



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

EUROFER

Data : 16/07/2020

Prot. : 48091/2020



3241595000000341395

Sp.le Wells Fargo Bank
101 N. Phillips Avenue
Sioux Falls, South Dakota,
57104 - USA
Investor Relations Department

Rome, July 16th 2020

ESG engagement letter

Dear Investor Relations Team,

Fondo Pensione EUROFER is the pension fund for employees of the Italian State Railways, established in March 2002 as a non-profit organization with the goal of ensuring the associated workers their standard of living during retirement, thanks to an additional contribution pension plan, complementary to the public one.

As of December 31st, 2019, more than 77,000 active workers of 94 companies were members of the fund with assets under management of €1,153,779,296 a portion of which is invested in shares of your Company.

EUROFER integrates the principles of sustainability and ESG (i.e. environmental social and governance) in its investment strategies, coupled with investment principles of a typical pension fund, which require a non-speculative investment approach, a long-term time horizon, a low portfolio turnover, and a stable relationship with its members. All investments (both equity and debt) of EUROFER follow a social responsibility policy.

EUROFER integrates the principles of sustainability and ESG (i.e. environmental social and governance) in its investment strategies, coupled with investment principles of a typical pension fund, which require a non-speculative investment approach, a long-term time horizon, a low portfolio turnover, and a stable relationship with its members. All investments (both equity and debt) of EUROFER follow a social responsibility policy.

HDI aims to create a positive, long term dialogue with investee companies. With this aim in mind, we request your comments on the following ESG-related items.

Report on Reducing GHG Emissions Associated with Lending Activities

EUROFER, in line with a similar request from the ICCR investors' network¹, invites Wells Fargo to issue a report, at reasonable cost, outlining if and how it intends to reduce the GHG emissions associated with its lending activities in alignment with the Paris Agreement's goal of maintaining global temperature rise below 1.5 degrees Celsius.

The report should disclose, among other issues, at board and management discretion:

- Any actions Wells Fargo is taking to measure and disclose its full carbon footprint (Scope 1-3 emissions, including GHG emissions associated with its lending activities);
- Whether the bank is considering setting targets, and on what timeline, to reduce the carbon footprint of its lending activities.
- Any planned reductions in financing of high-risk fossil fuels such as tar sands, Arctic drilling.

Banks play a critical role in meeting the Paris Agreement's goal of limiting global temperature rise to well below 2 degrees Celsius. The Bank of England notes that the global financial system is currently supporting carbon-producing projects that will cause global temperature rise over 4 degrees Celsius – more than double the limit necessary to avoid catastrophic warming².

The 2018 Intergovernmental Panel report on climate warns that global warming above 1.5 degrees will create devastating impacts, including loss of life, ecosystem destruction, infrastructure damage, and supply chain disruptions. If warming is kept to 1.5 versus 2 degrees, studies report savings of \$20 trillion to the global economy by 2100³.

Recently, 215 global companies reported almost \$1 trillion at risk from climate impacts, some within five years⁴.

Wells Fargo's funding contributes to global climate risk. It is the second largest source of financing to fossil fuel companies globally, averaging \$50 billion annually since the Paris Agreement was signed⁵. Significantly, its fossil fuel lending has increased over each of the last three years, creating systemic portfolio risks to investors and the company's own enterprise.

Peer banks are beginning to responsibly manage climate risk by developing carbon measurement tools including the Paris Agreement Capital Transition Assessment and Partnership for Carbon Accounting Financials.

A group of 54 international Banks, Diverse Financials and Insurance companies has committed to set a Science-Based Target⁶.

¹ See <http://www.iccr.org/about-iccr>

² See https://www.theguardian.com/business/2019/oct/15/bank-of-england-boss-warns-global-finance-it-is-funding-climate-crisis?CMP=Share_iOSApp_Other2

³ See <https://www.nature.com/articles/s41586-018-0071-9>

⁴ See <https://www.cdp.net/en/articles/media/worlds-biggest-companies-face-1-trillion-in-climate-change-risks>

⁵ See https://www.ran.org/wp-content/uploads/2019/03/Banking_on_Climate_Change_2019_vFINAL1.pdf

⁶ See <https://sciencebasedtargets.org/companies-taking-action/7/>



FONDO PENSIONE NAZIONALE A CAPITALIZZAZIONE
PER I LAVORATORI DELLE FERROVIE DELLO STATO

ING, BNP Paribas, Standard Chartered, and other banks have committed to measure the climate alignment of their lending portfolios against Paris goals⁷. Some have abandoned high risk sectors including Arctic drilling and tar sands⁸.

Citibank joined the Principles for Responsible Banking, committing to align its business strategy with the Paris Agreement's global climate goals.

While Wells Fargo recognizes the relevance of climate change, has increased its 'sustainable' financing⁹, and is sourcing renewable energy for its operations, its annual \$15 billion in sustainable financing over 13 years is substantially outweighed by its fossil fuel funding activities¹⁰.

The Company does not yet measure or disclose its full carbon emissions, nor has it adopted targets to reduce its lending related greenhouse gas (GHG) emissions.

EUROFER believes that banks that finance carbon intensive fossil fuel activities through their lending are putting themselves and society at risk of catastrophic climate impacts.

We trust you would take into consideration our requests as a stimulus towards achieving greater consensus from your stakeholders.

We look forward to your reply and would be grateful to receive any further documentation you may provide us concerning the points raised.

Kind regards,



Avv. Antonella D'Andrea, President
Fondo Pensione EUROFER

⁷ See <https://www.ingwb.com/insights/news/2018/banks-join-ing-in-aligning-loan-portfolios-to-fight-climate-change>

⁸ See <https://www.environmental-finance.com/content/analysis/banking-on-a-changing-climate.html>

⁹ See <https://stories.wf.com/wells-fargo-commits-200-billion-toward-sustainable-financing/10>

¹⁰ See <https://www.wri.org/finance/banks-sustainable-finance-commitments/?bank=Wells%20Fargo%20%26%20Co>.