Racial and Gender Board Diversity Report

Whereas: Our nation's racial reckoning and coronavirus's illumination of vast social inequities has led companies to reevaluate their diversity, equity, and inclusion policies and goals. Board diversity is one important facet, as investors and companies recognize it can be accretive to long term value creation. Board diversity requirements, including Nasdaq's 2021 ruling and California's 2018 legislation, acknowledge the value of racial and gender diverse boards.

Research indicates board diversity is an important lever to increase shareholder value, resulting in higher revenues, higher Return on Assets, a more diverse workforce, enhanced corporate governance, and improved stakeholder relations.

- Boston Consulting Group finds companies with greater board diversity had 19 percent higher revenues than competitors.
- International Monetary Fund finds substituting one man for one woman on a board is associated with higher Return on Assets.
- Credit Suisse finds as the percentage of women on the board increases, so does the percentage of women in leadership.
- The University of Toronto finds companies with greater board diversity are less prone to accounting mistakes, business controversies, and poor investment decisions.
- Harvard Law research finds companies may be better positioned to recognize and respond to the interests of diverse stakeholders.

In response to this research, 61 percent of investors believe boards "should aim to reflect company's customer base and the broader societies in which they operate by including directors drawn from racial and ethnic minority groups" (Institutional Shareholder Services). Wells Fargo's 2021 proxy statement echoes this sentiment stating, "it is essential that the composition of the Board appropriately reflects the diversity of the Company's employees and the customers and communities they serve."

Yet, Wells Fargo's board diversity is largely disproportionate with its employee makeup and customer base. The Board of Directors is comprised of 25 percent women and 25 percent minorities, while the employee workforce is comprised of 56 percent female employees and 45 percent racially/ethnically diverse employees. The demographic makeup of the United States, used here as a proxy for its customer base, is comprised of 51 percent women and 42 percent minorities.

We believe that a Board of Directors with a racial and gender composition reflective of Wells Fargo's employee and customer base will more astutely minimize business risk, maximize opportunity, and increase shareholder value.

Resolved: Shareholders request that Wells Fargo report annually on its policies and practices to help ensure its elected Board of Directors attains racial and gender representation that is better aligned with the demographics of its employees and customers and/or regions in which it operates.

The report should be prepared at reasonable cost, omitting proprietary information, litigation strategy and legal compliance information.

Supporting Statement: A report adequate for investors could, with board discretion, include disclosure of:

- Board targets aligned with the current employee and customer demographics (for example, using company's country/state headquarter demographics as a proxy)
- Progress/challenges meeting racial and/or gender board diversity targets
- Strategies or practices deployed to increase diversity of board candidates