Black or African American	14%	7%
Asian	12%	12%
Two or More Races	3%	2%
American Indian/Alaskan Native	< 1%	< 1%
Native Hawaiian/Other Pacific Islander	< 1%	< 1%

A. Anti-Discrimination and Harassment Policies and Investigation Procedures

Wells Fargo's workforce policies, designed to prevent discrimination and harassment and promote equal employment opportunities for all employees, include the Code of Conduct; the Anti-Harassment and Discrimination Policy; the Affirmative Action, Equal Employment Opportunity Policy for the United States; and the Speak Up and Nonretaliation Policy.

1. Anti-Discrimination Policies

a. Code of Conduct

Wells Fargo's Code of Conduct applies to all employees, including executive officers.[37] The Code of Conduct highlights the Bank's commitment to diversity, equity, and inclusion, and states that Wells Fargo encourages employees to contribute to a safe, inclusive environment where differences are respected, to educate themselves on unconscious bias, and to solicit diverse ideas that challenge thinking.[38] The Code of Conduct also sets expectations that managers lead with integrity, demonstrate and reinforce the Code of Conduct, and hold employees accountable for adhering to the Code of Conduct and related policies.[39] Wells Fargo publishes its Code of Conduct on its website.[40]

The Code of Conduct emphasizes Wells Fargo's commitment to providing a workplace free from harassment and discrimination based on an individual's race, ethnicity, and other protected characteristics.[41] It encourages employees to report potential misconduct to their manager, and it also lists Employee Relations—a team within HR that specializes in helping employees and managers resolve workplace conflicts—as a potential reporting channel.[42] The Code of Conduct also informs employees that they may report misconduct using the EthicsLine telephone hotline or the EthicsLine online reporting. EthicsLine is a third-party resource available 24 hours a day, seven days a week.[43] Individuals who contact EthicsLine may choose to remain anonymous, to the extent permitted by applicable laws and regulations.[44] Some reporters choose to share contact information for potential follow-up from an investigator, but the choice remains with the reporter.

The Code of Conduct provides that Wells Fargo expects managers to foster a work environment where employees feel comfortable speaking up without fear of retaliation.[45] It further states that Wells Fargo prohibits retaliation against any employee who reports misconduct or participates in the investigation process, as described in more detail below.[46]

b. Anti-Harassment and Discrimination Policy

Wells Fargo's Anti-Harassment and Discrimination Policy, revised in 2023, "establishes requirements for providing a workplace free from harassment and discrimination based on all characteristics protected by applicable country-specific laws." It applies broadly to all Wells Fargo employees, business groups, and enterprise functions, and it applies to conduct both inside and outside the workplace, including during work-related or Bank-sponsored events, during business travel, at customer locations, and during remote work. The policy states that Wells Fargo does not tolerate harassment or discrimination based on any characteristics protected by applicable laws, including race, color, and national origin, as well as hairstyle or hair texture. It also defines and provides examples of both discrimination and harassment.

Wells Fargo "encourages and expects all employees to report any concerns related to harassment or discrimination, whether it's directed at the employee or someone else, even if all the facts are not immediately available or if it is unclear whether the conduct violates the Policy." The policy requires managers to report "all harassing or discriminatory concerns observed, learned of, or received from employees against another employee (including an employee not on the team, or another manager), contingent resource, third parties, customers, or other parties external to Wells Fargo, unless the employee confirms, verbally or in writing, that the employee has already reported the concern."

For details on reporting misconduct, the policy refers employees to the Speak Up and Nonretaliation Policy (described below), but it also explains that employees may report misconduct to a member of management, the EthicsLine telephone hotline, EthicsLine online reporting, or to Employee Relations or another HR Professional. The Anti-Harassment and Discrimination Policy further provides that Wells Fargo will promptly investigate allegations of harassment and discrimination "in an objective, thorough, consistent, and timely manner" and prohibits retaliation against employees who in good faith report, provide information, or take part in an investigation related to misconduct.

c. Affirmative Action and Equal Employment Opportunity Policy for the United States

Wells Fargo's Affirmative Action and Equal Employment Opportunity Policy for the United States reflects its commitment to creating a workplace free of discrimination and harassment based on legally protected characteristics. It provides that managers "must recruit, hire, and promote employees based on their individual ability and experience," and that managers must administer employee compensation "in accordance with the company commitment to providing fair and equitable pay." It further provides that all employees may participate in "company-sponsored educational, training, recreational, or social activities" regardless of protected characteristics. The policy also reiterates that Wells Fargo prohibits retaliation for filing a complaint, assisting or participating in an investigation, inquiring about or discussing one's own pay or the pay of another employee or applicant, opposing any unlawful act or discriminatory practice, or exercising any rights protected under applicable laws and regulations.

d. Speak Up and Nonretaliation Policy

The Speak Up and Nonretaliation Policy encourages employees to speak up and report potential misconduct—including harassment, discrimination, or retaliation—using any of the reporting channels listed in the Code of Conduct. Like the policies described above, it prohibits retaliation. It provides examples of protected activity and makes clear that speaking up in good faith about potential violations of the policy and participating in an investigation is one form of protected activity. It lists specific examples of adverse employment actions that could be retaliatory, including dismissal, suspension, demotion, transfer, reassignment, official reprimand, adverse performance evaluation, withholding of work, or denial of any compensation or benefit.

e. Employee Awareness of Anti-Discrimination Policies and Reporting Channels

Wells Fargo has taken steps to educate employees about reporting complaints, including posting signage in its offices with information about the EthicsLine and how to report complaints, and publishing articles on Wells Fargo's intranet about reporting channels. Wells Fargo conducts annual global employee surveys and quarterly pulse surveys, which address a variety of issues related to Wells Fargo's culture. Those surveys have not previously asked employees about their awareness of anti-discrimination policies or reporting channels.

2. Investigations

a. Reporting Channels and Investigation Procedure

As described above, Wells Fargo's policies encourage employees to report any potential discrimination, harassment, or retaliation they experience, observe, or learn about through others. Employees may report potential misconduct to a manager, the EthicsLine, Employee Relations, or another Human Resources professional. If a manager receives a report of misconduct, the manager must elevate the complaint to Employee Relations. When employees bring complaints to Employee Relations, Employee Relations consultants conduct an initial consultation with the complaining party. An Employee Relations Case Management Policy directs Employee Relations consultants to remind employees that Wells Fargo does not tolerate any retaliatory conduct directed at employees for participating in fact-gathering processes. If a complaint involves potential misconduct, Employee Relations generally refers the complaint to Conduct Management.

The Conduct Management team is responsible for managing Wells Fargo's response to conduct-related allegations, which includes overseeing the EthicsLine and conducting investigations into potential misconduct. An Enterprise Investigations team within Conduct Management conducts investigations into potential misconduct. Following the conclusion of an investigation, the Enterprise Investigations team generally refers the investigation findings to Employee Relations to review and recommend appropriate corrective action. Employee Relations consultants perform this review utilizing guidelines, which are designed to promote consistency in the evaluation process, and provide factors to be considered when recommending an employment action.

Conduct Management has established KPIs to evaluate the investigations process, and each month, Conduct Management assesses the percentage of investigations that met each KPI. The KPIs relate to the timeliness, quality, and support for the outcome of the investigation.

b. Data Tracking and Reporting

Conduct Management is responsible for tracking allegations of misconduct within Wells Fargo and for reporting its analysis of this data to leaders within the Bank. Conduct Management tracks the number of allegations of misconduct received through different reporting channels, as well as the number of allegations of misconduct reported within each line of business and enterprise function. It also tracks allegation substantiation rates and information about corrective actions taken. Conduct Management presents this data to various management teams. Conduct Management also holds periodic investigation trends calls with line of business and enterprise function leaders to review allegation data and trends, and these leaders are expected to use this information to determine whether any action, like training, is warranted.

Conduct Management presents certain categories of data to the Head of DSRI, including key Conduct Management metrics and trends and allegation substantiation rates. Conduct Management also updates the Head of DSRI on the trends associated with substantiated allegations and corrective actions associated with each. Wells Fargo does not track or analyze aggregated demographic data of complaining parties or subjects of complaints, and the reports described above do not contain demographic data about complainants or subjects of reports.

Recommendations for Policies and Investigations
• **Consider enhancements to policies to affirm Wells Fargo's commitment to racial equity.** Wells Fargo's comprehensive Anti-Harassment and Discrimination Policy lists and describes prohibited behavior, and could be enhanced by addressing the concept of racial microaggressions among the examples of prohibited behavior outlined in the policy. • **Take regular steps to assess employee awareness of and comfort with the Bank's anti-harassment and EEO policies and reporting channels.** The EEO policies provide guidance to employees regarding reporting channels and reporting processes. Wells Fargo could consider adding questions to its to global employee surveys and pulse surveys to gauge employee awareness of these policies and reporting channels. • **Track aggregated demographic data related to complainants and subjects of complaints.** Wells Fargo's comprehensive data tracking related to employee complaints could be enhanced by disaggregating data by employee demographics to track trends in reports and substantiation rates.

B. Recruitment

Wells Fargo is committed to "attracting, developing, and retaining the best-qualified, most diverse group of employees," which includes "[b]uilding a diverse pipeline of candidates for positions at all levels of the [Bank], including leadership positions."[47] Wells Fargo has established a structure and process to grow a diverse recruiting pipeline that includes programs and initiatives, such as the use of Diverse Slate Guidelines; recruiting partnerships with Historically Black Colleges and Universities (HBCUs) and Hispanic Serving Institutions (HSIs); participation in the OneTen Coalition, a national initiative which aims to close the opportunity gap for Black talent; and recruitment at various national diversity events.

1. Talent Acquisition Structure and Process

Talent Acquisition, a group within HR, is responsible for the full life cycle of recruiting for all levels at Wells Fargo. Talent Acquisition identifies candidates from internal and external sources, and its team members work closely with hiring managers and provide guidance on all aspects of the talent acquisition process. The Head of Talent Acquisition reports directly to the Head of Human Resources.

Within Talent Acquisition, a dedicated Targeted Sourcing Group—composed of a Strategic Pipelining & Partnerships team, and a Diversity Sourcing Group—leads enterprise DE&I talent programs and initiatives to expand and strengthen Wells Fargo's diverse candidate pipelines. Recruiters, who are part of the Talent Acquisition team, work with the Diversity Sourcing Team to identify talent for open roles. To increase the diversity of candidate pools, the Targeted Sourcing Group attends a variety of conferences and career fairs, leverages external networks—including student organizations and alumni associations—and connects with prospective candidates directly through other resources such as LinkedIn.

Wells Fargo's talent acquisition process typically begins when a line of business or enterprise function identifies a need and obtains an approved job requisition. Before posting an open role internally or externally, recruiters generally review the draft job posting and remove any potentially biased or non-inclusive language. A "Job Description Style Guide" advises recruiters how to draft effective and inclusive job descriptions. Recruiters typically post the open role internally and may post roles to various external job sites. Recruiters also may search for qualified candidates directly using external sites, such as LinkedIn or Indeed. As described in more detail below, certain roles are subject to Diverse Slate Guidelines, and recruiters can engage the Diversity Sourcing Team to build a diverse candidate slate of qualified candidates.

The recruiter typically conducts a phone screener interview of identified qualified applicants. The subsequent interview process varies depending on the role and line of business or enterprise function, but the process is consistent for all applicants who apply for the same role. Hiring managers typically distribute an interview guide listing the competencies for the open position to interviewers, as well as interview questions and a rating scale. Recruiters also may conduct reference checks depending on the role, though Wells Fargo does not require reference checks for every position. The hiring manager and recruiter then work together to select the most qualified candidate and formulate an offer.

In August 2022, Wells Fargo completed a review of its Diverse Candidate Slate Guidelines. The review involved interviewing recruiters and hiring managers and hosting listening sessions with a broader set of employees. Wells Fargo implemented updated Diverse Candidate Slate and Interview Team Guidelines ("Diverse Slate Guidelines") incorporating feedback from the review in August 2022.[48]

The Diverse Slate Guidelines apply to many mid-level and senior-level positions. For those roles, managers and recruiters work together to cultivate a diverse pool of candidates, which the guidelines define as a candidate pool for first-round interviews in which at least half of the candidates self-identify as members of an underrepresented demographic based on race or ethnicity, gender, disability status, veteran status, sexual orientation, or gender identity. Wells Fargo invites candidates to self-identify on applications when applying for a position. The guidelines also state that hiring managers should assemble diverse teams of interviewers, which the guidelines define as an interview team with at least one interviewer who self-identifies as a member of an underrepresented demographic as described above. If a hiring manager does not provide a diverse slate of applicants for a role, the hiring manager is asked to provide a rationale, which the recruiter and next-level manager then review. A candidate slate can meet the definition provided in the guidelines even if no candidate is racially or ethnically diverse, as long as the slate otherwise meets the criteria described above. A candidate slate composed entirely of white women, or of white male veterans, would meet the definition contained in the guidelines.

For roles that are subject to the Diverse Slate Guidelines, recruiters have access to reports with aggregated data reflecting the diversity of the candidate pool for each job requisition. These reports do not provide identifying demographic information specific to any candidate. Recruiters do not receive data reflecting the percentage of the candidate slate identified as underrepresented based on race or ethnicity, but rather the total percentage of the slate that fits one or more of the criteria for establishing a diverse slate.

In August 2022, Wells Fargo required all hiring managers to complete a "Promoting Diversity and a Positive Candidate Experience" training, which provided an overview of the revised Diverse Slate Guidelines and the role of hiring managers in promoting adherence to the Guidelines, with assessment questions embedded throughout the training. Wells Fargo now requires this training for new senior employees and executives. Training for newly hired recruiters incorporates the Guidelines, and recruiters receive quarterly refresher trainings, with one module in those trainings focusing on the Diverse Slate Guidelines.

Currently, Talent Acquisition works with DSRI to report quarterly on metrics related to the Diverse Slate Guidelines. These reports show the percentage of in-scope job requisitions meeting the Guidelines across each line of business or enterprise function for that year-to-date and include aggregated demographic data of candidates interviewed, offers, and hires for in-scope roles. HR also presents some of this data to management.

2. Partnerships

The Targeted Sourcing Group attends a variety of conferences and career fairs hosted by organizations, such as the National Association of Black Accountants, the National Society of Black Engineers, the Society of Asian Scientists & Engineers, the Association of Latino Professionals for America, and the Society of Hispanic Professional Engineers to enhance the recruitment of a diverse pool of talent. Recruiters sometimes review resumes in advance of these events and connect with qualified candidates at these conferences.

Wells Fargo also recruits at more than 15 HBCUs and more than 20 HSIs as part of its recruiting efforts at a broad array of colleges and universities. An External Engagement team within DSRI works with campus relationship managers and career services at HBCUs and HSIs to identify talent—both current students and alumni—for internships and full-time roles. Members of the External Engagement team attend hiring fairs, host resume workshops and mock interviews, and host and attend other recruiting events at these schools. The External Engagement team also informally works with a broader set of HBCUs and HSIs to identify talent by attending recruitment events and inviting students to participate in mentorship programs and virtual events, described in more detail below. Wells Fargo has increased its financial investment in identifying and supporting talent from HBCUs and HSIs since 2020. From 2020 to 2023, Wells Fargo more than doubled the number of HBCU graduate hires into entry-level roles, and it more than tripled the number of HSI graduate hires into entry-level roles in the same time period.

Wells Fargo also offers a variety of mentorship programs and virtual events for university students aimed at teaching students about various career pathways at Wells Fargo and developing mentorship relationships with potential candidates. For example, the Senior Leader Speaker Series connects HBCU and HSI students and recent graduates with leaders across Wells Fargo to support their continued development and connect them with career opportunities at Wells Fargo.[49] During the Senior Leader Speaker Series, Bank leaders share their backgrounds and what led them to Wells Fargo, allowing students and recent graduates to learn about career pathways at Wells Fargo. Wells Fargo's Virtual Mentorship Series, led by the ERNs—which are described in more detail below—offers sophomores at HBCUs and HSIs the opportunity to learn about financial services and careers at Wells Fargo through networking and professional development events.[50] A "Day in the Life" webinar series, targeted toward students, provides an overview of the banking industry and describes a typical day in the life of leaders at Wells Fargo.

The External Engagement team tracks the number of students Wells Fargo hires from HBCUs and HSIs and the total number of attendees, interviews, offers, and hires stemming from each recruiting event or conference. The External Engagement team regularly compiles this information and presents it to Talent Acquisition leadership and other internal business leads. DSRI also collaborates with the Talent Acquisition team on an ad hoc basis to assess recruiting partnerships and programs.

3. Other Talent Recruitment Programs

Wells Fargo has implemented a number of other programs to help identify and develop talent from a broad array of professional and personal backgrounds. For example, Wells Fargo's Career Development Program provides training, mentoring, and professional development opportunities for employees in certain roles that require less than five years of experience.[51] The Targeted Sourcing Group primarily sources talent without four-year degrees for the program by leveraging partnerships with two-year colleges and posting opportunities to external recruiting platforms. The Career Development Program is open to employees from all demographic backgrounds, and Wells Fargo monitors participant demographics to assess program diversity and equitable access. More than three quarters of the program participants in 2023 were from historically underrepresented backgrounds.

The Building Diverse Pathways program is a three-year program that is open to students from all backgrounds and intends to provide students, including students from historically underrepresented backgrounds, with a career path from intern to financial advisor.[52] The program begins with a paid 10-week Banking and Financial Advising summer internship in Wells Fargo's WIM line of business. Sophomore and junior students are eligible for the internship, which can lead to a full-time employment opportunity. Interns receive specialized training, mentoring and career coaching, and access to networking events. The objective is to position interns for a successful career and ultimately prepare them to grow a business portfolio within WIM. In response to its initial posting for the program, Wells Fargo received more than 1,000 resumes for 50 openings.[53] Wells Fargo offered 50 internships in 2022, and again offered 50 internships in 2023. Wells Fargo reviews the demographics of the participants in the program to understand the diversity of its interns and promote equitable access to the program.

Wells Fargo's Glide – Relaunch program is an eight-week "returnship" program designed for professionals from any background with at least seven years of experience seeking to re-enter the workforce.[54] Participants spend 80% of their work directly related to the specific role for which they were selected, and the remaining 20% on a program curriculum that includes skills refresh, training, engagement with program graduates, and senior leader networking opportunities. Following the paid returnship, Wells Fargo hires participants who meet certain performance expectations into full-time roles with a minimum base compensation of $100,000. Since 2022, 88% of all participants have converted to full-time employment with Wells Fargo.[55] Eligible participants may be from any demographic background. In the spring of 2023, 78% of the 2023 cohort identified as racially or ethnically diverse.

Recommendation for Recruitment

- **Consider tracking and reporting on additional metrics related to the Diverse Slate Guidelines.** Wells Fargo could expand upon its comprehensive data tracking related to the Diverse Slate Guidelines by disaggregating the data for candidates included on diverse slates to determine the demographics that are most often satisfying the Guidelines.

C. Inclusive Culture and Work Environment

Wells Fargo sponsors many initiatives intended to promote an inclusive culture and work environment across the Bank, while DE&I teams and business leaders work with HR to implement programs and initiatives within their individual line of business or enterprise function.

To provide clear and consistent DE&I messaging and programming across the Bank, DSRI implemented a unifying DE&I theme for all DE&I workforce initiatives. Wells Fargo's 2023 theme of "Belonging" highlights DSRI's strategic priority and the Bank's commitment to promoting an inclusive culture and workplace environment where employees feel they belong, and where employees feel comfortable bringing their authentic selves to work.

Wells Fargo seeks feedback from its employees related to inclusivity (among other topics) through both its quarterly pulse survey and its annual global employee survey. The global employee survey is distributed to all employees, while the quarterly pulse survey is offered to a sample of approximately 60,000 employees per survey. Both surveys ask employees to either agree or disagree with the following statements: (i) "I can be myself at Wells Fargo without worrying about how I will be accepted"; (ii) "Wells Fargo supports diversity in the workplace"; (iii) "Wells Fargo provides a working environment that is accepting of differences in personal identity"; and (iv) "My manager creates an environment that makes me feel included." The DSRI Analytics team and HR work together to disaggregate responses across demographics and analyze the responses.

Wells Fargo also hosts an employee feedback platform, "Loudspeaker," through which employees can submit comments and ideas for improvements. An intake team reviews submissions and routes comments to the appropriate line of business or enterprise function. Operating Committee members receive monthly reports that summarize key themes or trends in Loudspeaker submissions.

The CEO and Head of DSRI also continue to meet periodically with and seek feedback from members of the Executive Forums, including about how the Forums can continue to be used most effectively to support Wells Fargo's overall DE&I strategy.

1. DE&I Councils

Wells Fargo's 18 DE&I councils—14 domestic and four international—sit within each line of business and enterprise function. DE&I councils typically consist of 15 to 20 members, and they implement many DE&I programs and initiatives within their line of business or enterprise function. For example, some of the DE&I councils assist in implementing the BOLD and OC Sponsorship programs, described in more detail below, within their line of business or enterprise function. DE&I councils also implement their own DE&I initiatives for their line of business or enterprise function. The DE&I councils largely focus on internal workforce DE&I initiatives.

Operating Committee members work with Talent Management in HR to select council members from diverse backgrounds. Typically, a member of the Operating Committee or senior executive leads each of the domestic councils, along with either one or two council chairs. A designated DE&I Consultant from the DSRI DE&I Strategy and Integration Consulting team, whose role is to advise DE&I council leadership on council governance, development, evolution, and work streams, sits on each DE&I council.

The DE&I councils work to achieve three principal goals: (i) increase diverse representation of underrepresented dimensions in executive levels; (ii) create and enhance career mobility for underrepresented groups; and (iii) promote an inclusive environment where differences are celebrated and respected. The DE&I councils generally exercise their own discretion in determining how to meet these goals within their individual line of business or enterprise function. DSRI is currently working to reinvigorate a global DE&I council, chaired by the CEO, to oversee the 18 DE&I councils and increase executive visibility into council work.

In the third quarter of 2022, the DSRI Chief Administrative Office deployed a DSRI Intake Tool to develop a centralized repository of DE&I activities, programs, and initiatives across Wells Fargo. DE&I councils submit new DE&I ideas to the intake tool, and they can use the tool to request funding or other support from DSRI for initiatives.

In July 2023, the assessment team hosted a virtual listening session with leaders from Wells Fargo's DE&I councils to discuss the DE&I council structure, and how the DE&I councils support Wells Fargo's DE&I goals and initiatives. The listening session provided DE&I council leaders with an opportunity to provide feedback on how Wells Fargo could enhance its DE&I efforts and specifically, how Wells Fargo could better support the DE&I councils. During the listening session, DE&I council leaders shared that the DE&I council structure has been effective and that many felt supported by their line of business or enterprise function in pursuing DE&I programming. The DE&I council leaders offered the following observations and opportunities for improvement during the listening session:

- Some council leaders noted that while some level of autonomy is useful to implement programs that target their employee populations, the lack of centralized oversight and guidance can make it challenging to interpret the goals and implement programs that support them.

- While DE&I council leaders informally meet and interact with each other, the DE&I councils could benefit from more collaboration—with each other and with HR. The councils and HR have implemented useful DE&I initiatives, and better collaboration could help scale some of those initiatives for use within other lines of business or enterprise functions. For example, DE&I councils for some lines of business and enterprise functions distribute Manager Toolkits to managers with information about DE&I events, programs, and trainings. Other DE&I councils have adapted these toolkits, and some DE&I council leaders shared that the toolkits could be scaled and offered to a broader set of managers across Wells Fargo.

- While some DE&I council leaders noted that they obtained financial support from their line of business or enterprise function leaders to implement DE&I programming and initiatives, other council leaders observed that the lack of a centralized budget for each DE&I council hindered implementation of initiatives.

- Some DE&I council leaders also noted that Wells Fargo does not offer a set number of hours during the business day that employees can use to attend DE&I programming, training, or events, which can make it challenging for some employees—especially hourly, non-exempt employees—to participate in DE&I initiatives.

2. Employee Resource Networks

Wells Fargo sponsors 10 ERNs, organized by individuals connected by a shared background, experience, or affinity.[56] The ERNs primarily exist to support an inclusive workplace and to drive Wells Fargo's DE&I commitments. The ERNs' three priorities are: (i) allyship, which includes recognizing the experiences of others and demonstrating support; (ii) awareness, which involves building cultural competency to appropriately engage in DE&I topics; and (iii) connection, which includes enhancing employee engagement and professional networking. ERNs focus largely on volunteering, learning, networking, and mentoring programs for their members. Wells Fargo offers five ERNs based on racial and ethnic diversity: (i) Asian Connection; (ii) Black & African American Connection; (iii) Hispanic & Latino Connection; (iv) Middle East Connection; and (v) Native Peoples Connection.[57] Other ERNs include Disability Connection, Generation Connection, Pride Connection, Veterans' Connection, and Women's Connection. All employees may join any ERN, including employees who do not self-identify as part of the specified community. As of September 2023, 31% of Wells Fargo employees belonged to at least one ERN.

An Operating Committee executive sponsor, a president, a vice president, and a DE&I liaison from the DE&I Strategy & Employee Affairs team lead each ERN. Executive advisors provide support to the ERN presidents and vice presidents. All ERNs receive base funding from Wells Fargo for programming regardless of the size of their membership. ERNs receive a second allocation of funding based on membership size. ERNs also may apply for additional grant funding for specific programs and initiatives.

In 2022, Wells Fargo hosted "Meet & Greets" with ERN leaders for the ERN leaders to share feedback about the ERN experience. ERN leaders conveyed their desire for more opportunities to collaborate with other ERNs and other key partners across Wells Fargo, and they requested a shared calendar for ERN and DE&I events across the Bank. ERN leaders also flagged that non-exempt hourly employees would like more opportunities for involvement in ERNs and DE&I programming during work hours, and that geographical spread and inflexible work schedules remain challenges to ERN involvement and DE&I programming attendance.

ERN leaders also reported that they want more training and support when taking on leadership roles within ERNs. While many ERN leaders noted that their managers were supportive of their ERN involvement, some shared that they do not feel their managers support their ERN involvement or appreciate the value and commitment of ERN involvement.

In early 2023, Wells Fargo engaged a third party to facilitate focus groups with ERN members to gain more insight into the ERN experience. Overall, the focus groups demonstrated a positive sentiment and satisfaction across ERNs. However, ERN members also expressed a desire for manager education and increased manager support of ERN involvement, and a desire for consideration of ERN involvement in performance evaluations.

In July 2023, Covington hosted a virtual roundtable discussion with leaders of Wells Fargo ERNs. ERN leaders generally expressed a favorable view of Wells Fargo's DE&I initiatives, even as they offered constructive feedback on how to advance Wells Fargo's ongoing DE&I-related work. ERN leaders offered the following observations during the roundtable:

- ERN leaders commended Wells Fargo for its support of ERNs, especially the support and engagement of Wells Fargo's executive leadership.

- They praised Wells Fargo's DE&I Employee Affairs function, which oversees and supports the ERNs. They noted that DE&I Employee Affairs has increased the structure and leadership of the ERNs and has helped the ERNs increase their outreach and programming.

- Some ERN leaders shared that Wells Fargo could better support career development opportunities and career mobility for ERN members.

3. DE&I Awareness Month and Cultural Heritage Months

Wells Fargo launched DE&I Awareness Month in October 2021 to celebrate and convey the importance of DE&I as a business imperative. In 2022, DE&I Awareness Month featured numerous DE&I chats, guest speakers, an ERN fair, and other events.

Wells Fargo tracks the number of employees who participate in various DE&I Awareness month events, though it does not break down participation across demographics. Employees also receive surveys requesting feedback on events.

The DSRI Strategy and Employee Affairs team uses this data to set goals for the next DE&I Awareness Month. The DSRI Strategy and Employee Affairs team also presents this data and goals for the upcoming year to the DSRI leadership team, along with lessons learned from the previous Awareness Month's events, and recommendations to improve employee participation and engagement.

In addition to DE&I Awareness Month, Wells Fargo also celebrates DE&I heritage months aligned to each ERN involving heritage and cultural programming and celebrations. The DSRI Strategy and Employee Affairs team partners with the ERNs to host these events.

4. Mentorship Programs

Wells Fargo offers mentorship opportunities to all employees. The purpose of Wells Fargo's mentorship program is to provide guidance and prepare employees for future opportunities and leadership by initiating cross-business relationships, introducing multicultural perspectives, and encouraging candid dialogue. Individual lines of business and enterprise functions and ERNs lead mentorship program chapters and branches. One program manager leads the mentorship program with support from co-leaders across the different chapters and branches.

Co-leaders collaborate with the program manager to match mentors and mentees. Participants also complete questionnaires asking what they are seeking in a mentorship relationship and what skills they hope to improve, which aids in the matching process. Once matched, mentees record actionable development plans and engage in monthly discussions with mentors. Co-leaders also work with the program manager to facilitate leadership panel discussions for participants, which focus on topics such as effective goal setting and skill building. Wells Fargo tracks the self-reported race and ethnicity of US mentoring program participants to assess participation across a diverse range of demographics. As of September 2023, over 3,800 participants identified as white, over 1,100 participants identified as Black, over 1,000 identified as Asian, and over 900 identified as Latino or Hispanic. Over 200 participants identified as two or more races or ethnicities. Wells Fargo also monitors and tracks retention rates and promotion rates of mentoring program participants and compares that data to the promotion and retention rates of non-participants, but it does not disaggregate this data across demographics.

5. DE&I Trainings

Wells Fargo offers a variety of trainings to its employees related to the employee experience and appropriate workplace conduct. Wells Fargo employees can access these trainings through an online platform called "DevelopYou."

Wells Fargo requires all newly hired employees without direct reports and newly hired or promoted managers to complete their respective versions of anti-harassment training on the DevelopYou platform within 60 days of hiring or promotion, and annually thereafter. The training is tailored to the state where the employee is located to comply with varying state laws. Tests at the end of each training module assess employees' knowledge. In 2020, Wells Fargo worked with a third-party consultant to offer inclusive leadership training to its CEO and his direct reports.

Wells Fargo offers additional optional DE&I trainings to its employees, including a "Power of Small Actions" training deployed in 2022. The Power of Small Actions training, offered to all employees, contains examples from everyday work settings of actions employees can take to make their colleagues feel included. In 2022, approximately 200,000 employees completed the training. Other optional trainings include:

- A "Diversity, Equity & Inclusion Starts Here" training introduces DE&I concepts and demonstrates actions employees can take to help colleagues feel supported, valued, and heard.

- An "Ally to Advocate" course explains what allyship means and provides an overview of behaviors managers and supervisors can implement to be inclusive leaders.

- The "Unconscious Bias Series" helps participants recognize unconscious bias from a personal and customer perspective and specifically emphasizes the recognition, mitigation, and prevention of unconscious bias in Talent Acquisition and Talent Management.

- The "Micro-behavior Series" helps participants recognize and disrupt microaggressions and microinequities.

Additional DE&I courses available to managers include a "Diversity Management" course focused on how to design opportunities for mutual listening and understanding that are free from stereotypes, and "A Manager's Guide to Building Teams Inclusively," focused on making inclusion a central team value.

6. Professional Development Opportunities

Wells Fargo also offers a variety of optional leader development courses and programs to its employees, including courses addressing how to develop a positive work environment, how to give feedback to direct reports, and how to engage in dialogue when conflicts arise. Wells Fargo monitors participation in its leadership and professional development courses, but it does not disaggregate enrollment data across demographics.

Wells Fargo offers two sponsorship programs in which employees from all backgrounds can participate, with a focus on participation by employees from underrepresented backgrounds: the OC Sponsorship Program and the Building Organizational Leadership Diversity (BOLD) program. OC member sponsors support each participant in the OC Sponsorship Program.[58] Sponsors meet with participants regularly and provide networking opportunities, targeted performance feedback, and coaching. As of September 2023, approximately half of participants had earned new roles or promotions since the program began.

BOLD provides mentorship and sponsorship to participants, primarily four and five levels below the CEO.[59] BOLD participants generally meet monthly with their sponsors, who are middle managers and above, and receive formal and informal networking opportunities. As of September 2023, of the 300 total original participants in the 2022 program cohort, approximately half had earned new roles or promotions since the program began.

The Talent Management Team in HR oversees the OC Sponsorship Program and BOLD program, but individual lines of business and enterprise functions help execute the sponsorship programs and implement networking and educational opportunities for participants within their respective lines of business and enterprise functions.

Recommendations for Inclusive Culture

- **Increase collaboration between the DE&I councils, and between the councils and HR.** DE&I councils have implemented valuable programs and initiatives that support employees from underrepresented backgrounds and develop a more inclusive work environment within their respective line of business or enterprise function. To scale these programs and initiatives, Wells Fargo could develop a centralized inventory of all DE&I council programs and initiatives. Wells Fargo should continue its efforts to develop one centralized DE&I council to lead collaboration efforts.
- **Implement additional recognition of ERN and DE&I council leaders.** Wells Fargo offers employees opportunities to take on leadership roles in ERNs and DE&I councils. To reinforce that the Bank values the work provided by ERN and DE&I council leaders, Wells Fargo could provide additional recognition for ERN and DE&I council leaders for serving in these leadership roles.
- **Continue efforts to expand access to DE&I programming and events to all employees, including non-exempt employees.** Wells Fargo offers a variety of programming and events aimed at creating a more inclusive culture and work environment. To encourage participation by all employees, Wells Fargo could offer non-exempt employees a set number of hours they can dedicate to approved DE&I programming and events during business hours.
- **Consider additional ways to promote employee participation in DE&I trainings.** Wells Fargo offers optional DE&I trainings to its employees covering a wide range of topics, including unconscious bias and microaggressions. Wells Fargo could consider additional methods for promoting and incentivizing employee participation in these trainings.

D. Performance Reviews

Wells Fargo has implemented a variety of measures to mitigate potential bias during its performance review process, including calibration sessions and recommending the use of a "bias buster" in performance reviews. Wells Fargo also assigns certain executive employees DE&I-related performance goals.

1. Performance Review Process

The performance review process is generally consistent for all roles across Wells Fargo. Employees receive a mid-year review and a year-end review. During both reviews, managers provide an overall summary evaluation for each direct report, describe successes and achievements, and identify areas of focus where employees need additional progress. Employees also complete a self-evaluation covering these same topics. During both reviews, managers assign their direct reports two ratings: a Risk Overlay rating, and an overall performance rating.

Employees receive one of five overall performance ratings. The Risk Overlay rating, which Wells Fargo implemented during the 2020 year-end review cycle, assesses employees' conduct and performance from a risk management standpoint. HR leaders facilitate performance calibration sessions with senior management teams to review and discuss performance rating distributions across groups.

To mitigate bias during the performance review process, Wells Fargo introduced "bias buster" guidance for calibration discussions. The guidance recommends that managers designate an individual to serve as a neutral party during calibration discussions to help managers assign consistent performance ratings based on merit. Wells Fargo also provides HR leaders who help facilitate calibration sessions with a guidance document regarding mitigating unconscious bias in performance reviews. This document provides examples of biases and questions participants can ask themselves to check for biases when writing feedback and giving ratings.

Managers consider promotions for their direct reports during year-end performance reviews, though they may also promote employees year-round. Aside from the bias mitigation measures related to the performance reviews process described above, Wells Fargo does not provide managers with any specific guidance addressing bias mitigation in making promotion decisions.

The DSRI People Analytics team provides reports to OC members on a quarterly basis. These reports include workforce representation data that is disaggregated by race/ethnicity and gender, as well as data on promotions and attrition. The People Analytics team also analyzes year-end performance review ratings across demographics, including race/ethnicity and gender.

2. DE&I Recognition in Performance Reviews

In 2021, Wells Fargo added a DE&I performance goal for all OC members.[60] This performance goal assesses representation of individuals from underrepresented backgrounds within each OC member's line of business or enterprise function, particularly within senior leadership, and it assesses DE&I engagement through coaching, mentoring, professional development, and embedding DE&I as part of the Wells Fargo community and business. Progress toward this DE&I goal can impact an OC member's overall compensation.[61]

Executives who report directly to members of the Operating Committee ("OC+1 executives") have the same DE&I performance goal as OC members. Work to accomplish this goal may impact performance evaluations and ratings. Beginning with the 2023 year-end performance evaluation process, progress toward this DE&I goal also may impact overall compensation for OC+1 executives.

Executives who report to OC+1 executives ("OC+2 executives") have a DE&I performance goal, though progress is not directly tied to compensation. This performance goal relates to mentoring high potential employees from underrepresented backgrounds, and demonstrating leadership by example through engagement in DE&I forums, initiatives, and activities, including DE&I councils, ERNs, or external diversity organizations.

All employees have a performance goal related to conducting themselves in alignment with Wells Fargo's company expectations. One of those company expectations is that employees will champion DE&I.[62]

The performance review template contains an open-ended section on successes and achievements for the year. Managers can submit feedback related to their direct reports' involvement in upholding the Bank-wide expectations, including the expectation to champion DE&I, and individuals can include steps they have taken to promote DE&I as part of their self-evaluations.

Recommendation for Performance Reviews
• **Consider providing guidance to supervisors about how to incorporate employee DE&I contributions into performance reviews.** Wells Fargo could provide guidance to supervisors about recognizing an employee's contributions to an inclusive work environment or an employee's support for Wells Fargo's DE&I efforts, including through participation in or leadership of ERNs, as part of performance reviews.

E. Compensation and Benefits

To attract and retain talent, Wells Fargo offers a competitive compensation and benefits package to its employees. Wells Fargo demonstrates its commitment to fair and equitable compensation practices through annual pay equity reviews, and an assessment of benefits offerings through a DE&I lens.

Recruiters and hiring managers rely on a variety of factors, including the role, salary range for a peer group, and a candidate's compensation requests, when setting salaries for Wells Fargo employees. If an employee has concerns about compensation, the employee may speak with his or her manager or the HR team.

1. Pay Equity Review Process

For approximately a decade, Wells Fargo has engaged a third-party consultant to conduct an annual statistical pay equity analysis for U.S. employees across race and gender.[63] The results of the 2021 and 2022 U.S. reviews, after accounting for factors such as role, tenure, and geography, showed that U.S. employees of color earned more than 99 cents for every dollar earned by white peers.[64]

The Board's Human Resources Committee reviews the results of the pay equity analyses.[65] Wells Fargo makes compensation changes based on the reviews to promote fair and equitable pay when appropriate.[66]

2. Benefits

Wells Fargo provides eligible employees with a comprehensive set of benefits "designed to protect their physical and financial health and to help them make the most of their financial future."[67] Benefits include health insurance with a variety of medical plan options; retirement benefits including an automatic 401(k) contribution for those earning less than $75,000 and an employer match for contributions by employees of all levels; parental and critical caregiver leaves; paid time off; short-term and long-term disability leave; life insurance; tuition reimbursement; adoption reimbursement; an emergency assistance fund; and financial support for wellness activities. Wells Fargo's benefits team tracks utilization of benefits across demographics to assess whether any group of employees utilizes certain benefits at a lower rate than other groups.

Wells Fargo's global employee survey contains an open-ended question inviting feedback from employees about anything related to their employment at Wells Fargo, including benefits. Employees may also submit comments regarding benefits through the Loudspeaker platform. Additionally, Wells Fargo sends an experience survey to some employees following the benefit enrollment period asking questions about the enrollment process. As part of the 2023 experience survey, three out of five employees disagreed with, or were neutral about, the following statement: "Wells Fargo listens to employee feedback about benefits and acts on it." Members of the benefits team have met with ERN presidents to solicit feedback about benefits from a DE&I perspective. Outside of those channels, Wells Fargo does not formally solicit feedback from employees about benefits.

In 2022, Wells Fargo engaged a third-party consultant to assess whether its benefits offerings could be refined to further support the Bank's DE&I objectives. The review provided Wells Fargo with a "DEI benefits snapshot score" based on the inclusivity and equity of its benefits programs compared to peer organizations. The review analyzed six benefit areas: (i) retirement; (ii) financial wellbeing; (iii) health care; (iv) paid time off; (v) family benefits; and (vi) active welfare. Wells Fargo engaged the same third-party consultant to conduct a second DE&I benefits review in August 2023.

The 2023 review identified DE&I opportunities for improvement, and Wells Fargo has implemented some changes to its benefits offerings in response to this feedback. For example, the review noted that strong financial well-being resources can help support inclusion and diversity efforts at an organization, and Wells Fargo is working toward expanding its education assistance program and other financial wellbeing benefits. The 2023 review also noted that access to healthcare and the types of services covered can have DE&I implications. Beginning in 2024, Wells Fargo plans to begin offering a personal healthcare assistant service that focuses on finding high-quality care that is welcoming and inclusive of Black communities.

Recommendations for Compensation and Benefits
• **Consider additional ways to solicit employee feedback related to benefits offerings.** Wells Fargo could consider more targeted ways to solicit feedback from employees related to benefits such as by disaggregating and assessing feedback by demographics. Wells Fargo could also consider implementing suggestions that help the company's benefits offerings further support its DE&I strategy. • **Consider further ways to incorporate feedback from the third-party benefits review into benefits offerings.** Wells Fargo's engagement of a third party to conduct a DE&I benefits review demonstrates its commitment to offering benefits to meet the needs of all employees. The Bank should continue to consider that feedback as it evaluates additions or changes to its employee benefits.

V. DE&I Strategic Priority 2: Better Serving and Growing Diverse Customer Segments

Wells Fargo's second DE&I priority focuses on diverse customer segments. The Bank has said that it views initiatives related to better serving diverse customer segments as both a prerequisite to promoting positive social impact in the communities where it operates, as well as a significant business growth opportunity. In line with the scope of this assessment, Covington reviewed the Bank's diverse customer segments initiatives related to: (i) Home Lending, (ii) Consumer, Small & Business Banking, including banking inclusion and small business efforts; and (iii) Wealth & Investment Management.

A. Regulatory Framework

Before considering Wells Fargo's efforts to serve and grow diverse customer segments, it is important to note that Wells Fargo & Company is a financial holding company subject to regulation under the Bank Holding Company Act and subject to inspection, examination, and supervision by the Federal Reserve Board.[68] Additional authorities, including the Office of the Comptroller of the Currency (OCC) and the Consumer Financial Protection Bureau (CFPB), regulate many of its subsidiaries, including its primary subsidiary, Wells Fargo Bank, N.A.[69] Several laws and regulations govern the scope of Wells Fargo's permissible business activities, as well as many other aspects of Bank operations, including those that impact Wells Fargo's strategy and initiatives to serve and grow diverse customer segments or help to address the racial wealth gap.[70]

Wells Fargo is subject to a number of laws designed to promote equal access to credit. Fair lending laws, which include the Equal Credit Opportunity Act (ECOA) and the Fair Housing Act, collectively prohibit discrimination based on protected characteristics, including race, in credit and housing transactions. Fair lending examiners review financial institutions' lending practices related to protected classes, including lending to minorities, generally, and lending in majority-minority areas.

The Community Reinvestment Act (CRA) encourages regulated financial institutions to help meet the credit needs of the communities in which they are chartered, including LMI neighborhoods.[71] LMI areas are communities where median family income is less than 80% of the larger area median income.[72] Regulatory agencies publicly release CRA examination results and consider them when an institution seeks to undertake activities that require regulatory approval.[73] The Home Mortgage Disclosure Act (HMDA) requires mortgage lenders to maintain and publicly report anonymized records identifying the sex, race, and income of those applying for or obtaining mortgages.[74]

Because Wells Fargo primarily participates in the "conforming" mortgage market, it must comply with various requirements and guidelines of the Federal Housing Finance Agency (FHFA) and the government-sponsored enterprises (GSEs), Federal Home Loan Mortgage Corporation (Freddie Mac) and Federal National Mortgage Association (Fannie Mae). GSEs purchase mortgages from lenders, and set requirements for home loans, such as appraisals and minimum credit scores.

The Bank's development of external initiatives related to racial equity must comply with these requirements. For example, regulated financial institutions may implement SPCPs, which the OCC notes allows creditors to "expand responsible credit access to economically or socially disadvantaged consumers and commercial enterprises."[75] According to the CFPB, SPCPs help eligible individuals who would "otherwise be denied credit or would receive it on less favorable terms."[76] SPCPs are permissible so long as they meet the standards set forth in ECOA and Regulation B.[vi]

Although these laws and regulations provide important context for several of the topics discussed in this report, including limitations that affect some of the Bank's efforts and initiatives related to racial equity and addressing the racial wealth gap, the assessment team did not review Wells Fargo's compliance with them.

B. Home Lending

1. Home Lending and the Racial Wealth Gap

Black, Hispanic, and Native American/Alaskan Native households are less likely to own homes compared to white households in every state in the United States.[77] The same is true for Asian Americans in all states other than Hawaii.[78] According to Harvard University's Joint Center for Housing Studies, as of 2019, Black and Hispanic households have the lowest rates of homeownership in the United States, at 41.7% and 46.8%, respectively.[79] This is lower than the average homeownership rate for white households, which is 71.7%.[80]

Several historical factors relate to this disparity. For example, high debt-to-income ratios and relatively lower credit scores can lead to mortgage denials. Historical racial and ethnic disparities with respect to these factors affect mortgage borrowing by limiting access to capital. In 2022, the Washington Post reported that "traditional credit scores penalize prospective borrowers for having large student loans or a high debt-to-income ratio, both of which tend to be more common" among people of color.[81] According to the Urban Institute's Housing Matters Initiative, "[s]tudent loan debt may reproduce and exacerbate the racial homeownership gap" because "[s]tudents of color are less likely to have wealth to finance either an education or a home purchase, leading to higher rates of loan debt, which decrease mortgage eligibility and the ability to afford a down payment."[82] Further, underserved communities are more likely to be "credit invisible" or "unscorable," meaning they have insufficient credit or no credit score at all.[83] Research published by Oliver Wyman in 2022 found that 26% of Hispanic Americans and 27% of Black Americans are credit invisible or unscorable, compared to 16% of white Americans.[84] Experian, a credit-reporting agency, noted that "[b]eing labeled unscorable or credit invisible can hinder participation in the financial system and prevent populations from accessing the socioeconomic opportunities that go with it."[85]

Research published by Freddie Mac and Fannie Mae, government-sponsored enterprises (GSEs) that help to provide mortgage-lending capital,[86] found that bias in home appraisals is widespread. For example, Freddie Mac found that appraisals for home purchases in majority-Black and majority-Hispanic neighborhoods were twice as likely to result in a value

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[vi] ECOA and Regulation B permit for-profit organizations to offer SPCPs or participate in SPCPs to meet special social needs, if: (i) the program is established and administered pursuant to a written plan that identifies the class of persons that the program is designed to benefit and sets forth the procedures and standards for extending credit pursuant to the program; and (ii) the program is established and administered to extend credit to a class of persons who, under the organization's customary standards of creditworthiness, probably would not receive such credit or would receive it on less favorable terms than are ordinarily available to other applicants applying to the organization for a similar type and amount of credit. Special Purpose Credit Programs, 12 C.F.R. § 1002.8, https://www.ecfr.gov/current/title-12/chapter-X/part-1002/subpart-A/section-1002.8.

below the actual contract price, defined as the amount a buyer is willing to pay for the property, compared to appraisals in predominately white neighborhoods.[87] This could result from unsupported subjective assessments that could influence valuations. While increasing racial and ethnic diversity in the appraisal profession may help increase fairness,[88] the Department of Housing and Urban Development (HUD) has noted that the profession remains one of the least racially and ethnically diverse in the country.[89] Approximately 97% of appraisers across the country are white.[90]

The federal government has taken a number of steps to increase and promote homeownership rates among racial and ethnic minorities, and Wells Fargo has actively been involved in these initiatives. In July 2020, the OCC launched Roundtable for Economic Access and Change (Project REACh), designed to bring together public, private, and non-profit stakeholders to develop solutions to "reduce specific barriers that prevent full, equal, and fair participation in the nation's economy" such as greater access to capital and banking services.[91] And in 2021, the federal government created an Interagency Taskforce on Property Appraisal and Valuation Equity (PAVE) to evaluate and reduce appraisal bias. In June 2023, the White House announced a number of additional actions related to appraisal issues, including a proposed rule that would establish quality control standards to help ensure the fairness of automated models in appraisals, processes for homeowners to challenge valuations, and increased transparency regarding requirements to become an appraiser that tend to limit diversity.[92]

Wells Fargo has been a member of Project REACh since its launch.[93] Its Head of Consumer Lending sits on Project REACh's National Workstream, and the Head of DSRI leads its Affordable Homeownership Workstream. Likewise, the Bank has committed publicly to assisting in socializing and implementing PAVE's recommendations.[94] Internally, Wells Fargo has undertaken an effort to identify and close gaps between its own practices and the best practices discussed by Project REACh and PAVE.

2. Wells Fargo Home Lending

Wells Fargo was the largest bank home mortgage originator in the United States in 2022.[95] For the last decade, it has also been the largest bank originator of home loans for racial and ethnic minorities.[96] Wells Fargo's market position results in part from its efforts to advance racial equity in homeownership over the past decade.[97]

Today, Wells Fargo's mortgage business primarily focuses on serving Bank customers (e.g., CSBB or WIM customers) as well as borrowers in minority communities through two customer entry points. The first is Distributed Sales, which includes loans originated through Wells Fargo employees (e.g., Home Mortgage Consultants, Private Mortgage Bankers, and Mortgage Bank Sales Consultants) located in the borrower's market. The second is Consumer Direct Sales, which includes loans originated through the Bank's five contact centers in the United States.

The Diverse Segments - Home Lending team is responsible for promoting homeownership opportunities for minority, LMI, and first-time homebuyers using Wells Fargo's mortgage platform and resources. Five key pillars guide the team's efforts: (i) mirror the markets Wells Fargo serves; (ii) establish a visible and active presence in diverse communities; (iii) offer an array of products and programs; (iv) build and enhance relationships; and (v) provide marketing and outreach. Geographically, many of the team's programs and initiatives focus on Wells Fargo's "priority markets," which are based on the Bank's goals stemming from fair lending laws and the CRA.

The Diverse Segments - Home Lending team consists of personnel in three core roles:

- **Segment Leads.** Segment Leads seek to understand the root causes of homeownership disparities for their respective diverse customer segment or segments, and develop a national strategy for business development activities for their segment or segments. They collaborate with Wells Fargo's marketing and communications teams on culturally informed marketing and communications with specific racially or ethnically diverse segments. In addition to these business development activities, Segment Leads engage in recruiting initiatives, including collaborating with HBCUs and minority serving institutions (MSIs) to educate students on career opportunities in finance and home lending.

- **Diverse Segments Mortgage Consultants.** Diverse Segments Mortgage Consultants (DSMCs) help to grow Wells Fargo's mortgage business among LMI borrowers and borrowers within LMI and majority-minority census tracts. They advise loan officers on products and sourcing opportunities within diverse segments. While Segment Leads develop national strategies, DSMCs focus on specific geographic regions and work primarily on sales and marketing strategies within those communities.

- **Mortgage Sustainability Leads.** Mortgage Sustainability Leads oversee the team's efforts related to foreclosure prevention and keeping homeowners in their homes. They educate homeowners on resources available to them should they have difficulty making mortgage payments, often working through local non-profits.

In line with Wells Fargo's efforts to integrate DE&I in its marketplace strategy, the Head of Diverse Segments - Home Lending reports to both the Head of DSRI and the Head of Home Lending and regularly meets with colleagues outside of DSRI on product and strategy development. The Head of DSRI meets regularly with leaders of the Home Lending line of business to discuss lending efforts for diverse communities. The Head of Diverse Segments - Home Lending also participates in regular home lending strategy meetings. Wells Fargo is working to establish a Community Lending Office to facilitate additional partnerships between Home Lending and the Diverse Segments - Home Lending team on strategies to promote homeownership opportunities for racially or ethnically diverse and LMI borrowers.

The Diverse Segments - Home Lending team meets regularly to help evaluate potential product changes to understand their impact on the Bank's performance toward its CRA and fair lending requirements. The Diverse Segments - Home Lending team also participates in Wells Fargo's annual stakeholder meeting, where the Bank discusses its home lending activity and HMDA performance, and solicits feedback on how it can improve to serve historically underserved communities. External participants include consumer and civil rights organizations.

3. Strategic Direction for the Home Lending Business

Wells Fargo established two minority-lending commitments in 2016 and 2017. In 2016, Wells Fargo established a $125 billion commitment to increase Hispanic homeownership in connection with the Hispanic Wealth Project established by the National Association of Hispanic Real Estate Professionals.[98] The following year, it made a $60 billion lending commitment to increase Black homeownership by 250,000 Black homeowners.[99] Both commitments had a 10-year time horizon.[100] By the end of 2022, Wells Fargo provided over $60 billion in mortgage loans to more than 220,000 Hispanic homeowners, just under 50% of its overall goal.[101] The Bank also provided $24 billion to more than 88,000 Black borrowers, amounting to approximately 40% of its commitment.[102] The home mortgage market has changed significantly since the Bank announced its commitments, as the percentage of mortgages originated by non-bank mortgage lenders has increased[103] and the Federal Reserve has raised interest rates to curb inflation.[104]

In January 2023, Wells Fargo announced a new strategic direction for its Home Lending business, with the goal of reducing the business's size and narrowing its focus to serving Bank customers as well as individuals and families in underserved communities, including minority and LMI communities.[105] The Bank exited its correspondent business, through which Wells Fargo purchased mortgages made by third-party lenders, and reduced the size of its mortgage-servicing portfolio, which includes loans that Wells Fargo originated or purchased from third-party lenders.[106]

As part of the new strategic direction, Wells Fargo replaced its 2016 and 2017 commitments with several initiatives to advance racial equity in homeownership, including creating a new SPCP focused on purchase loans, hiring additional Home Mortgage Consultants in minority communities, and partnering with non-profit organizations.[107] The Bank also announced an additional $100 million investment toward the goal of advancing racial equity in home ownership.[108]

a. Optimizing the Retail Team to Focus Primarily on Bank Customers and Underserved Communities

Wells Fargo's Home Lending business focuses primarily on serving its own customers and underserved communities. Since launching its new strategic direction, minority customers have accounted for 40% of all mortgages originated, and those who live in a majority-minority census track accounted for 30% of all mortgages originated.

b. Utilizing Special Purpose Credit Programs

Wells Fargo's SPCPs play a significant role in the Bank's efforts to advance racial equity in homeownership. In April 2022, Wells Fargo announced a $150 million SPCP focused on helping eligible Black homeowners refinance mortgages serviced by Wells Fargo.[109] Wells Fargo reached out to eligible customers with detailed information about the opportunity to lower their current mortgage rate through the SPCP, starting first with those with U.S. Department of Veterans Affairs (VA) and Federal Housing Administration (FHA) loans. The Bank later reached out to eligible customers with Fannie Mae or Freddie Mac GSE loans. Through the SPCP, Wells Fargo helped these borrowers secure lower interest rates and covered certain one-time expenses associated with their refinancings. Wells Fargo has continued to build on the initial success of its SPCP. In August 2023, it expanded the offering to include refinancing opportunities for eligible Hispanic customers with loans serviced by Wells Fargo. As of October 2023, Wells Fargo has assisted approximately 5,100 customers through its refinance SPCP, with customers receiving an average of $100 in payment savings each month.

This summer, Wells Fargo announced a second SPCP, Homebuyer Access, to support purchase loans for eligible homebuyers in underserved communities.[110] Through Homebuyer Access, eligible homebuyers receive $10,000 grants applied toward the down payment on a

Wells Fargo fixed-rate conventional loan.[111] Currently, the program focuses on eight markets,[vii] and is available to eligible homebuyers who meet certain criteria, including earning 120% or less of the area median household income in the county where the property is located.[112]

c. Partnering with Non-Profit Organizations and Organizing Community-Focused Engagements

Wells Fargo has long engaged with industry, trade, and non-profit organizations that seek to foster homeownership among underserved communities to inform its efforts to advance racial equity in homeownership. Some of these organizations include: (i) the National Association of Real Estate Brokers (NAREB), which focuses on Black households; (ii) the National Association of Hispanic Real Estate Professionals (NAHREP); (iii) the Asian Real Estate Association (AREAA); and (iv) the National Association of Minority Mortgage Bankers of America (NAMMBA). Engagement with these organizations occurs in a variety of forms, including sponsorships, educational webinars, product development, and support for policy goals. The Bank organizes nonprofit roundtables within priority markets under Fair Lending laws and the CRA to learn how Wells Fargo could tailor its programs and products to meet the needs of local communities. In the first nine months of 2023, Wells Fargo held nonprofit roundtables in 10 cities. The Bank collaborates with local organizations to host Advancing Homeownership Fairs, which seek to educate prospective homeowners on the process of buying a home.[113] In 2023, Wells Fargo held fairs in Phoenix, Miami, Houston, and Los Angeles.

Wells Fargo plans to use part of the $100 million investment announced in January 2023 to help the Bank expand existing programs and external partnerships that support existing and prospective minority borrowers, and pursue new ones. For example, in September 2023, Wells Fargo announced a strategic alliance with AREAA, through which it will sponsor AREAA's Housing Affordability initiative. The initiative focuses on "advancing sustainable homeownership, especially with first-time homebuyers and LMI Asian American Native Hawaiian and Pacific Islander (AANHPI) communities."[114] Wells Fargo will also sponsor AREAA's Housing Affordability Symposium, described as a "one stop shop to hear from Congressional Representatives, leading developers, industry innovators, and prominent real estate professionals."[115] Wells Fargo employees participate in the event, discussing its initiatives related to housing equity and affordability.[116] The Bank will also sponsor AREAA's regional events in geographic areas with high concentrations of Asian American residents.[117]

d. Deploying Additional Home Mortgage Consultants in Local Minority Communities

Wells Fargo is in the process of hiring additional Community Mortgage Bank Sales Consultants (CMBSCs), who will be community-based home mortgage consultants focused on minority and LMI borrowers. They will be located in bank branches in majority-minority census tracts. CMBSCs will receive training on all mortgage products, with a focus on the Bank's

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[vii] Homebuyer Access grants are available in the following metropolitan areas: Minneapolis–St. Paul–Bloomington; Philadelphia–Camden–Wilmington; Dallas–Ft. Worth–Arlington; Washington–Arlington–Alexandria; Baltimore–Columbia–Towson; Atlanta–Sandy Springs–Alpharetta; Charlotte–Concord–Gastonia; and New York–Newark–Jersey City. News Release, WELLS FARGO, *Wells Fargo Launches Down Payment Grant Program to Help Bridge Homeownership Gap* (Aug. 10, 2023), https://newsroom.wf.com/English/news-releases/news-release-details/2023/Wells-Fargo-Launches-Down-Payment-Grant-Program-to-Help-Bridge-Homeownership-Gap/default.aspx.

SPCPs and "Dream. Plan. Home." initiative, which is discussed below. CMBSCs will also partner with a diverse array of realtors, builders, and non-profit organizations.

4. Dream. Plan. Home. Mortgage and Closing Cost Credit

Wells Fargo's "Dream. Plan. Home." initiative is designed to promote homeownership in LMI communities through two programs: "Dream. Plan. Home. Mortgage."[118] and "Dream. Plan. Home. Closing Cost Credit."[119] Both programs are available to eligible borrowers at or below 80% of the area median income of the county where the subject property is located. Through Dream. Plan. Home. Mortgage, Wells Fargo offers eligible borrowers a fixed-rate mortgage with as little as a 3% down payment.[120] This mortgage product, based on a standard 30-year fixed mortgage, is sold to Fannie Mae and Freddie Mac, and therefore must be aligned with the requirements of those GSEs. Since inception through October 2023, Wells Fargo has funded over 13,000 mortgages through the program. Racial or ethnic minorities accounted for 36% of these mortgages, and properties in majority-minority census tracts accounted for 29% of these mortgages.

Through Dream. Plan. Home. Closing Cost Credit, eligible borrowers may receive a credit of up to $5,000 to use toward closing costs, such as processing and recording fees.[121] The credit is available in select metropolitan areas in 17 states and Washington, D.C.[viii] To date, Wells Fargo has issued over 3,800 closing cost credits. The average credit used per loan has been approximately $4,200. As of October 2023, the Bank reports that 43% of these credits were issued to borrowers who are racial or ethnic minorities based primarily on self-reporting. Properties in majority-minority census tracts accounted for 37% of credits.

5. Mortgage Applications

Wells Fargo customers can begin the mortgage application process online, in person, or over the phone. All mortgage applications proceed through Wells Fargo's Home Lending Risk Engine, a decision processing tool that compares information shared in an application to Wells Fargo's policies for loan approval. This tool is integrated into GSE automated underwriting systems used to evaluate applications for conforming loans. After the decision processing tool provides a report, underwriters perform an initial risk review. Underwriters assign one of four decisions: conditional approval; recommended decline; counteroffer; or suspended, which is reserved for incomplete loan applications. If recommended decline is the outcome, then the application undergoes a review by a different set of underwriters to check that the denial recommendation was appropriate.

Wells Fargo has taken several steps to mitigate the risk of bias in the mortgage application process. During the review process, the application system masks demographic information about applicants from underwriters. Also, Wells Fargo Home Lending employees are offered the same DE&I training provided throughout the Bank, including training on unconscious bias discussed above. The training addresses unconscious bias generally, although it does not focus on bias mitigation in the home lending process specifically.

[viii] The available locations are in the following states and the District of Columbia: California; Delaware; Florida; Georgia; Illinois; Maryland; Minnesota; New Jersey; New York; North Carolina; Pennsylvania; South Carolina; Texas; Virginia; Washington; West Virginia; and Wisconsin. *Dream. Plan. Home. Closing Cost Credit*, WELLS FARGO, https://www.wellsfargo.com/mortgage/jump/closing-cost-credit/ (last visited Dec. 1, 2023).

Wells Fargo has also undertaken efforts to streamline its customer complaint management process across the Bank. Before 2021, multiple platforms captured complaints and different lines of business or enterprise functions resolved them. Currently, Enterprise Complaints Management Office (ECMO), a centralized management system, catalogs and tracks all complaints across Wells Fargo. Certain complaints about the mortgage application process, including complaints of potential discrimination, are escalated to and overseen by Home Lending Customer Experience (HLCE). While HLCE does not regularly track complaints by race or ethnicity, it works with the Business Insights team to add demographic data to the complaints if it is relevant to the HLCE analysis. The Root Cause Analysis team within HLCE is responsible for understanding trends in home lending-related complaints and making recommendations to members of the Bank's senior leadership on product and process changes to reduce them. The Compliance department also conducts quarterly analyses of discrimination complaints, including complaints related to home lending.

Recommendations for Home Lending

- **Offer anti-bias training tailored to home lending.** While Wells Fargo offers its home lending team unconscious bias training available to all employees, more tailored training on both conscious and unconscious bias could help provide advice and guidance specific to the mortgage application process.
- **Evaluate any new AI tools under consideration for use in the mortgage application process for racial bias and potential racial impacts**. As the home lending industry expands its use of AI in underwriting decisions, and to the extent that Wells Fargo begins to utilize AI tools to review mortgage applications, Wells Fargo should consider conducting regular independent audits of the AI tools it plans to deploy in the mortgage approval process.

6. Addressing Appraisal Bias

Within Wells Fargo, the Real Estate Valuation Services (REVS) team is responsible for appraisals of residential properties in connection with loans originated and serviced by the bank. The team operates independently from Wells Fargo's home lending line of business. REVS employs 135 staff appraisers and works with over 2,600 third-party residential appraisers and four appraisal management companies.

REVS supports Wells Fargo's efforts to mitigate the risk of appraisal bias. Its Appraisal Bias Program consists of operational and technological initiatives to improve the appraisal process as well as programs to advance DE&I in the appraisal industry.

a. Operational Initiatives

Customer complaints provide Wells Fargo with important insights into potential opportunities to improve its home appraisal process, including by addressing potential appraisal bias. Based on best practices provided by Project REACh, the Bank recently revised its appraisal cover letter to advise applicants that they may raise concerns related to the reliability, credibility, accuracy, bias, or other aspects of the appraisal to their Home Mortgage Consultant. Customers also may raise complaints through a centralized resource that customers can reach through a number listed on their appraisal-related disclosures.

REVS is responsible for reviewing and resolving customer complaints related to home appraisals. REVS typically undertakes a series of actions as part of its investigation process, including reviewing the complaint and supporting documentation provided by the borrower; researching available sales data and comparable properties; and analyzing the appraisal to indicate whether it may have been affected by bias. Its investigation into bias specifically includes review of any inappropriate language in appraisal commentaries, such as comments about protected classes under housing regulations, and the use of subjective statements not supported by facts found in the appraisal or through Wells Fargo's research. Potential disciplinary actions include, but are not limited to, coaching letters and suspensions.

REVS performs root-cause analyses monthly to better understand trends in appraisal complaints, including any related to appraisal bias. Additionally, the Appraisal Bias Forum, established in 2023, brings together representatives from several teams across Wells Fargo, including REVS, Legal, Home Lending, Compliance, Valuation Risk, Reputational Risk, and Office of Consumer Practices, to discuss appraisal bias complaints, relevant regulatory updates, and related initiatives across the Bank.

Wells Fargo also uses scorecards to assess the performance of appraisers or appraiser management companies with whom it does business. While the scorecards do not capture specific appraisal bias elements, Wells Fargo reports that unsupported statements in reports, including statements that may reflect bias, can negatively affect scores. Wells Fargo allocates valuation assignments based on scorecard rankings. If an appraiser's scores are consistently low, the Bank will give the appraiser a warning or put the appraiser on a watch list. If the Bank observes continued low quality performance, Wells Fargo ends its business relationship with the appraiser.

b. Technology Initiatives

In October 2023, REVS, in partnership with Wells Fargo's internal AI Center of Excellence team, launched an Appraisal Bias Detection Indicator Flag Search Tool, a natural language processing model focused on identifying key words in appraisal reports that may be indicative of potential bias. The model does not score reports or make any decisions. Rather, it tags potentially inappropriate language used in appraisal reports, which Bank personnel then review and evaluate. The model currently relies on a list of inappropriate words that Wells Fargo developed based on its internal subject matter experts and public research from regulatory entities and GSEs, including Fannie Mae and Freddie Mac. The tool is reviewed by Compliance.

The Bank plans to launch a second version of the model in 2024 that will focus not only on whether an appraiser used an inappropriate word, but that will evaluate the appraisal generally for indications of bias. This will address words that are innocuous in insolation, but, in context, suggest potential appraisal bias. Wells Fargo reports that it will continue to consider using additional AI tools to assist in its review and validation of appraisals.

Wells Fargo is in the process of updating its internal systems and processes to accommodate alternative valuation options for appraisals. REVS believes that these alternative sources of valuation data tend to reduce bias because the home inspection, which includes meeting the homeowner, is bifurcated from valuation processes. The Bank is considering the following options from the GSEs:

- **Fannie Mae's Value Acceptance + Property Data.** Lenders may originate a mortgage loan without an appraisal, contingent on the lender providing property data collected by a trained and vetted third party.[122]

- **Freddie Mac's Automated Collateral Evaluation + Property Data Report (ACE+PDR).** Lenders may originate loans using additional property information physically collected on-site by trained property data collectors using the Freddie Mac property dataset instead of an appraisal.[123]

The Bank also reports that it is reviewing GSE hybrid appraisals, in which trained and vetted third parties collect property data and pass it along to an appraiser.[124]

Wells Fargo has established a testing and validation protocol to assess the automated valuation models it uses in the real estate valuation process. The Bank reports that its protocol meets regulatory requirements, which include reviewing for compliance with applicable non-discrimination laws.

c. DE&I Initiatives

Wells Fargo requires all REVS employees to undergo DE&I training. The training modules focus on Wells Fargo's DE&I priorities, bias, and unconscious bias, but do not focus on appraisal bias. Specific titles include "Improve Your Cultural Intelligence Through Knowledge," "How Do I Keep Bias from Influencing My Work," and "Invisible Influencers: An Introduction to Uncovering & Mitigating Unconscious Bias." The Bank reports that all REVS employees took one of these trainings in 2022 and 2023.

Wells Fargo established the Appraiser Trainee Program to address the shortage of appraisers and the lack of racial diversity across the industry. The program guidelines expect applicants to have at least six months of valuations, lending, underwriting experience, or the equivalent demonstrated through work experience, training, military experience, or education. The program is open to all who meet the eligibility requirements. Senior appraisers partner with accepted applicants and help them complete the educational and field experience requirements to become a Certified Residential Real Estate Appraiser in their respective states. In May 2022, Wells Fargo accepted 25 associates into the program, 72% of whom self-identified as a racial or ethnic minority. The Bank recruited 15 appraisal trainees for its 2023 class, 60% of whom self-identified as a racial or ethnic minority.

In December 2022, Wells Fargo partnered with the National Urban League to replicate the Appraiser Trainee Program externally through the establishment of the Urban Appraisers Initiative.[125] The Bank provided the Urban League, which is responsible for the initiative's administration, with a five-year, $5 million grant to help promote diversity within the appraisal industry.[126] One of the National Urban League's goals for the initiative is to increase the number of Black appraisers. Three of the organization's local chapters—the Urban League of Greater Atlanta, the Urban League of Central Carolinas, and the Houston Area Urban League—will provide appraisal-specific training to Black trainees. The chapters will also support trainees by helping them secure apprenticeships with certified appraisers and providing entrepreneurship and business skills training.[127]

Recommendations for Addressing Appraisal Bias
• **Develop tailored bias and unconscious bias training modules for REVS employees.** Wells Fargo requires all REVS employees to undergo DE&I training, but the training modules address these topics generally. Tailored training could further prepare employees to recognize and mitigate bias in home appraisals. Wells Fargo also could consider ways to encourage appraisers to whom it directs business to undertake equivalent training.
• **Assess and update the appraiser scorecard to address potential appraiser bias and inappropriate language in appraisal reports.** Wells Fargo uses scorecards to track the performance of appraisers and appraisal management companies. Statements that reflect bias may negatively affect an appraiser's score, but the Bank could adopt scoring specifically tracking bias. This would allow the Bank to track the performance of appraisers to understand whether incidents of bias occur less frequently over time and prevent evidence suggesting potential appraisal bias from being overshadowed by other factors. This also would allow the Bank to adequately consider these factors when selecting appraisers.
• **Seek outside input when training the Appraisal Bias Detection Indicator Flag Search Tool.** This AI tool identifies key words in appraisal reports that may be indicative of potential bias, and it was trained using a list of inappropriate words developed based on input from Wells Fargo internal subject matter experts and public research. As Wells Fargo continues to train the tool, it could seek input from civil rights organizations regarding additional words that should be recognized as potentially biased.
• **Conduct audits to assess the risk that AI appraisal tools might cause or exacerbate disparities.** Compliance teams outside of REVS review the AI tools the Bank uses in the appraisal process. Given the rapid pace of advances in artificial intelligence technology, Wells Fargo could consider utilizing independent audits to test AI-powered tools used in, or being considered for, the appraisal process for bias or potential disparate impacts.

7. Housing Access & Affordability Philanthropy

In 2019, Wells Fargo committed to provide $1 billion in philanthropic support to address housing access and affordability in the United States by 2025.[128] The Bank concentrates its philanthropic investments, defined as Housing Access & Affordability Philanthropy (HAAP), in four key areas, all of which have a racial equity focus: (i) expanding homeownership; (ii) increasing housing supply; (iii) increasing housing stability primarily by keeping people housed; and (iv) supporting transformation, innovation, and best practices.

Wells Fargo has taken a series of actions to enhance the impact of its philanthropic investments through a data-informed strategy for giving. In 2023, Wells Fargo established three KPIs to assess HAAP's impact, the number of: (i) new home units constructed; (ii) income-restricted rental units acquired and preserved; and (iii) potential new homebuyers educated or counseled. The Bank also began asking its grant recipients to provide demographic data regarding the organizations' respective Boards of Directors and executive leadership teams, as well as the individuals helped through HAAP's financial support. While Wells Fargo has made significant progress in fulfilling this commitment, and has invested $625 million as of September 2023, it anticipates that it will fulfill its commitment after 2025.

a. Expanding Homeownership

Wells Fargo prioritizes HAAP investments related to expanding homeownership. Its goal is to support the cultivation of at least 60,000 new homeowners. While the Bank's goal is for at least 75% of these homeowners to be racial or ethnic minorities, it is not a requirement. The expanding homeownership pillar includes programs such as Wealth Opportunities Realized Through Homeownership (WORTH), UnidosUS Home Ownership Means Equity (HOME) Initiative, and NeighborhoodLIFT.

(1) Wealth Opportunities Realized Through Homeownership (WORTH)

In 2021, Wells Fargo launched the WORTH initiative. The Bank designed the initiative to support 40,000 new homeowners of color by the end of 2025.[129] In the first phase of the initiative, Wells Fargo invited organizations in 25 markets to develop a strategy to facilitate the creation of 5,000 new homeowners of color in that market. Each organization submitted a single plan developed in consultation with a number of local stakeholders, including non-profits, faith-based organizations, businesses, local and state government leaders. Wells Fargo ultimately selected 16 markets from this round of the initiative. Each group in one of these markets received a six-month $150,000 planning grant to continue to develop its homeownership strategy. To be eligible for consideration, at least 25% of the homeowners participating in a plan had to earn less than the median income in the relevant community and 50% had to earn less than 150% of the relevant median income.

In the second phase of the initiative, which began in 2022, Wells Fargo reviewed the plans submitted by the groups and issued a total of $7.5 million in multi-year grants to winning organizations to implement their proposals.[130] The recipients were based in eight markets: (i) Atlanta; (ii) Houston; (iii) Milwaukee; (iv) New York; (v) Philadelphia; (vi) Richmond; (vii) San Diego; and (viii) Rural and Native American / Alaskan Native communities in 21 states.[131] Wells Fargo plans to disburse the funds over four years. Strategies in the winning plans included focused counseling and financial coaching; one-stop homeownership information hubs for underserved communities; and access to financing options, such as alternative underwriting and SPCPs. Recipients are required to participate in an ongoing program and learning evaluation conducted by the Urban Institute, which includes ongoing data collection and reporting through 2026.

According to data from the Urban Institute, WORTH is estimated to have supported over 2,500 new homeowners who identify as racial or ethnic minorities as of September 2023.

(2) UnidosUS Home Ownership Means Equity (HOME) Initiative

In 2023, Wells Fargo announced that it would be the first anchor funder of the UnidosUS's HOME initiative, a program that seeks to support four million new Latino homeowners by 2030.[132] The Bank's philanthropic investment, which comes in the form of a $9 million multi-year grant, will help UnidosUS to "support homebuyer readiness, expand credit access, increase housing supply, and preserve homeownership."[133] UnidosUS has said that specific programs will include consumer education and housing counseling for potential Hispanic borrowers provided by community-based affiliate organizations, and supporting increased density through zoning reforms to boost housing supply.[134]

(3) NeighborhoodLIFT

NeighborhoodLIFT is a down payment assistance program developed in partnership with NeighborWorks America, a Congressionally-chartered nonprofit organization that fosters affordable housing community development through its support of nearly 250 local and regional nonprofit organizations.[135] Eligible LMI homebuyers in select geographies receive interest-free loans ranging from $15,000 to $25,000 (depending on the geography), which they can use toward a down payment or closing costs.[136] Recipients do not have to repay the loan so long as the home remains the loan recipients' primary residence and they do not transfer title to the property for five years.[137] As a condition of the loans, recipients must participate in eight hours of homebuyer education classes.[138]

According to data from NeighborWorks America, as of September 2022, NeighborhoodLIFT has provided down-payment assistance to more than 25,000 borrowers since 2012 as a result of Wells Fargo's cumulative investment of nearly $550 million. While the program focused on serving LMI families without any consideration of race or ethnicity, according to data from NeighborWorks America, 26% and 29% of recipients self-identified as Black and Hispanic, respectively.

b. Increasing Housing Supply

Wells Fargo supports programs and initiatives designed to increase housing supply with a focus on racial equity and sustainability. Wells Fargo anticipates that it will support new construction or preservation of at least 20,000 affordable homes once it fully funds its HAAP commitment.

As part of the increasing Housing Supply pillar, in 2020, Wells Fargo launched the Housing Affordability Breakthrough Challenge (HABC) in partnership with Enterprise Community Partners (ECP),[139] a nonprofit focused on addressing the shortage of affordable homes.[140] In this program, Wells Fargo solicited proposals focused on three issues: (i) housing construction; (ii) financing solutions that broaden access to capital; and (iii) services and support programs that improve the housing experience, such as those that create pathways for upward socio-economic mobility.[141] Six winning proposals each received $2 million and two years of technical assistance from ECP. Winning proposals included the establishment of an automated underwriting system and building affordable homes paired with health care and social services.[142] Wells Fargo launched the second version of the Housing Affordability Breakthrough Challenge in 2023 with a commitment of $20 million.[143]

In 2022, Wells Fargo launched Growing Diverse Housing Developers (GDHD), an initiative designed to increase racial equity in the housing development sector.[144] Wells Fargo reports that this initiative resulted from feedback that home developers of color experienced difficulty obtaining access to capital to fund housing projects. To address this issue, GDHD provides low-cost enterprise- and project-level financing, technical support, and mentoring and networking opportunities to developers of color. The goal of providing these resources is to foster the development of more affordable homes and rental units, including in traditionally underserved communities.[145] Wells Fargo has awarded $40 million in grants to 39 developers of color.[146]

c. Increasing Housing Stability

Wells Fargo funds programs and initiatives that help existing renters and homeowners remain in their homes. Its goal is to help at least 500,000 people in need once it fully funds its commitment.

From 2020 to 2022, during the COVID-19 pandemic, Wells Fargo provided 14 HUD-approved housing counseling intermediaries with $28.5 million to pass along to local housing counseling agencies that support renters and homeowners in financial distress.[ix] The local counseling agencies used these funds to migrate to virtual meeting technologies and improve outreach to individuals and families in need of housing counseling and eviction protection, among other initiatives. According to Wells Fargo, its funding helped maintain housing for nearly 400,000 people in 2020-2022, including in underserved communities disproportionately impacted by the pandemic. Following the pandemic, Wells Fargo's strategy for increasing housing stability focuses on legal assistance and housing counseling, including the National Center for State Courts and Heirs Property Initiative.

In 2022, Wells Fargo awarded a $10 million, four-year grant to the National Center for State Courts (NCSC) to support its Eviction Diversion Initiative.[147] The NCSC makes sub-grants to state and local courts to hire staff and obtain technical assistance to update their eviction court procedures and to establish new eviction diversion programs or enhance existing programs. To date, 22 state and local courts have received funding.[148]

Wells Fargo launched the Heirs Property Initiative (HPI) in 2022. Wells Fargo is providing $3.6 million in grants to 20 organizations working to address issues related to "tangled titles" through legal assistance, estate planning, and education to low-income homeowners so they can solve and avoid these issues.[149] As noted by Pew Charitable Trust, tangled titles often occur when a homeowner dies and those who inherit the home fail to record a new deed.[150] These titles "deprive individuals and families of the full benefit of owning a home" by preventing them from selling their properties, acquiring homeowners insurance, applying for a home equity loan, or qualifying for aid programs.[151] Research suggests that tangled titles have a significant impact on communities of color. For example, Pew Charitable Trust estimates that Philadelphia, where Wells Fargo has previously supported tangled title initiatives through WORTH,[152] has over 10,000 tangled titles collectively worth over $1.1 billion.[153] Many of these are concentrated in predominantly Black neighborhoods.[154]

[ix] The HUD-approved intermediaries were: Greenpath; HomeFree USA; Housing Partnership Network; National Coalition for Asian Pacific American Community Development; National Foundation for Credit Counseling; National Community Reinvestment Coalition; National Urban League; Navicore; NeighborWorks America; NID Housing Counseling Agency; Rural Community Assistance Corporation; UnidosUS; USA Homeownership Foundation, Inc. (VAREP); and Oweesta Corporation.

Recommendation for Housing Access & Affordability Philanthropy
• **Continue efforts to meet Wells Fargo's $1 billion HAAP commitment.** In June 2019, Wells Fargo committed to investing $1 billion to address housing affordability. While the Bank has made significant progress toward this commitment, it now anticipates that it will complete this commitment after its initial goal of 2025. Wells Fargo should review its philanthropic strategy—including the pace of grant making—and determine a new end date for its $1 billion commitment.

C. Consumer, Small & Business Banking

Wells Fargo's Consumer, Small & Business Banking division (CSBB) offers financial products and services to the Bank's consumer, small, and business banking customers. Like in other lines of business, DSRI is integrated into CSBB. CSBB's Head of Diverse Customer Segments reports to both the Head of DSRI and the CEO of CSBB. CSBB's Head of Diverse Customer Segments oversees the line of business's efforts to serve diverse customers, including initiatives related to small businesses and banking inclusion. CSBB Diverse Customer Segments employees partner with Small Business Banking and other teams to develop programs supporting diverse- and women-owned businesses and to develop initiatives supporting diverse CSBB customers. CSBB Diverse Customer Segments also includes employees who oversee reporting, analytics, and KPI metrics. The employees responsible for the Banking Inclusion Initiative report to CSBB's Head of Diverse Customer Segments. The Bank's work with MDIs is primarily overseen by the Corporate & Investment Banking Diverse Segments Group, described below.

The CSBB Diverse Customer Segments team promotes three strategic priorities: (i) improve the experience of diverse customers with Wells Fargo; (ii) identify and mitigate risks to enable greater financial equity; and (iii) grow and increase engagement with diverse customers.

Improving the Experience of Diverse Customers. Wells Fargo is committed to enhancing the experience of all its customers, who interact with the Bank in a variety of ways, including through Wells Fargo's website, phone number, and retail branches. Diverse Customer Segments seeks to help CSBB develop and deliver equitable and inclusive solutions designed to support its various customers, including diverse customers across the financial spectrum (i.e., from unbanked and LMI to affluent) as well as minority-owned businesses.

Identifying and Mitigating Risks. Wells Fargo tracks and analyzes data to understand which customers are using Wells Fargo products and whether CSBB is reaching minority customers. As part of this work, CSBB Diverse Customer Segments assesses various performance metrics by demographics to identify any significant increase or decrease in a customer segment. If CSBB Diverse Customer Segments identifies a potential concern, the team conducts further research to identify opportunities for improvement and develop a program or process to address it. For example, when Wells Fargo released the Early Pay Day and Extra Day Grace Period programs, described below, the Bank completed an analysis to assess whether all customer types and ethnicities were utilizing the products. CSBB uses a set Risk Management Framework to account for and identify key risks and risk indicators, which are reviewed and discussed by CSBB's Risk and Control Committee. According to Wells Fargo, the goal of this process is to reduce risk, identify any operational risk, and uncover any unintentional impact of certain programs or changes.

CSBB Diverse Customer Segments also has a Proactive Diverse Data Monitoring Process through which it reviews diverse data reporting (including data related to customer acquisition and attrition), assesses trends among its diverse customers, and determines any unusual variations within the data. Observations of unusual trends or data anomalies are then documented and distributed to the CSBB Diverse Customers leadership team.

CSBB also uses a product review process to identify potential negative impacts of new products, including negative impacts that could result from new products before they are launched. This review process includes an evaluation of potential negative impacts on diverse customer segments. If the review team identifies a potential negative impact, Wells Fargo designs and implements a plan to address the concern.

The third priority—growing and increasing engagement from diverse customers—includes two initiatives, described below.

1. Banking Inclusion

According to the Federal Deposit Insurance Corporation (FDIC), approximately 5.9 million households in the United States are "unbanked," which the FDIC defines as households in which no individual has a checking or savings account at a bank or credit union.[155] The FDIC has reported that unbanked rates are highest among Black, Hispanic, and Native American/Alaskan Native households.[156] While unbanked rates have declined in recent years for each of these groups, as has the overall unbanked rate, the FDIC reports that these groups collectively still make up more than 50% of unbanked households in the country.[157] For Black and Hispanic households, the FDIC noted differences in unbanked rates relative to white households at every income level.[158] Most often, unbanked households reported lack of money to meet minimum balance requirements and lack of trust as the reasons for not opening a bank account.[159]

Racial and ethnic minority households are disproportionally underbanked, which the FDIC defines as households that are "banked and in the past 12 months used . . . nonbank transaction or credit products" including money orders and payday loans.[x] In 2021, Black, Hispanic, Asian, and Native American/Alaska Native underbanked household rates were 24.7%, 24.1%, 16.5%, and 25.1%, respectively, while the underbanked rate for white households was 9.3%.[160]

Wells Fargo recognizes its responsibility—as one of the largest consumer banks in the United States—to bring unbanked households into the financial system and help underbanked households better meet their needs. To that end, the Bank has pursued a number of business and philanthropic initiatives designed to foster greater access to banking solutions through

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[x] The FDIC's definition of "underbanked" considers the use of "[m]oney orders, check cashing, or international remittances (i.e., nonbank transactions)" and "[r]ent-to-own services or payday, pawn shop, tax refund anticipation, or auto title loans (i.e., nonbank credit)," which "are disproportionately used by unbanked households to meet their transaction and credit needs." FDIC, 2021 FDIC NATIONAL SURVEY OF UNBANKED AND UNDERBANKED HOUSEHOLDS 7 (Oct. 2022), https://www.fdic.gov/analysis/household-survey/2021report.pdf.

Wells Fargo or another provider. This includes its Banking Inclusion Initiative, its investment in MDIs, and philanthropic investments in financial health.

a. Banking Inclusion Initiative

In 2021, Wells Fargo announced the Banking Inclusion Initiative (BII), its 10-year commitment to help unbanked and underbanked households gain access to affordable, mainstream, digitally-enabled transactional accounts (e.g., checking and savings accounts).[161] The initiative, which incorporated several of the Bank's existing business and philanthropic efforts, centers on three pillars: (i) increasing access to affordable products and digital solutions; (ii) making financial education and advice accessible; and (iii) launching the National Unbanked Task Force.[162]

Wells Fargo tracks BII's progress at three levels. First, Initiative and Activity Progress measures whether the Bank is launching programs and undertaking activities connected to the BII. This includes tracking the Bank's progress toward its plan to redesign 100 branches in LMI communities and develop 20 HOPE Inside Centers discussed below. Second, Impact of Activity assesses the effectiveness of Wells Fargo's activities through key performance indicators. For example, Wells Fargo tracks the adoption rate of its banking products developed to foster banking inclusion as well as the client outcomes of those served by its HOPE Inside Centers. Third, Big Picture Improvements measures the Bank's long-term progress toward fostering banking inclusion in the industry broadly. Here, Wells Fargo reviews the number of unbanked households as reported by FDIC.

(1) Access to Affordable Products and Digital Solutions

Published research indicates that Black and Hispanic households are disproportionately charged overdraft fees. For example, Black and Hispanic households are 1.9 and 1.4 times as likely, respectively, to experience overdrafts compared to white households.[163] The same study also noted that LMI households incurred overdraft fees at nearly twice the rate of higher-income households.[164] Wells Fargo is working to address this problem through account offerings of its own, as well as through its support for MDIs and non-profits.

Wells Fargo launched Clear Access Banking in September 2020, a core account offering within the BII.[165] This checkless account offers account holders access to Wells Fargo ATMs as well as digital banking features, including the Wells Fargo Mobile app; Wells Fargo Online; Zelle; and online bill pay.[166] Account holders do not incur overdraft fees. Clear Access Banking is Bank On certified by the Cities for Financial Empowerment Fund (CFE Fund) as a safe and appropriate financial product designed to meet the needs of LMI Americans.[167] CFE Fund publishes "National Account Standards" that outline bank account features tailored to unbanked individuals.[168] It states, "[c]ore account features include low costs, no overdraft fees, robust transaction capabilities such as a debit or prepaid card, and online bill pay."[169] As of July 31, 2023, Wells Fargo had over 3,000,000 active Clear Access Banking accounts with a total balance of over $3.2 billion. Wells Fargo tracks adoption of Clear Access Banking by race and ethnicity to inform its outreach efforts for diverse segments. Wells Fargo reports the highest rate of adoption for the product is with Hispanic customers, followed by Black customers.

Wells Fargo has also introduced automatically applied, no-cost account features to assist all customers, including LMI customers.[170] Early Pay Day allows customers access to their eligible direct deposits up to two days before the scheduled payment date.[171] Extra Day

Grace Period gives customers who overdraw their deposit account 24 hours to cover the overdraft before incurring an overdraft fee.[172] Wells Fargo also developed Flex Loan, a digital-only, small-dollar loan product designed to help eligible customers meet short-term cash needs. Through Flex Loan, Wells Fargo makes loans in amounts of either $250 or $500 for a flat fee of $12 or $20, respectively, with nearly immediate access to funds.[173] While these product features are available to, and can benefit, all Wells Fargo customers, the Bank reports greater impact for Black and Hispanic customers. Wells Fargo also estimates that the Early Pay Day program has protected Black and Hispanic customers from the impact of negative balance transactions at higher rates.

These products complement two additional changes Wells Fargo made to its deposit accounts. In January 2022, the Bank announced that it eliminated transfer fees for its Overdraft Protection service.[174] With this change, customers do not pay fees when funds from a linked account cover transactions on their checking account. The Bank also eliminated non-sufficient funds fees, incurred when Wells Fargo returned a check or electronic transaction unpaid because the associated deposit account did not have enough funds.[175]

Wells Fargo has also made significant investments to support the growth and development of MDIs, including its $50 million investment in 13 Black-owned MDIs announced in March 2020,[176] described below. The Bank's relationships with these Black-owned MDIs is a core part of Wells Fargo's strategy to increase affordable banking options in the financial system for unbanked and underbanked Americans. For example, Wells Fargo allows customers of these MDIs to withdraw funds from Wells Fargo ATMs without incurring any Wells Fargo fees. This reduces infrastructure costs for the MDIs while increasing their customers' access to banking services.[177] From January 1, 2021 through August 30, 2023, Wells Fargo waived $370,000 in ATM fees for customers of these MDIs and CDFIs as well as customers of certain FinTech companies.

Wells Fargo partners with non-profit organizations to build awareness of and increase access to affordable banking and credit solutions. For example, the Bank has expanded its partnership with the Credit Builders Alliance (CBA), a national network of nonprofit organizations focused on building access to credit for LMI individuals. The Bank makes philanthropic grants to the CBA Fund, which provides loan capital, grants, and technical assistance to nonprofit member lenders. In turn, the member lenders are able to provide small-dollar loans and credit building products to LMI individuals, helping them meet their short-term cash needs as well as establish and improve their credit. To date, Wells Fargo's grants to the CBA Fund total $1.65 million. Based on data from the Credit Builders Alliance, as of June 30, 2023, Wells Fargo's support has helped 14 nonprofit lenders provide 546 loans to LMI consumers. The average size of these loans was $2,000.

Wells Fargo also collaborates with the CFE Fund and local Bank On coalitions to pilot marketing strategies for safe banking solutions for unbanked and underbanked consumers. Through this partnership, Wells Fargo has supported marketing campaigns composed of social media, videos, and print advertising in Houston, Atlanta, and Philadelphia. In 2023, Wells Fargo sponsored the CFE Fund's 2023 Tax Time Campaign. This effort included digital English and Spanish-language advertisements to encourage individuals to open safe bank accounts with no overdraft fees and to opt for direct deposit for their tax refunds rather than rely on check cashing institutions. The advertisements appeared in 10 major metropolitan markets. The advertisements only referenced CFE and Bank On and therefore did not serve as advertisements for Wells Fargo. Based on data from CFE, the campaign had six million impressions, 31,000 arrivals on the linked Bank On landing page, and a 32.9% click-through rate to participating financial institutions.

Wells Fargo recognizes that reducing the unbanked rates among Black, Hispanic, and Native American/Alaska Native households requires action by both traditional banks as well as new entrants in consumer banking. Shortly before the launch of the BII, Wells Fargo participated in the $40 million Series A funding round for Greenwood, a digital banking platform focused on serving the needs of Black and Latino individual customers and business owners.[178] Greenwood offers products with several features designed to foster banking inclusion, including no hidden fees or minimums (e.g., no overdraft penalties or minimum balance fees).[179] Wells Fargo has also worked closely with MoCaFi, a Black-owned FinTech start-up that seeks to "help excluded communities create wealth through better access to public, private, and social capital."[180] MoCaFi's platform includes financial coaching, bank accounts, and credit-building bill payment.[181] The Bank invested in MoCaFi's Series B investment round.[182] Wells Fargo personnel participated in *And Finance for All*, MoCaFi's conversation series focused on financial inclusion and economic equality.[183] Wells Fargo also supported MoCaFi on the Angeleno Connect Card, a digital platform to provide Los Angeles residents with contactless access to cash benefits, city services, and a low-fee mobile banking account.[184] Angeleno Connect Card customers can access Wells Fargo's ATM network without incurring fees.[185]

Wells Fargo has published digital and print op-eds related to financial inclusion in over 40 Black news outlets. The op-eds provide statistics related to unbanked households and describe the BII. Wells Fargo has also participated in conferences, panel discussions, and forums focused on financial inclusion organized by the African-American Mayors Association, Financial Health Network, Prosperity Now, Aspen Institute, and others.

(2) Access to Financial Education and Advice

Wells Fargo provides additional access to financial education and advice through programs including Our Money Matters, partnerships with Operation HOPE, and Community Connection Branches.

Since 2020, Wells Fargo has been the exclusive funder of Our Money Matters (OMM), a financial literacy and wellness platform designed to deliver financial education and advice to students, staff, and alumni at HBCUs and MSIs, as well as members of the surrounding communities. As of August 2, 2023, Wells Fargo has provided $5.6 million in funding to OMM.

The OMM platform, designed by the HBCU Community Development Action Coalition,[xi] gives users access to personalized online tools for managing finances and student loans, financial education courses, and access to support services such as emergency financial assistance. For example, it provides strategies to create a budget and deal with unplanned expenses, and a program which teaches the basics of investing in stocks, bonds, and mutual funds.[186] Wells Fargo and the HBCU Community Development Action Coalition seek to reach 40,000 HBCU/MSI students and communities of color through OMM. To date, the platform hosts over 14,000 users. It is currently available on 28 HBCU/MSI campuses, and to the

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[xi] Founded in 2010, the HBCU Community Development Action Coalition (CDAC) was developed to help bring stakeholders together, such as HBCUs, MSIs, CDCs (Community Development Corporations), and the Community Economic Development Industry, to provide sustainable economic opportunities in neighborhoods around HBCUs and MSIs. *Who We Are*, HBCU CMTY. DEV. ACTION COAL., https://www.hbcucoalition.org/about-us (last visited Dec. 1, 2023).

members of four community-based organizations.[xii] In 2022, Wells Fargo made a $500,000 grant to the National Bankers Association Foundation to make OMM available to customers at 15 of the organization's member MDIs.[187]

For over 30 years, Wells Fargo has partnered with Operation HOPE, the largest financial literacy organization in the United States, on initiatives to foster financial inclusion in minority and LMI neighborhoods.[188] The partnership primarily focuses on HOPE Inside Centers, which provide free credit and money management education and one-on-one credit counseling with a financial coach to individuals and small business owners.[189]

As part of the BII, Wells Fargo has launched 14 HOPE Inside Centers in markets around the country. Wells Fargo and Operation HOPE selected these locations based on their large concentrations of unbanked and underserved communities, as well as their racial and ethnic demographics. The Bank plans to further scale the HOPE Inside program, seeking to complete its goal of creating HOPE Inside Centers in 20 markets across the country by 2024.[190]

According to data from Operation HOPE, the coaches associated with Wells Fargo HOPE Inside Centers have helped over 1,400 clients through June 30, 2023. Of these participants, 64% increased their credit score by an average of 10 points; 31% reduced their debt, with a median debt reduction of $2,160; and 75% increased their savings, with a median savings increase of $558.[xiii]

Wells Fargo is redesigning its branches in select LMI areas to become "Community Connection Branches," spaces where individuals and families in the local community can obtain services tailored to their needs.[191] For example, these branches offer financial health seminars and individualized coaching. They also include areas large enough to accommodate multi-generational meetings and sessions related to financial health. The Bank also seeks to recruit employees in these branches with connections to the communities where they are situated, including the ability to communicate in different languages preferred by community members.

As of October 2023, Wells Fargo has completed the redesign of 55 Community Connection branches in major markets across the country. It plans to reach 100 redesigned branches in LMI communities by mid-2024.

[xii] OMM is available on the following campuses: Allen University; Benedict College; Bowie State University; Cheyney University; Claflin University; Clark Atlanta University; Coahoma Community College; Denmark Technical College; Dillard University; Jarvis Christian University; Johnson C. Smith University; Lincoln University; Miles College; Morris Brown College; Norfolk State University; North Carolina Central University; New York Institute of Technology; Savannah State University; South Carolina State University; Southern University at New Orleans; Southern University at Shreveport; St. Philip's College; University of Houston; University of Illinois Chicago; Winston-Salem State University; Fayetteville State University; Elizabeth City State University; and Vorhees University.

[xiii] Based on Operation HOPE 2022 data for those coaching clients at Wells Fargo Hope Inside Centers with intake data and at least one additional data point. Figures related to Operation HOPE are reported to Wells Fargo by Operation HOPE.

(3) National Unbanked Task Force

Wells Fargo works with the National Unbanked Task Force (NUTF), which includes representatives from civil rights and nonprofit organizations, to address the needs of unbanked and underbanked communities.[xiv] Wells Fargo views the members of the task force as partners and advisors for the BII. The NUTF informs Wells Fargo's strategies, products, and initiatives related to financial inclusion. For example, in 2022, Wells Fargo and NUTF members signed on to a letter supporting the establishment of a Presidential Commission to develop a national interagency financial inclusion strategy.[192] The Bank recognizes that trusted voices in unbanked and underbanked communities are essential to fostering financial inclusion, and relies on the NUTF to increase awareness of the BII and its resources among their respective constituents.

Recommendation for the Banking Inclusion Initiative
• **Enhance external reporting about the BII.** Wells Fargo communicates details about the BII in a variety of places, including its DE&I report, op-eds, and a dedicated webpage. In its external communications, the Bank could more clearly differentiate between its business efforts (e.g., products and account features) and its philanthropic investments, so that the public can better understand the BII's role and impact.

b. Minority Depository Institutions

The FDIC defines an MDI as "any federally insured depository institution for which: (1) 51 percent or more of the voting stock is owned by minority individuals; or (2) a majority of the Board of Directors is minority and the community that the institution serves is predominantly minority."[193] MDIs are an important component of the national financial system, providing safe financial products and services to communities that have been historically underserved by traditional financial institutions.[194] A 2022 study by the Federal Reserve Bank of Dallas concluded that "[a]lthough MDIs account for a small share of banks and bank assets, their activities in socially vulnerable areas are outsized" and that "[e]fforts to support MDIs could be expected to have positive impacts on vulnerable minority communities, including greater financial inclusion in underserved areas, more intermediation to minority-owned businesses and higher levels of economic development."[195] According to the NBA, the MDI trade organization, MDI branches are located in areas with a higher average share of minorities relative to all FDIC-insured banks.[196] They originate a higher share of their small business loans to entities within LMI communities relative to community banks and larger banks.[197] The NBA reports that over a third of loans by MDIs go to minority borrowers, compared to only 13% by non-MDIs.[198]

Overall, MDI assets have grown since the 2008 global financial crisis, increasing from $196 billion in 2008 to $330 billion in 2022.[199] Asian/Pacific Islander MDIs largely drove this increase.[200] Black MDIs grew by $1 billion during this time period.[201] However, despite the

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[xiv] NUTF includes representatives from HOPE Enterprise Corporation, NAACP (National Association for the Advancement of Colored People), NAFOA (Native American Finance Officers Association), NBA (National Bankers Association), NCRC (National Community Reinvestment Coalition), NCAI (National Congress of American Indians), National Urban League, and UnidosUS. *Our 10-Year Commitment*, WELLS FARGO, https://www.wellsfargo.com/jump/enterprise/banking-inclusion-initiative/ (last visited Dec. 1, 2023).

essential role MDIs play within minority and LMI communities, the total number of MDIs has declined 32% over this period, from 215 in 2008 to 147 in 2022.[202] The number of Black MDIs declined even more significantly, falling from 41 to 21 during this period.[203]

Wells Fargo has supported and invested in MDIs to deliver affordable banking and credit solutions in low-income and minority communities for over 25 years. The Bank has deepened and expanded its commitment in recent years. For example, in December 2020, Wells Fargo signed onto Project REACh's "Pledge to Strengthen Minority Depository Institutions," through which it committed to offer investments, technical assistance, business opportunities, executive training, and other resources to MDIs. Wells Fargo's Head of MDI and Strategic Client Partnerships sits on the OCC's Minority Depository Institutions Advisory Committee, which provides advice and insight to the OCC on the condition of MDIs as well as policies and initiatives that may foster their growth.[204] The Bank is a strategic partner of the NBA, actively supporting the organization and its foundation through sponsorship and grant funds. These efforts complement Wells Fargo's $50 million investment in MDIs and its dedicated coverage team for these institutions, described below.

(1) $50 Million Pledge to Invest in Black MDIs

In March 2020, Wells Fargo announced a plan to invest up to $50 million in Black MDIs, with the goal of helping them "grow, serve their communities, and expand their sphere of influence by providing capital, connections and expertise."[205] Wells Fargo made its first investment through the purchase of preferred, non-dilutive, non-voting equity shares in six Black-owned banks in February 2021. The Bank engaged with the recipients and an external advisory committee, which included representatives from the NBA, the Center for Financial Markets at the Milken Institute, and Ariel Investments, a minority-owned investment firm, to understand how to structure its support to meet the needs of the MDIs at the time while allowing them to preserve their classification as Black institutions. Wells Fargo fulfilled its $50 million commitment in May 2021, investing in 13 Black MDIs.[xv] Wells Fargo offers each investment recipient access to dedicated advisory services, described below. In addition, customers of these 13 MDIs have the ability to withdraw cash from Wells Fargo's ATMs without incurring Wells Fargo fees.

MDI representatives told the assessment team that Wells Fargo's investment had a positive impact on their institutions and the communities they serve. MDIs shared that the Bank's investment gave them credibility, and made it easier to obtain capital from other institutions. They praised Wells Fargo's willingness to collaborate with MDIs to understand their needs and invest accordingly, rather than imposing an investment structure on them. One representative further emphasized that Wells Fargo's investment helped to mobilize similar investments from Wells Fargo's peer institutions.

[xv] Wells Fargo made investments in the following Black MDIs: City First Bank (Los Angeles, CA); Carver Federal Savings Bank (New York, NY); Carver State Bank (Savannah, GA); Citizens Trust Bank (Atlanta, GA); Citizens Savings Bank & Trust (Nashville, TN); Commonwealth National Bank (Mobile, AL); First Independence Bank (Detroit, MI); The Harbor Bank of Maryland (Baltimore, MD); Industrial Bank (Washington, D.C.); Liberty Bank (New Orleans, LA); M&F Bank (Durham, NC); Optus Bank (Columbia, SC); and Unity National Bank (Houston, TX). Press Release, WELLS FARGO, *Wells Fargo Completes Investments in 13 Black-Owned Banks, Fulfilling $50 Million Pledge Made in 2020*, BUS. WIRE (May 24, 2021), https://www.businesswire.com/news/home/20210524005139/en/Wells-Fargo-Completes-Investments-in-13-Black-Owned-Banks-Fulfilling-50-Million-Pledge-Made-in-2020.

Wells Fargo's most multi-faceted partnership with a Black MDI is with First Independence Bank, headquartered in Detroit.[206] First Independence Bank opened in 1970, following civic unrest in Detroit in the late 1960s, with the goal of bringing financial resources to communities of color in the city.[207] First Independence provides its customers with tailored financial coaching as well as banking and credit solutions designed to promote financial health.[208] It is one of two banks headquartered in Detroit, and the only Black MDI headquartered in Michigan.

With the support of Wells Fargo—and in collaboration with U.S. Bank, Huntington Bank, Bank of America, and Bremer Bank—First Independence became the first Black-owned bank in Minnesota when it opened a new branch in southeast Minneapolis in April 2022. Wells Fargo donated its branch office in Minneapolis's Prospect Park neighborhood to Project for Pride in Living (PPL),[209] an organization that works on housing stability and career readiness initiatives in the Twin Cities.[210] PPL, in turn, leases space in this building to First Independence.[211] Today, Wells Fargo continues to partner with First Independence in the Twin Cities on building the MDI's loan book and making introductions to local stakeholders for business opportunities. In October 2022, First Independence opened its second branch location in Minneapolis.[212]

(2) MDI and Strategic Client Partnerships

The Head of MDI and Strategic Client Partnerships, who sits within the Corporate & Investment Banking Diverse Segments Group ("CIB Diverse Segments"), primarily manages Wells Fargo's relationships with MDIs. The team currently services 26 MDIs, including 17 Black MDIs; three Hispanic MDIs; three Native American/Alaskan Native MDIs; two Asian/Pacific Islander MDIs; and one Multi-Racial MDI. 77% of the country's Black MDIs are Wells Fargo clients.

CIB Diverse Segments seeks to understand and respond to the needs of its MDI clients. The team serves as an entry point to resources across Wells Fargo, including the services and expertise of lines of business outside of Corporate and Investment Banking. It focuses on three long-term priorities:

- **Sector Connectivity.** Wells Fargo seeks to have active participation across industry conferences and forums to grow its understanding of the needs of MDIs in the sector, as well as inform its approach to position MDIs for growth and expansion.

- **Coverage Expansion.** Wells Fargo plans to grow its MDI relationships to include support for newer, early-stage MDIs. It also intends to expand its coverage of Native American/Alaskan Native, Asian/Pacific Islander, and Hispanic MDIs.

- **Client Acquisition and Relationship Deepening.** Wells Fargo identifies revenue-generating business opportunities that support MDI growth. These activities include engaging in discussions related to MDI opportunities with its corporate clients that seek to execute on their own DE&I strategies.

These priorities inform CIB Diverse Segments' current strategic initiatives. The first is financial support. As a founding member of the Economic Opportunity Coalition, Wells Fargo is a part of a coalition of corporations and foundations that have "committed to moving $1 billion in deposits to MDIs to increase access to affordable capital in communities of color."[213] The Bank also supports MDIs financially by facilitating introductions with its corporate clients and including

MDIs on syndicated loans. For example, Wells Fargo has syndicated approximately $73 million in loans with MDIs since October 2021.

The second strategic priority is advisory and technical assistance. CIB Diverse Segments works with MDIs on financial, technological and product development strategies. For example, Wells Fargo has loaned senior executives to help the MDIs in specific areas by providing full-time resources and assistance. Wells Fargo also has provided training and advice on treasury management. Wells Fargo provides assistance with respect to MDIs' technological capabilities and, when appropriate, initiates introductions to financial technology companies that may be able to fulfill specific needs.

The third and final strategic priority is enhancing MDIs' ability to promote financial health and banking inclusion in their respective communities. As described above, Wells Fargo has launched OMM with 15 MDIs through a grant to the NBA Foundation.

The assessment team met with representatives of MDIs, who reported that Wells Fargo's efforts have been well designed and effective. One MDI representative remarked that he trusts Wells Fargo's commitment to MDIs because of the range of support that Wells Fargo has provided, including executive trainings, conferences, and loan participation business opportunities. A number of the MDI representatives expressed how important it has been for their institutions to have access to Wells Fargo's senior executives, including its CEO, when needed, as well as the level of care and expertise demonstrated by their day-to-day contacts at the Bank. Further, the MDI representatives noted the importance of Wells Fargo's willingness to facilitate introductions and invite them into loan participation opportunities. MDI representatives also raised key areas of need for their institutions, suggesting that Wells Fargo could provide additional assistance with affordably digitizing both the customer and employee experiences and accelerating the Bank's plan to place deposits with MDIs. One representative suggested that it would be helpful for the Bank to propose loan participation opportunities in specific markets where MDIs operate.

Recommendation for Working with MDIs
• **Explore additional ways to help MDIs as they enhance their internal and customer-facing technology.** The MDI representatives who participated in this assessment noted the significance of the financial and other support that Wells Fargo has provided to their banks. Several observed that their institutions have an urgent need for affordable technology infrastructure enhancements. Wells Fargo could consider working with its vendors to extend volume-based discounts to its MDI partners or making philanthropic investments in non-profits working on technology solutions.

c. Philanthropic Investments Related to Financial Health Initiatives

Wells Fargo has focused its philanthropic investments related to banking inclusion on supporting financially healthy individuals and families. The Bank funds programs designed to help individuals increase savings, reduce debt, and build wealth. The Bank also supports efforts to foster economic advancement at the community level.

Wells Fargo collects and reviews key metrics related to grant program performance, focusing primarily on increased savings, debt reduction, increased credit scores, and asset acquisition. It uses this data to assess the effectiveness of grantees as well as its overall grant efforts. The Bank established several goals for these efforts between 2021 and 2025, including promoting savings of $25 million, reducing debt by $75 million, and helping 80,000 people establish or improve credit and build assets. Based on data it receives from grantees and partners, Wells Fargo estimates that it has already surpassed its savings and credit- and asset-building goals, and that it is on track to complete its debt reduction goal.

Philanthropic programs related to financial health include: (i) financial capability and credit-building grant programs; (ii) Hands on Banking; (iii) 100 Black Men of America; (iv) NAACP; (v) The T.D. Jakes Group; and (vi) HBCU and MSI initiatives.

(1) Financial Capability and Credit-Building Grant Programs

Wells Fargo's most significant philanthropic investments related to financial health have been made through its Financial Capability Grant Program (FCGP) and Credit-Building Grant Program (CBGP), which focus on LMI individuals as well as racial and ethnic minorities. Through the FCGP, organizations receive grants to fund one-on-one financial counseling and coaching. The CBGP provides funds to non-profit lenders that make small-dollar, credit-building loans. This includes the CBA, discussed further below.

Wells Fargo has given more than $30 million to nonprofits through the Financial Capability Grant Program (FCGP) and Credit-Building Grant Program (CBGP). Based on data received from grant recipients, the Bank reports that, from 2018 to 2022, the FCGP and CBGP have helped individuals reduce their debt by $60 million and increase savings by $32 million. These programs have also helped nearly 48,000 people establish or improve their credit scores.

(2) Hands on Banking

Twenty years ago, Wells Fargo launched Hands on Banking, a free financial education program intended to teach money management skills.[214] The program's content is oriented around life stages ranging from Youth (elementary school-aged children) to Older Adults. For example, content geared towards older adults is focused on topics such as money management (budgeting, spending, and saving), home financing, retirement planning, and preventing identity theft. Youth content includes basic money concepts such as budgeting and credit. Many of Hands on Banking's resources are available in its Spanish-language equivalent, "El Futuro en tus Manos." Wells Fargo also made a grant to the American Indian Science and Engineering Society to establish and implement Native Financial Cents: Supporting Financial Capability for Native Americans Curriculum.[215] This is a culturally contextualized adaptation of Hands on Banking that incorporates Native American customs and traditions.[216]

Wells Fargo offers Hands on Banking to nonprofit organizations, agencies, schools, and teachers, as well as to the general public. Wells Fargo reports that the program's success stems from its local community partners advertising it and using it with their constituents. In markets where Wells Fargo has a presence, employees may volunteer to deliver part of the program to community groups and schools. Wells Fargo also encourages its ERNs to share this resource and organize volunteer opportunities within their local communities.

(3) 100 Black Men of America

For more than 25 years, Wells Fargo has supported 100 Black Men of America, an organization that seeks to "improve the quality of life . . . and enhance educational and economic opportunities for all African Americans."[217] Wells Fargo's support focuses on helping the organization's efforts around financial education, job readiness resources, and career path opportunities. Members of the Black & African American Connection ERN volunteer to lead Hands on Banking workshops and provide career mentorship to students. Since 2010, Wells Fargo has contributed over $5.9 million in financial support to 100 Black Men of America.

(4) NAACP

Wells Fargo has worked with the NAACP since 1998.[218] Together, they have partnered on the development and expansion of resources that foster better financial health, banking inclusion, and homeownership in underserved communities. As discussed above, the NAACP is a member of Wells Fargo's National Unbanked Task Force, where it regularly provides feedback on the Bank's banking inclusion strategies and initiatives.[219] In February 2023, Wells Fargo expanded its partnership with the NAACP when it announced a $50 million grant to the organization.[220] The grant, which is the largest corporate donation in the NAACP's history, will support the organization's efforts in a number of ways, including sustaining the organization's local community programs and its work on developing policy solutions that help to advance racial equity.[221]

(5) The T.D. Jakes Group

In April 2023, Wells Fargo and the T.D. Jakes Group announced a 10-year strategic partnership designed to "build inclusive communities." T.D. Jakes noted that this partnership builds on the T.D. Jakes Group's work to "provide economic justice, eradicate food deserts, construct desirable workplaces and affordable housing, [and close] the digital divide."[222] Wells Fargo has stated that this partnership could result in up to $1 billion in capital investments and financing over the next 10 years. These funds will support development projects, including mixed-income housing. The Bank will supplement this funding with philanthropic grants for programs that are designed to promote financial health and homeownership.

(6) HBCU and MSI Initiatives

In addition to the OMM program described above, Wells Fargo sponsors several programs focused on promoting financial health at HBCUs. For example, with investments totaling more than $1 million, Wells Fargo is the largest funder of the Society for Financial Education and Professional Development's (SFEPD) Student Ambassador Program.[223] SFEPD trains HBCU students regarding personal finance concepts. The Student Ambassadors, in turn, coordinate educational events, teach financial classes, and develop programs to reach their peers. Hands on Banking resources are integrated into the Student Ambassador Program's curriculum.[224] The program is currently active at 35 HBCUs.[225]

Since 2022, Wells Fargo has sponsored two short-term pilot initiatives, led by the CBA, to help students at HBCUs establish credit. The first initiative is focused on building credit history through small-dollar loans. As students repay the loans, these payments are reported to credit bureaus to build credit histories. The second initiative is a program through which students' timely rental payments are reported to credit bureaus.[226]

Recommendation for Financial Health Philanthropy

- **Develop a formalized engagement strategy for Wells Fargo's philanthropic support for HBCUs and MSIs.** The strategy could outline which schools the Bank will partner with, a process for engaging with other institutions, and the specific outcomes it seeks for its initiatives. This will allow Wells Fargo to direct its support in ways that will most benefit the schools and their students.

2. Small Business Banking

Wells Fargo has implemented a number of efforts to focus on serving the needs of minority-owned small businesses and to address the particular challenges they face. Research based on 2020 census data indicates that although approximately 12% of the United States population is Black, only about 3% of businesses with employees are Black-owned.[227] Similarly, although the United States population is approximately 19% Hispanic or Latino, only 7% of businesses in the United States are Hispanic or Latino-owned.[228]

Many prospective Black and Hispanic business owners are more likely to face challenges at each stage of opening and operating a business, including obtaining capital, getting customers, and scaling for long-term growth, than prospective business owners who are not Black or Hispanic.[229] For example, on average, Black entrepreneurs begin business with approximately $35,000 of capital compared to white entrepreneurs, who on average start with approximately $107,000.[230] A study commissioned by Wells Fargo found that diverse small businesses, defined as businesses owned by African American, Asian, Hispanic, LGBT, veterans, and women, are more likely to generate annual revenues below $50,000, which makes it more challenging for these businesses to qualify for many conventional loan products.[231] As a result, Black and Hispanic business owners more frequently resort to using their personal credit cards to finance their businesses, which the U.S. Small Business Administration has noted is a more expensive option compared to traditional business loans.[232]

Wells Fargo serves approximately 3.36 million small businesses in the United States. The Bank considers a business to be "small" if it has under $10 million in annual revenue. As of June 2023, Wells Fargo estimates that approximately 30% of its small business customers are Hispanic or Latino-owned or Black-owned, which is generally consistent with (but slightly less than) the percentage of the United States population that is Black or Hispanic or Latino. Wells Fargo offers small businesses a variety of products, including checking, savings, and certificate of deposit accounts, credit cards, merchant services, credit and loan options, payroll services, and other business resources.

a. Work with Community Development Financial Institutions

Since at least 2015, Wells Fargo has provided resources for minority-owned businesses through its support for CDFIs. CDFIs are financial institutions whose primary mission is community development. At least 60% of CDFIs' financing activities must be targeted to one or more LMI populations or underserved communities.[233] According to the FDIC, approximately 50% of CDFI banks are MDIs.[234]

Wells Fargo previously ran the Diverse Community Capital (DCC) program in collaboration with Opportunity Finance Network, a leading national network of approximately 400 CDFIs.[235] The DCC was a multi-year $175 million commitment dedicated to building the capacity of CDFIs to support small businesses.[236] The program delivered more than 2.6 million hours of technical assistance and $2.9 billion in financing to small businesses owned by diverse entrepreneurs,[xvi] enabling small business owners to sustain more than 369,000 jobs across the United States.

During the COVID-19 pandemic, Wells Fargo extended its work with CDFIs to help small businesses, including many minority-owned small businesses, remain open and recover from the economic impacts of the COVID-19 pandemic. In April 2020, Wells Fargo committed to donating all gross processing fees from Paycheck Protection Program (PPP) loans to nonprofits that support small businesses. In July 2020, Wells Fargo launched the Open for Business Fund. Through the Open for Business Fund, the Bank awarded approximately $420 million in grants to 235 CDFIs and nonprofits serving small businesses.[237] Wells Fargo designed the Open for Business Fund to provide financial support for CDFIs and other organizations as they worked directly with small businesses to help them navigate the pandemic. The Open for Business Fund has three goals: (i) increase access to capital; (ii) deliver technical assistance; and (iii) build community wealth.

To qualify for an Open for Business Fund grant, an organization had to meet various requirements, including being a Treasury-certified CDFI, having tax exempt status, and demonstrating a history and intention to lend to small businesses owned by racially and ethnically diverse people and located in LMI communities. As described in Wells Fargo's 2023 DE&I report, Open for Business Fund grant recipients reported that through June 30, 2023, they had helped more than 203,000 small businesses and preserved or developed nearly 254,000 jobs. Grant recipients further reported that approximately 79% of small businesses served were owned by Black, African-American, Hispanic, Latino, Asian, Asian American, American Indian, and/or Alaska Native entrepreneurs.[238]

In April 2022, Wells Fargo collaborated with the non-profit Community Reinvestment Fund, USA, to launch the Small Business Resource Navigator (SBRN), an online portal designed to help connect small business owners to potential financing options and technical assistance through CDFIs across the country.[239] Small businesses can visit a website dedicated to the program, complete a short questionnaire, and be connected to CDFIs or business advisory resources in their area.[240]

Based on data from Community Reinvestment Fund, the Bank estimates that 91% of SBRN users have been people from underrepresented races and ethnicities. As described in Wells Fargo's 2023 DE&I report, outside entities reported that in 2022 the SBRN introduced nearly 1,200 small business owners, a majority of whom self-identified as women or minorities, to potential credit opportunities and technical assistance services provided by CDFIs.[241] As of September 2023, 63% of connections since inception have been from minority or women-owned businesses. Of the 10 CDFI funded loans, eight are with minority or women-owned businesses.

[xvi] Defined by Wells Fargo as Black or African American, Asian, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, Multiracial, Hispanic, Latino, female, a veteran, or LGBT.

b. Additional Efforts to Reach Minority- and Women-Owned Small Businesses

Wells Fargo is a significant sponsor of minority- and women-owned small businesses through the U.S. Black, Hispanic, and Asian Chambers of Commerce. For example, it currently sponsors an eight-week cohort program through the U.S. Hispanic Chamber of Commerce, the Avanzar Small Business Accelerator Program. Through this program, entrepreneurs participate in courses designed to help develop business plans, strategy, and the leadership skills needed to scale small businesses. Subject matter experts from Wells Fargo provide training on access to capital. Approximately 700 Hispanic businesses have completed the program over the last five years.

In 2022, the Bank developed the "Your Financial Future" program (or "Tu Futuro Financiero" program), which it produced in partnership with the Hispanic Chamber of E-Commerce Foundation. Its goal is to provide financial literacy to Spanish-speaking small business owners via a nine-week boot camp.[242] In August 2023, Wells Fargo provided $10,000 to $15,000 each to seven African-American Chambers of Commerce, totaling $100,000, to support the growth and prosperity of Black businesses and communities they serve.[243]

Wells Fargo also provides public resources designed for minority-owned businesses on a dedicated diverse small business website.[244] These resources include articles that provide tips and insights on how minority-owned small businesses can operate and grow. Articles currently posted on the website include ideas for small business staffing, resources to help diverse women entrepreneurs, the benefits of women- and minority-owned certification, and how mentors and sponsors can help diverse small business owners thrive.[245]

Recommendations for Small Business Banking

- **Continue to expand outreach to minority-owned small businesses.** Wells Fargo has taken steps to increase outreach to minority- and women-owned businesses through products and programs such as the Small Business Resource Navigator and Open for Business Funds. The Bank should continue to evaluate ways to expand these programs and to pilot other outreach efforts to minority- and women-owned businesses.
- **Expand on work with external partners to increase awareness of Wells Fargo's small business offerings.** Wells Fargo has worked with CDFIs and chambers of commerce to help small business owners receive capital and training. Continuing to scale these efforts will help Wells Fargo reach additional minority- and women-owned small business owners.

D. Wealth & Investment Management

1. The Racial Wealth Gap and Investing

Experts have observed that differential rates of investing have contributed to the racial wealth gap.[246] The difference in assets held by Black households compared to households of other races increases when home equity is removed. The value of non-home assets for the median Black family is one-twelfth the value of non-home assets for the median of American families overall, compared to one-fifth when home equity is included.[247]

Differences in rates of investing persist across various forms of investing, including participating in the stock market, investing in 529 accounts, and investing in retirement funds. One 2018 study, cited by the Federal Reserve Bank of St. Louis in 2022, found that while 24% of white households reported owning stocks or mutual funds, only 8% of Black households reported owning these investments.[248] Income level is a driver in stock market participation, but a significant gap between white and Black participation exists and even widens in the higher income brackets. In 2018, for households with incomes between \$25,000 and \$49,999, 15.4% of white households participated in the stock market compared with 4.3% of Black households.[249] This disparity is even larger for households earning \$200,000 to \$499,999 per year: 53.9% of white households participate in the stock market compared to 28.9% of Black households.[250]

Similarly, 31% of white families save for college through 529 accounts, compared to 17% of Black families and 17% of Hispanic families.[251] Scholars have also observed racial disparities in retirement savings.[252] For example, a 2022 report found that among private sector employees ages 18 to 64, 53% of African Americans and 64% of Latinos did not have access to an employer-sponsored workplace retirement plan, compared with 42% of white workers.[253]

2. Wells Fargo's Wealth & Investment Management Division

Wells Fargo's Wealth & Investment Management (WIM) division provides financial products and services through various banks and brokerages affiliated with Wells Fargo & Company.[254] WIM serves clients through the Wells Fargo Private Bank, Wells Fargo Advisors, independent brokerage offices, and digitally through its online offerings.[255] The Private Bank serves high-net-worth individuals and families and provides trust, investment, and fiduciary services, including personal trust services.[256] Wells Fargo Advisors serves the majority of WIM clients and is both a broker-dealer and investment adviser that provides investment services, such as financial planning, retirement investing, child education savings, credit lending, and advisory services.[257] Wells Fargo Advisors investment minimums vary by type of service. For example, no minimum exists to establish a brokerage account or participate in financial planning services, while minimum investment requirements do exist for other advisory programs.[258]

WIM has had its own diverse segments group since 2017.[259] Today, DSRI is integrated into WIM. Similar to other lines of business, the Head of Diverse Segments for WIM reports both to the CEO of WIM as well as to the head of DSRI.[260] WIM-Diverse Segments includes Heads of Affluent Markets who report into the Head of WIM-Diverse Segments, and are organized by geographic regions. The Heads of Affluent Markets are responsible for developing business in the segments and markets targeted by WIM, and expanding the services provided to those customers.

WIM-Diverse Segments senior leaders have previously explained that part of WIM's efforts include "working to close racial wealth gaps by providing investment guidance that creates a foundation from which to build generational wealth."[261] WIM-Diverse Segments also describes its objectives as increasing incremental revenue, which refers to the increased profits derived from working and collaborating with other lines of business within the Bank, and increasing diverse representation within WIM's workforce.

3. WIM Programs and Initiatives

WIM-Diverse Segments views increasing its diverse customer base as an opportunity to address differential rates of investment among some demographics, while also increasing revenue.[xvii] One of WIM-Diverse segment's goals is to design and implement strategies to better reach diverse customers.

a. Strategic Plans by Market Segment

WIM-Diverse Segments started building strategic plans by market segment, beginning with a comprehensive plan to target the unique financial needs of Asian clients and potential clients.[xviii] Implementation began in Q1 2022 and remains ongoing. WIM-Diverse Segments began by studying the market to understand the size and dimensions of the opportunity, and identified unmet needs for financial advice among Asian clients and potential clients. With this opportunity in mind, the Bank developed a national communication strategy and held a best practices panel for advisors. In Q3 2022, it implemented the strategy, which involved a direct email campaign to current Wells Fargo Asian segment customers. WIM has determined that the email campaign contributed to Asian investors opening over 1,000 new accounts, demonstrating the potential return on investment from dedicating attention to this segment. Wells Fargo plans to develop targeted plans for the Black/African American and Hispanic segments in Q1 2024, drawing on the lessons learned from its Asian segment pilot program.

b. Multicultural Client Acquisition Strategy

In WIM, the responsibility for obtaining new clients lies largely with individual financial advisors. However, the Bank aims to develop additional tools and resources to assist those efforts. The Bank plans to develop a Multicultural Client Acquisition Guide that provides advisors with ideas on how to develop and grow relationships with diverse investors whose financial needs may be less familiar to the advisor. For example, WIM encourages advisors to consider the particular financial needs that might result from potential clients opting to bring an aging parent into their home to care for them. Studies have shown that racially diverse families are more likely to care for an aging parent at home, rather than placing the parent in a nursing home.[262]

In addition, WIM-Diverse Segments has developed targeted outreach efforts to recruit diverse clients. In 2023, WIM-Diverse Segments directly supported, partnered, and/or engaged in a total of 11 events—four conference activations, five client events, and two networking forums—aligned to the Black/African American and Hispanic/Latino segments. Examples of

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[xvii] WIM primarily defines diverse as Asian, Black/African American, Hispanic or Latino, and Native American.

[xviii] Wells Fargo uses the term "Asian" rather than AAPI, AANHPI, or Asian American. It uses the term "Asian Segment" to refer to Asian customers and potential customers who are citizens and residents of the United States.

these events include hosting a breakout session at the National Association of Hispanic Real Estate Professionals Wealth Building Conference & HWP Latina Conference and holding networking forums in Minneapolis with Black/African American professionals.

Recommendation for Wealth & Investment Management
• **Expand on the initial segment-specific action plan.** Based on the success of Wells Fargo's efforts to engage potential Asian-American customers, the Bank should consider accelerating its efforts to market WIM's offerings to other underserved communities.

VI. DE&I Strategic Priority 3: Supporting and Increasing Spend with Diverse Suppliers

Wells Fargo maintains a well-established supplier diversity program, having prioritized advancing supplier diversity for more than three decades.[263] Wells Fargo's efforts in advancing supplier diversity include increasing its annual controllable spend, encouraging its suppliers to increase their own spending with diverse suppliers, and implementing several programs to develop diverse suppliers.

The Bank's efforts incorporate a broad understanding of diversity and include businesses that are 51% owned, managed, and controlled by a person of color (i.e., minority business enterprise or MBE); woman (i.e., women business enterprise or WBE); or veteran, disabled veteran, service-disabled veteran, person with a disability, lesbian, gay, bisexual or transgender person (i.e., disadvantaged business enterprises).[264] The Bank also considers eligible small business enterprises—including Small Business Administration (SBA) 8(a) certified small business enterprises, small disadvantaged businesses (SDB) and historically underutilized businesses (HUBZone)—to be within its definition of diverse suppliers.[xix] Wells Fargo requires that a third party certify that potential participants are eligible to participate in its diverse supplier initiatives.[xx]

Wells Fargo focuses on two tiers of spend with certified diverse suppliers for its supplier diversity efforts. Tier 1 spend includes payments made by Wells Fargo directly to these suppliers. Tier 2 spend includes payments made by Wells Fargo's non-diverse suppliers to diverse suppliers in sub-contracting arrangements. Wells Fargo views Tier 2 opportunities as an important form of development for smaller diverse businesses that, on their own, may not meet its infrastructure and supplier requirements. As of September 30, 2023, Wells Fargo works directly with 267 entities that meet its definition of diverse suppliers.

Wells Fargo's Supplier Diversity team is primarily responsible for leading the Bank's diverse supplier initiatives. The Head of Supplier Diversity reports to the Chief Procurement Officer with a dotted-line reporting relationship into DSRI.[265] The team includes program managers who are assigned to strategic sourcing teams and business leaders across the Bank. Program managers seek to understand the needs of their assigned teams and to promote opportunities for qualified businesses who have not yet worked with Wells Fargo by identifying

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[xix] *Participation Requirements*, WELLS FARGO, https://www.wellsfargo.com/about/diversity/supplier-diversity/participation-requirements/ (last visited Dec. 1, 2023). The U.S. Small Business Administration's (SBA) 8(a) program is a nine-year effort to help socially and economically disadvantaged entrepreneurs gain access to—and succeed in—the federal marketplace. *What Is the 8(A) Business Development Program?*, U.S. SMALL BUS. ADMIN., https://www.sba.gov/brand/assets/sba/resource-partners/what-is-8abd-factsheet-508.pdf (last visited Dec. 1, 2023). SBA's HUBZone program is focused on small business growth in historically underutilized business zones. *HUBZone Program*, U.S. SMALL BUS. ADMIN., https://www.sba.gov/federal-contracting/contracting-assistance-programs/hubzone-program (last visited Dec. 1, 2023).

[xx] Wells Fargo recognizes certifications from the following certifying agencies and organizations: National Minority Supplier Development Council (NMSDC); Women's Business Enterprise National Council (WBENC); National LGBT Chamber of Commerce (NGLCC); Disability:IN; Small Business Administration (SBA) - 8 (a) Certification; Department of Veterans Affairs; Federal, State and/or Local Government Certifying Agencies; National Veteran-Owned Business Association (NaVOBA). *Participation Requirements*, WELLS FARGO, https://www.wellsfargo.com/about/diversity/supplier-diversity/participation-requirements/ (last visited Dec. 1, 2023).

qualified diverse suppliers in advance of requests for proposals (RFPs) and other procurement opportunities. The team employs a six-part approach to increasing supplier diversity: (i) gathering and benchmarking data on the diverse supplier-related activity of peer institutions; (ii) identifying diverse suppliers for specific business needs; (iii) analyzing product and service categories for Tier 1 and Tier 2 diverse suppliers; (iv) reviewing and providing input on sourcing documents (e.g., RFPs); (v) assisting, as needed, in contract disputes related to supplier diversity; and (vi) training suppliers on Tier 2 reporting requirements. The team maintains a public supplier diversity webpage that outlines this process, provides business development resources, and informs companies how they can begin the process of becoming a Wells Fargo supplier.[266]

The Supplier Diversity team relies on senior executives as well as DSRI personnel to promote supplier diversity within its lines of business and enterprise functions. The Corporate Responsibility Committee of the Board of Directors and certain members of senior management receive regular updates regarding the Bank's processes regarding supplier diversity.

A. Diverse Supplier Spend

Wells Fargo divides its supplier spending into two categories, controllable and uncontrollable. "Controllable spend" refers to product and service categories for which diverse suppliers are available and can participate in the bidding process. Wells Fargo defines "uncontrollable spend" as spending in categories where its research indicates that there are no diverse suppliers available (e.g., credit reporting agencies). The Bank makes this determination based on supplier diversity best practices and benchmarking.

Since 2012, Wells Fargo increased its annual controllable spend with diverse suppliers from $732 million to over $1.3 billion. This includes Tier 1 and Tier 2 diverse spend. Since 2018, Wells Fargo's spend with diverse suppliers has totaled more than $1.3 billion every year.

Wells Fargo's diverse supplier spend is concentrated in a relatively small group of suppliers. Two enterprise functions and one line of business collectively represent more than half of controllable spend and diverse supplier spend. A relatively small number of Wells Fargo's diverse suppliers account for a significant portion of the Bank's overall spend.

Wells Fargo expects diverse supplier spending to remain consistent in 2023 and to increase in 2024. One of the Supplier Diversity team's priorities in 2023 has been to expand and strengthen its diverse supplier base, with a focus on women and Hispanic-owned businesses.

For its controllable spend, Wells Fargo has encouraged procurement teams to consider diverse slates of potential suppliers since 2022. Wells Fargo tracks and reviews the overall number and percentage of procurements that included a diverse slate of suppliers but does not track conversion rates for its diverse slates (i.e., the percentage of diverse suppliers included in a diverse slate that were ultimately selected for the contract).

B. Encouraging Suppliers to Increase Diverse Spend

Wells Fargo also encourages its suppliers to increase their own spending with diverse suppliers. Wells Fargo's Supplier Code of Conduct ("Supplier Code") notes that Wells Fargo expects its suppliers to support the Bank's commitment to DE&I.[267] The Supplier Code of Conduct states that suppliers must "ensure they do not discriminate in their hiring and retention policies and practices."[268] The Supplier Code also references Wells Fargo's efforts to "increas[e] [its] controllable spending with certified diverse-owned businesses" and states that it expects "suppliers to work to provide business opportunities to competitive diverse suppliers as well."[269] Furthermore, Wells Fargo encourages its suppliers "to provide a living wage to its employees and throughout its supply chain" and to "develop[] and implement[] internal programs fostering a culture of sustainability and environmental stewardship in the local and global community,"[270] efforts that researchers have noted are needed to advance racial equity.[271] The Supplier Code incorporates Wells Fargo's Human Rights Statement, which explains that the Supply Chain Management team, which includes the Supplier Diversity team, seeks to have the Bank's strategic sourcing and procurement processes reflect its focus on supplier diversity.[272]

Wells Fargo encourages its Tier 1 suppliers to report direct and indirect Tier 2 spending data within 30 days of the end of each fiscal quarter. Direct spending captures spending with diverse subcontractors on products or services directly traceable to the Tier 1 supplier's contract with the Bank. Under the indirect method of reporting, Tier 1 suppliers allocate a portion of their total spend on diverse subcontractors, across their entire business, to Wells Fargo. If, for example, a Tier 1 supplier's spend with certified diverse suppliers represents 40% of its sales in the same reporting period to Wells Fargo, then that supplier should report 40% of this spend as Tier 2 spending. Under both methods, Tier 1 suppliers must note the demographic category (e.g., race, gender, etc.) associated with their spending. Not all of the Bank's Tier 1 suppliers report this data, which limits the Bank's ability to consider the full impact of its supplier diversity efforts.

C. Developing Diverse Suppliers

As part of its supplier diversity efforts, Wells Fargo works to develop diverse suppliers, particularly those that are newer or smaller. To that end, the Supplier Diversity team partners with approximately 30 diverse supplier organizations to host events, conferences, and to conduct other forms of outreach. For example, the Bank is a corporate member of the National Minority Supplier Development Council (NMSDC), the largest non-profit advocacy organization for minority business enterprises.[273] The Bank engages in approximately 80 national and global supplier diversity engagements (e.g., events, conferences) annually. In the first three quarters of 2023, Wells Fargo held 79 engagements, which included working with organizations, such as NMSDC, Women's Business Enterprise National Council (WBENC), and US Pan Asian American Chamber of Commerce Education Foundation (USPAACC). Wells Fargo partners with these organizations to perform outreach and capacity building activities. It also uses these engagements to identify prospective suppliers.

1. Capacity Building Programs

Wells Fargo offers capacity building programs for diverse suppliers, which are designed to help smaller companies grow in size, expand their products and services offerings, and acquire relevant skill sets. The programs also help Wells Fargo develop a pipeline of potential suppliers it can work with in the future. Program components typically include sessions focused on access to capital, technical assistance, and relationship building. The Bank offers 10 programs—developed by the Bank or through a partner organization—annually. Wells Fargo also provides scholarships to diverse suppliers to attend course offerings at leading colleges and universities, including Stanford University, Dartmouth College, and various HBCUs. For example, the Wells Fargo Scholarship Fund funds 24 scholarships for certified diverse suppliers across all diverse segments to attend either Building a Successful Diverse Business or Growing an Established Diverse Business at Tuck Executive Education at Dartmouth.[274]

The Bank has supported over 1,000 diverse suppliers in its capacity building programs and is on track to invest $1 million in its capacity building programs in 2023. The diverse suppliers interviewed by the assessment team praised Wells Fargo's capacity building programs. One supplier noted that the Bank helped the supplier develop valuable skills though opportunities that it would not have been able to afford on its own. Another supplier described the programs as meaningful, and recalled how they helped develop valuable networking relationships.

2. Supplier Showcases

Wells Fargo holds supplier showcases to build awareness of select diverse suppliers on its preferred supplier list among the Strategic Sourcing team and business leaders with buying authority. The showcases include presentations by the featured diverse suppliers as well as conversations between diverse suppliers and the internal decision-makers. The Supplier Diversity team coaches the diverse suppliers in advance of showcases, advising them on how to market themselves in a way that is relevant to Wells Fargo's business needs. The team also follows up with suppliers to provide them with feedback on their performance.

In the first three quarters of 2023, the Bank held 34 diverse supplier showcases. Diverse suppliers across a variety of industries, including legal services, marketing, and mortgage-related services, participated.

While the diverse suppliers Covington spoke to did not comment directly on Wells Fargo's diverse supplier showcases, several of them noted that the Bank could undertake efforts to deepen engagement between suppliers and particular lines of business and enterprise functions within Wells Fargo. For example, some suppliers noted that while the Supplier Diversity team regularly connected with them on the Bank's business initiatives and strategy, they had less regular contact with points of contact in the lines of business and enterprise functions that the suppliers hoped to work with. Some suppliers reported having limited access to procurement decision-makers and thus less understanding of their needs. One supplier echoed this theme and noted that some companies organized events where senior business executives, including divisional CEOs and CFOs, presented on their business needs for the coming year, which enabled suppliers to plan their own business strategies in advance of submitting bids. The supplier suggested that it could be helpful for Wells Fargo to organize such an event.

Recommendations for Supplier Diversity
• **Continue efforts to reduce concentration of Wells Fargo's diverse supplier spending.** A relatively small number diverse suppliers account for a significant portion of the Bank's overall diverse spend. Wells Fargo should continue efforts to increase the number of diverse suppliers it engages and, as appropriate, award opportunities to a broader group of diverse suppliers. • **Track additional data related to consideration and utilization of diverse suppliers.** Wells Fargo currently encourages procurement teams to consider diverse slates of potential suppliers and tracks the number and percentage of procurements that include a diverse slate of potential suppliers. The Bank does not currently track the percentage of diverse suppliers who are ultimately selected for contracts. Tracking this information could help Wells Fargo evaluate the effectiveness of diverse slates or inform refinements to the Bank's approach to supplier diversity. Similarly, Wells Fargo could consider measures to increase the number of Tier 1 suppliers who report Tier 2 supplier spending. This would provide Wells Fargo with additional information about diverse suppliers working for, or considered for work for, the Bank. • **Prioritize integrating supplier diversity within Wells Fargo's lines of business and enterprise functions.** Diverse suppliers praised the Supplier Diversity team's commitment to expanding opportunities for their businesses. Some noted, however, that they had less contact with decision-makers in the lines of business and enterprise functions that they hoped to work with, or with those involved in the procurement process more generally. To address this feedback, Wells Fargo could consider developing training or communications to employees in the Bank's procurement functions that provide an overview of the resources available for them to help support Wells Fargo's supplier diversity program.

VII. Conclusion

As detailed throughout this report, the assessment team concluded that Wells Fargo has implemented a comprehensive set of initiatives designed to promote and sustain an inclusive workplace, serve customers in historically underserved communities, and address issues related to the racial wealth gap. These efforts include programs, policies, and procedures designed to provide a welcoming work environment for Wells Fargo's employees, including employees from underrepresented backgrounds; to meet the financial needs of customers who have not traditionally been the focus of banks and other financial services companies, including racial and ethnic minority homebuyers and homeowners, unbanked and underbanked households, and minority investors; and to provide opportunities for diverse suppliers. These Wells Fargo programs benefit from support from the Bank's senior executives and from DSRI, which plays a key role in Wells Fargo's DE&I strategy and the operation of its lines of business and enterprise functions. The assessment team identified additional actions Wells Fargo could consider as it works to achieve its three core DE&I strategic priorities. The assessment team hopes that these recommendations will provide Wells Fargo with opportunities to deepen and broaden its stated commitment to racial equity and closing the wealth gap in the United States.

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