

Wells Fargo UK Modern Slavery Act Statement (FY 2018)

Introduction

As [defined](#) by the UK Government, modern slavery is a term used to encapsulate slavery, servitude, forced or compulsory labor, and human trafficking. Wells Fargo & Company (Wells Fargo) recognizes our responsibility to respect human rights in general, and consistent with the expectations of the UK Modern Slavery Act 2015 (UK MSA), to address modern slavery in our business operations and supply chain. Wells Fargo issues this statement in accordance with Section 54 of the UK MSA, covering our activities from the 2018 financial year. The statement gives an overview of our approach to addressing the issue of modern slavery.

About Wells Fargo

Wells Fargo (NYSE: WFC) is a diversified, community-based financial services company with \$1.9 trillion in assets. Wells Fargo's vision is to satisfy our customers' financial needs and help them succeed financially. Founded in 1852 and headquartered in San Francisco, California, USA, Wells Fargo provides banking, investment and mortgage products and services, as well as consumer and commercial finance, through 7,700 locations, more than 13,000 ATMs, the internet ([wellsfargo.com](https://www.wellsfargo.com)) and mobile banking, and has offices in 33 countries and territories, including in the United Kingdom, to support customers who conduct business in the global economy. With approximately 262,000 team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 26 on Fortune's 2018 rankings of America's largest corporations. Wells Fargo's supply chain includes thousands of suppliers all over the world providing everything from technology solutions to office supplies.

Wells Fargo Governance, Policies, and Training Related to Modern Slavery Risks

Governance: Wells Fargo published its first UK MSA statement in 2017. As we stated then, we recognize the role our company has in preventing modern slavery from occurring in our operations, including in our supply chain. In 2018, Wells Fargo launched an internal enterprise-wide Modern Slavery Working Group to formalize and bolster our efforts. This group's mandate is to: 1) look for ways to continuously improve our practices with regard to assessing and addressing this risk, and 2) better coordinate efforts of the enterprise in meeting disclosure requirements under the UK MSA. Functional business units whose work may be affected by potential modern slavery risks participate in the Modern Slavery Working Group.

Policies and Procedures: Guiding our overall efforts are Wells Fargo's [Vision, Values & Goals](#), [Human Rights Statement](#), and [Code of Business Conduct](#), all of which exhibit our belief that we must strive to respect human rights, including the belief that everyone has the right to freedom and security and that no one should be held in servitude. In addition, Wells Fargo policies and/or public-facing company statements include just some of the following human rights considerations:

- [Our Environmental and Social Risk Management Framework](#) and policies build on Wells Fargo's due diligence requirements, and help us identify, evaluate, and manage the environmental and social risks associated with our lending and investing for sectors subject to review.
- Our Code of Ethics and Business Conduct guides the actions and decisions of all Wells Fargo team members consistent with our Vision, Values & Goals. We require team members to report suspicions or evidence of human rights abuses, and we provide them a confidential channel to do so. We do not tolerate retaliation against team members for providing information about suspected unethical or illegal activities, and/or possible violations of any Wells Fargo policies

- Our internal reporting mechanisms allow for concerns to be raised and addressed. These include our EthicsLine, a service through which concerns and violations, including those related to modern slavery, can be reported anonymously to Wells Fargo through third-party interview experts. Team members at any location in the world can reach the EthicsLine by phone or online 24 hours a day, seven days a week. We expect team members to speak up and raise concerns via the confidential EthicsLine, to their managers, or to our human resources team. In addition to our EthicsLine, Wells Fargo has in place a Security Response Center, an enterprise-wide service that team members and nonemployees around the world can contact on a 24/7 basis to report a range of security incidents.
- Our Financial Crimes Risk Management Program, policies, and procedures include requirements to conduct risk-based customer due diligence and report suspicious activity to appropriate government agencies and regulators. These documents provide internal guidance that enables Wells Fargo to know our customers and assess the risk of clients carrying out financial crimes. Wells Fargo undertakes transactional monitoring and screening to detect activity potentially linked to human trafficking. Wells Fargo maintains a zero tolerance approach to modern slavery and human trafficking. Within the Europe, the Middle East and Africa (EMEA) region, and across the enterprise, team members have channels available for reporting concerns in this area or unusual activity. Reporting channels include local whistleblowing options. The enterprise actively encourages team members to raise their hands when they see something that concerns them.
- Our [Supplier Code of Conduct](#) indicates the expectations Wells Fargo has of our suppliers, including those related to modern slavery within their operations. Wells Fargo requires its suppliers and their employees (Wells Fargo nonemployees) to comply with all applicable laws relating to human rights, including those intended to eliminate modern slavery and human trafficking. We expect nonemployees to speak up, raise concerns, and report any suspicions or evidence of human rights abuses, including those related to modern slavery, via their employer, the Wells Fargo Supply Chain Management, Global Nonemployee Program Office, or the EthicsLine referenced above.

Training: All Wells Fargo team members are required to take annual financial crimes awareness training. This course presents basic concepts about fraud, anti-bribery and corruption, economic sanctions, the Bank Secrecy Act (BSA), and anti-money laundering, among others. In the UK, under the Proceeds of Crime Act (POCA, 2002), human trafficking is considered an acquisitive crime. Regional training exists for the EMEA region specifically for all team members, which is designed to identify local risks.

Customer-facing team members are required to take additional training on identifying warnings and referring unusual activity. We continue to explore additional training opportunities aimed at helping staff better understand and respond to modern slavery risks within their functional roles.

Wells Fargo Human Rights Due Diligence and Risk Assessment Approach

Since 2016, Wells Fargo has participated in Shift's [Business Learning Program](#)—an initiative to help companies understand and build the internal capacity needed to successfully fulfill their responsibility to respect human rights. Wells Fargo continues to participate in this initiative, aiming to continuously strengthen our approach to human rights.

In 2018, Wells Fargo also joined BSR's [Human Rights Working Group](#) (a cross-sectoral collaborative initiative of more than 40 global companies), established in 2012 to help companies implement the United Nations Guiding Principles on Business and Human Rights (UNGPs). In addition, in 2018, Wells Fargo joined the Thun Group of Banks, an informal group of bank representatives that work to understand how the UNGPs can be practically implemented within the financial sector. Like other financial institutions, we take a risk-based approach in our due diligence activities, as described below.

Employees and Nonemployees

As indicated above, all team members and nonemployees are encouraged to utilize our EthicsLine and the Security Response Center. As part of our efforts to improve our effectiveness, we will explore additional steps in 2019 such as ensuring that awareness of these resources is consistent across the enterprise and other measures to enhance our approach.

Supply Chain and Third Party Risk

Wells Fargo has created the Sustainable Supply Chain Management (SSCM) working group with representation from several areas of the enterprise. This internal working group is tasked with ensuring a more comprehensive and consistent approach to assessing and managing human rights risks in Wells Fargo's supply chain. As part of this, the working group began identifying the potential human rights risks within the supply chain and existing company practices in order to manage these risks within the context of the Wells Fargo's commitment to human rights.

In the supply chain, our contracting approach requires suppliers, their personnel, and their subcontractors to comply with all laws and the provisions of our third-party agreement. Suppliers are required to notify us and remedy any non-compliance with law by their personnel and subcontractors per our contract templates. Consistent with our contracting approach, we have the right to terminate a supplier contract for non-compliance with any provision of the contract. Wells Fargo's standard contract templates specifically obligate suppliers to perform background screening of all personnel and subcontractors who provide the services. Our contracting approach also requires suppliers to conform to new obligations resulting from a change in law, along with contractual rights in our templates to audit and conduct risk assessments of our suppliers, including performance of the services during the term of the engagement. We regularly review our contract templates and work with our suppliers to establish contractually binding terms consistent with our approach on modern slavery.

At present, the SSCM team is working to understand existing approaches to managing these issues amongst Wells Fargo's broader supply chain governance framework, and exploring potential ways to strengthen these approaches. In 2019, SSCM team will continue to explore ways to enhance its focus on modern slavery issues including through partnerships with stakeholders and deepening engagement with a range of companies to understand current approaches to assessing modern slavery risks.

Customers and Clients

Wells Fargo coordinates business data intelligence to monitor customers, transactions, products, channels, and businesses that may be involved in human trafficking. The bank employs both generic and dedicated programs in this space. Generic programs aim to identify unusual behavior, while the dedicated program monitors red flags specific to human trafficking. The findings of these programs are reviewed, and if suspicious activity is identified, it is reported to legal authorities. In many cases, the account is exited. In 2018, Wells Fargo implemented an updated version of the program. This version utilized feedback from different internal and external resources, including new transactional typologies from external research. Wells Fargo will continue this program evolution to ensure that current risks are being captured. Wells Fargo has also been testing ideas for further monitoring and engaging in industry collaborations on this topic.

Our Environmental and Social Risk Management (ESRM) team conducts enhanced due diligence for potential and current corporate customers in selective sensitive industries, as set forth in our ESRM Framework. ESRM policies prohibit Wells Fargo involvement in transactions where we become aware of evidence indicating forced labor, child labor, human trafficking, or any other type of modern slavery.

For example, during the reporting year, ESRM discovered a company-client that sought to do certain business in a country or region where the likelihood of forced labor and/or modern slavery may be high. Upon ESRM's risk-based collaboration with the pertinent business lines involved, the proposal was not pursued. Going forward, ESRM is looking for ways to enhance its ability to identify situations where modern slavery risks might be connected to our clients' business activities.

Collaboration with others

Given the magnitude of the challenge presented by modern slavery, Wells Fargo understands that we cannot solve this problem alone, but rather we must work in conjunction with others. We have previously collaborated with [Polaris](#) to understand human trafficking typologies, and we actively work with law enforcement and other financial institutions to combat financial crimes such as money laundering, which is often indicative of a criminal enterprise that also engages in human trafficking.

Wells Fargo was one of the founding members of the [US Banks Alliance against Human Trafficking](#), which was established in 2013 by The Thomson Reuters Foundation and the New York County District Attorney's Office. The US Banks Alliance produced a White Paper—a set of red flag indicators of customer behavior, potentially linked to human trafficking—that Alliance members committed to use to analyze their data and report suspicious activity. In September 2017, the Thomson Reuters Foundation reconvened the Banks Alliance—old members and new—to update the original White Paper for 2018. Wells Fargo once again collaborated with this group to produce a Toolkit of resources that will support more financial institutions in taking action against human trafficking. In addition to our participation in this initiative, Wells Fargo is exploring ways to contribute to other collaborations.

Improving Effectiveness

As we indicate in our Human Rights Statement, respecting human rights is a continuing effort. We are committed to assessing our practices regularly in light of the increasingly complex and difficult nature of this issue. With that in mind, during this next reporting year, Wells Fargo will explore ways to enhance our efforts to address modern slavery, and consistent with the expectations of the UK MSA, report on progress made.



C. Allen Parker
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