



September 29, 2017

VIA EMAIL

Ms. Lorraine Arvin
Vice President & Treasurer
Reed College
3203 SE Woodstock Blvd.
Portland, OR 97202

Dear Lorraine,

Thank you for giving me the opportunity to provide clarity related to the issues raised on the Reed College campus earlier this week. The information below provides facts and our perspective on those issues:

Private Prisons

Wells Fargo respects the seriousness of our country's ongoing debate about the criminal justice system. However, we do not as a corporation take positions on public policy issues that do not directly affect our company's ability to serve customers and support team members.

The fact is that Wells Fargo holds no shares of either The GEO Group or CoreCivic (formerly Corrections Corporation of America). We have no seat on either company's board of directors, and we do not dictate their policies or business models. In addition:

- Wells Fargo Funds, which are owned by the Funds' investors, not Wells Fargo, currently holds a very small position in those companies in a passive index fund. SEC filings can make it appear that Wells Fargo is the owner, but we are not. Applicable laws and internal governance do not allow the bank to dictate which stocks the fund managers may buy or sell. In addition, the holdings of the mutual funds are segregated from Wells Fargo's own assets, in accordance with applicable laws.
- For further clarification, a passive fund is designed to mimic a specific market index. The most recognizable types of index funds are Dow 30 funds and S&P 500 funds. The stocks that make up these indices are determined by Dow Jones and Standard & Poor's, respectively. It is a common industry practice for fund managers to own precisely what Dow Jones or S&P has chosen to make up these indices.
- Due to chronic prison overcrowding, federal and state governments have for the past 30 years been contracting out detention services. People who want to change that should address their concerns with the appropriate government officials.

Dakota Pipeline

Wells Fargo was one of the 17 financial institutions involved in the financing of the Dakota Access Pipeline (DAPL). That said, the pipeline has now been operational since June, and our credit facility has been fully funded.

Our commitment to the responsible development of all forms of energy remains unchanged, and since 2012, we have invested more than \$70 billion in clean technology and other environmentally sustainable businesses. In 2016, more than 8 percent of all solar photovoltaic and wind energy generated in the U.S. came from facilities owned in whole or in part by Wells Fargo.

Additionally, we have been serving Native American governments and communities for more than 50 years, and today we provide capital and financial services to more than 200 tribal entities in 27 states including tribal community development projects.

As a company committed to environmental sustainability and human rights, we respect the differing opinions being expressed in this dispute. Please consider the following additional facts:

- Wells Fargo was one of the 17 financial institutions involved in financing the pipeline. The loans we provided represent less than 5 percent of the total. The facility has been fully funded.
- The pipeline is now complete, according to Energy Transfer Partners.
- The project was evaluated by an independent engineer to be compliant with the Equator Principles, a framework adopted by financial institutions that is designed to determine, assess, and manage social and environmental risks and project impacts.
- We used our position as one of the financing institutions to encourage Energy Transfer Partners to engage constructively with opposing parties toward a more positive outcome.
- We also met with the Standing Rock Sioux Tribe and other tribal advocacy organizations to learn about their concerns.
- Wells Fargo is committed to the responsible development of all forms of energy, and while we maintain a large conventional energy portfolio, we are also a leader in the financing of renewable energy and clean technology.
- As specified in our Statement on Human Rights, we believe organizations in industries that may have significant impacts on the environment and local communities should operate in a responsible manner, complying with applicable legal requirements and with respect for human rights, local communities, and the environment.
- We also recently published our [Indigenous Peoples Statement](#) to help guide our decision-making in situations where proceeds of Wells Fargo financing may potentially impact native or indigenous communities. The statement was developed in consultation with a number of indigenous stakeholders and their representatives, and is aligned with International Finance Corporation Performance Standard 7 on Indigenous Peoples.
- We remain committed to our obligations to serve our customers' financial needs, and will continue to be respectful of the concerns being expressed by Tribal governments and communities, other groups, and individuals.

Due Diligence and the Equator Principles

As a signatory of the Equator Principles, Wells Fargo provides loans and advisory services only to those projects whose borrowers can demonstrate their ability and willingness to comply with the Equator Principles' requirements for categorizing, assessing, and managing environmental and social risks.

- The Equator Principles have greatly increased the attention and focus on social/community standards and responsibility, including robust standards for indigenous peoples, labor standards, and consultation with locally affected communities. They have also promoted convergence around common environmental and social standards.
- We signed on to the Equator Principles as an added layer of due diligence for projects such as the Dakota Access Pipeline, and we regularly assess our own Environmental and Social Risk Management (ESRM) policies to determine if we are adequately managing environmental and social risks in our financing.

What we are learning from the way this project has unfolded is that despite the enhanced due diligence required by the Equator Principles, further research may be required for future projects to help us fully understand the perspectives of and risks to indigenous communities in North America. As a result of issues that have arisen in this case, we have enhanced our due diligence in sectors subject to our ESRM policy to include more focused research into whether or not indigenous communities are impacted and/or have been properly consulted.

For your background, I'd like to point you to our Wells Fargo Stories piece on our involvement in this project, as well as our FAQs. In addition, Page 18 of the attached Corporate Social Responsibility Interim Report 2016 addresses our commitments to human rights and indigenous peoples

<https://stories.wf.com/wells-fargos-involvement-funding-dakota-access-pipeline/>

<https://www.wellsfargo.com/about/corporate-responsibility/dakota-access-pipeline/>

Thank you for continuing the dialogue with us, and we are standing by if we can provide additional information.

Sincerely,



Charu Gorrepati
Senior Vice President
Higher Education & Nonprofit Banking