Consumers' Research
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Charles W. Scharf
Chief Executive Officer
Wells Fargo
Wells Fargo & Company
P.O. Box 63750 or P.O. Box 63710
San Francisco, CA 94163

Dear Mr. Scharf,

Consumers' Research represents the interests of household consumers in all areas of consumer spending. It is an independent educational 501(c)(3) nonprofit organization whose mission is to increase the knowledge and understanding of issues, policies, products, and services of concern to consumers and to promote the freedom to act on that knowledge and understanding.

Food production and food availability on store shelves are critical issues for consumers. This places a greater emphasis on action taken by the New York Attorney General's office which highlighted a major risk to companies directly involved in financing and supporting the national food supply chain.

Recently, JBS USA Food Company (JBS) was sued by New York Attorney General Letitia James over public ESG statements and sustainability documents. The lawsuit alleged JBS's public statements and sustainability documents set unattainable goals regarding net-zero emissions—goals that could not be met so long as JBS continued to produce beef products—and that the JBS commitments misled consumers.

In her public statement announcing the JBS lawsuit, Attorney General James wrote:

"When companies falsely advertise their commitment to sustainability, they are misleading consumers and endangering our planet. JBS USA's greenwashing exploits the pocketbooks of everyday Americans and the promise of a healthy planet for future generations. My office will always ensure that companies do not abuse the environment and the trust of hardworking consumers for profit."

Consumers' Research is concerned that it is only a matter of time before the banks that finance food supply production companies, like Wells Fargo, are subjected to state actions targeting their unrealistic net-zero commitments, as has happened with JBS.

Below you will find claims cited by General James in the lawsuit against JBS and similar claims made by Wells Fargo:

1) JBS Claim:

   "JBS was also the first major global protein company to set a net-zero GHG emissions by 2040 target, covering our scope 1, scope 2 and scope 3 emissions."

   Wells Fargo Claim:

   "In March 2021 we set a goal of net-zero greenhouse gas emissions by 2050."

2) JBS Claim

   "The SBTi [Science Based Targets initiative] recognized the Net Zero Commitment of JBS."

   Wells Fargo Claim:

   "To set our targets for the Oil & Gas and Power sectors, we relied upon the Network for Greening the Financial System (NGFS) Orderly Net Zero 2050 scenario."

3) JBS Claim

   "Leading change across the food industry and achieving [JBS's] goal of net zero by 2040 will be a challenge. Anything less is not an option."

   Wells Fargo Claim:

   "At Wells Fargo, we view climate change as one of the most urgent environmental and social issues of our time. To limit the impacts of climate change, the 2015 Paris Agreement strives to keep the global average temperature rise in this century to 1.5˚C, compared to pre-industrial levels. Meeting this goal requires immediate and collective efforts across the globe to reduce the concentration of greenhouse gases in the atmosphere that are driving climate change. Driving down emissions will require, among other things, significant changes in public policy, the creation and deployment of new technologies, and a significant amount of capital investment. Financial institutions like Wells Fargo can play a critical role in working with governments, industry, and communities to help finance the transformation and transition of carbon-intensive assets, infrastructure, and business models."

4) JBS Claim:

"JBS will achieve Net Zero greenhouse gas emissions, reducing its direct and indirect (scopes 1, 2 and 3) emissions."

Wells Fargo Claim:

"Within the analyzed portion of the value chain, we review our clients' direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3), with a goal of developing targets that include client emission scopes for activities that are both high-emitting and key to our clients' transitions."

5) JBS Claim:

"[JBS is] setting time-bound, science-based targets and backing them up with $1 billion in capital over the next decade."

Wells Fargo Claim:

"We continue to make progress on our goal to deploy $500 billion in sustainable finance by 2030."

As this comparison makes plain, Wells Fargo's statements on emissions reduction goals expose the company to the same type of litigation JBS currently faces.

Costly litigation harms the consumer. And that is doubly so when one outcome of the litigation threatens food supply chain financing in order to meet climate commitments that should never have been made in the first place.

Rather than continuing to mislead consumers with unrealistic goals while trying to comply with impossibly attainable emissions standards or trying in vain to ward off the risks of litigation by decreasing financing in politically disfavored industries, Consumers' Research urges Wells Fargo to reassess its ESG statements and sustainability policies, disavow the types of positions that subjected JBS to litigation, and recommit to providing banking services to the companies that ensure Americans have affordable food on the table.

Failure to do so not only exposes Wells Fargo to litigation risk from Attorneys General like Letitia James, it could also expose the company, its executives, and its directors to legal liability for refusing to recant these unfounded marketing claims while Wells Fargo was aware of the

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problem and still had the opportunity to reduce or eliminate their exposure. As we have witnessed in a number of shareholder derivative suits recently, shareholders and elected officials have become increasingly litigious in cases where corporations have put at risk or sacrificed returns in order to engage in so-called "virtue signaling."

The JBS lawsuit by General James has made plain that there is risk lurking in the ESG and sustainability commitments of countless financial companies. There is no better time than now for Wells Fargo to course correct, remove this ESG risk, and pivot back to a pro-consumer approach to its business.

Sincerely,

Will Hild

Will Hild
Executive Director

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