Wells Fargo UK Modern Slavery Act Statement (FY 2019)

Introduction

As defined (PDF) by the UK Government, modern slavery is a term used to encapsulate slavery, servitude, forced or compulsory labor, and human trafficking. With an estimated 40.3 million people worldwide in some form of modern slavery—and forced labor alone generating an estimated USD 150 billion dollars in illicit funds per year—the scale of modern slavery presents a global challenge. With this in mind, 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 2019 financial year. The statement gives an overview of our approach to addressing the issue of modern slavery.

About Wells Fargo

Wells Fargo is a diversified, community-based financial services company, with $1.97 trillion in assets and approximately 266,000 active, full-time equivalent employees serving one in three households in the United States. Wells Fargo provides banking, investment, and mortgage products and services, as well as consumer and commercial finance, through 7,300 locations, more than 13,000 ATMs, digital (online, mobile, and social), and contact centers (phone, email, and correspondence). Our offices in 31 countries and territories, including in the United Kingdom (UK), support customers who conduct business in the global economy.

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 Human Rights Statement (PDF), our Code of Ethics and Business Conduct (PDF), and the Business Roundtable’s Statement on the Purpose of a Corporation* (PDF) to which Wells Fargo is a signatory—all of which reinforce our strongly held 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 the following human rights considerations:

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• 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. 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 are designed to 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 contingent resources 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. These documents provide internal guidance that helps Wells Fargo to know our customers and assess the risk of clients carrying out financial crimes. Through transactional monitoring and screening and team member referrals, Wells Fargo seeks to detect and report activity potentially linked to modern slavery and human trafficking.

In addition, within the Europe, the Middle East and Africa (EMEA) region, and across the enterprise, team members have channels available for reporting modern slavery and human trafficking concerns. 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 (PDF) sets forth Wells Fargo’s expectations of its suppliers, including those related to modern slavery within their operations. Wells Fargo requires its suppliers and their employees and subcontractors involved in the provision of services to comply with all applicable laws relating to human rights, including those intended to eliminate modern slavery and human trafficking. We expect individuals in our supply chain 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, Contingent Resource Solutions 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. Training exists for the EMEA region for all team members, which is designed to raise awareness of the UK MSA, high-level statistics about modern slavery, and the need for team members to remain vigilant and raise any concerns via the appropriate channels.

In addition, in 2019, members of the Modern Slavery Working Group received internal training from our in-house human rights expert, and external training from Polaris, a leading nonprofit focused on modern slavery and the operator of the U.S. National Trafficking Hotline, so as to help working group members better understand modern slavery and how it may surface across Wells Fargo’s value chain. In 2019, Wells Fargo’s Financial Crimes Investigations (FCI) also prepared a training session specifically on human trafficking. The training included information collected through public data, non-
governmental organizations (NGOs), discussions with the U.S. Department of Homeland Security, and case studies from FCI investigations and included sections on what constitutes human trafficking, red flag indicators, investigative tips, and case examples. This training is provided on an ongoing basis as part of New Hire training. FCI has also discussed human trafficking trends on biweekly FCI Podcast Training calls. Wells Fargo continues 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**

Like other financial institutions, we take a risk-based approach in our due diligence activities, as described below.

**Employees and Contingent Resources**

As indicated above, all team members and contingent resources are encouraged to utilize our EthicsLine and the Security Response Center. As part of our efforts to improve our effectiveness, starting in 2019 and continuing into 2020, we are working to help ensure that our reporting mechanisms can respond to allegations of modern slavery across our value chain. Based on our findings, we are committed to addressing gaps and incorporating them into enterprise training and awareness-raising.

**Supply Chain and Third Party Risk**

We have created the Sustainable Operations working group (SOWG) with representation from several areas of the enterprise. This internal working group is accountable for ensuring a comprehensive and consistent approach to assessing and managing human rights risks in Wells Fargo’s supply chain. In 2019, the SOWG re-designed our sourcing guidance and supplier questionnaire, further enhancing areas for assessing human rights and modern slavery. These new and updated materials were added to provide greater visibility into supplier issues such as human rights policies and assessments, alignment with the United Nations Guiding Principles on Business and Human Rights (UNGPs), supplier third party/subcontractor relationships, and Environmental, Social and Governance (ESG) risk evaluation programs. Several UK MSA-specific questions were also added that are designed to allow us to better understand supplier applicability, reporting, and compliance to the terms of the UK MSA.

The SOWG has also issued detailed and complementary sourcing guidance supporting our enhanced human rights focus, including identification of ESG resources and subject matter experts available to consult and partner throughout the supplier lifecycle as circumstances dictate. Going forward, the SOWG plans to continue enhancing human rights and modern slavery capabilities in the supply chain, and throughout our third party environment.

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 agreements for products and services. Suppliers are required to notify us and remedy any noncompliance 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 involved in the provision of 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.
Corporate Properties

Wells Fargo’s Corporate Properties Group (CPG) manages Wells Fargo’s real estate footprint, supporting thousands of Wells Fargo workplaces and bank branches across the US and in 31 countries. In 2019, CPG started the process of determining potential approaches it may use to understand how to assess and address modern slavery risks within its portfolio.

Customers and Clients

Wells Fargo coordinates business data intelligence to monitor customers, transactions, products, channels, and businesses for involvement 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 2018, Wells Fargo implemented an updated version of the program. This version utilizes feedback from different internal and external resources, including new transactional typologies from external research. Wells Fargo aims to continue this program evolution to help 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. In 2019 and continuing into 2020, the Financial Crimes team took the additional following steps:

- **Super Bowl Human Trafficking Initiative**: For the past three years, Wells Fargo has participated in a joint initiative focusing on identifying and mitigating the rise of human trafficking around the National Football League’s Super Bowl. Wells Fargo works with the law enforcement taskforce assigned to cover the sporting event, as well as a nonprofit intelligence organization dedicated to combating human trafficking. These partners share a combination of public data to identify any potential suspicious activity related to human trafficking to be reported in Suspicious Activity Reports (SARs), which are then filed with the government and shared with the Super Bowl law enforcement task force for further action.

- **Human Trafficking Conferences and Law Enforcement Interactions**: Our Financial Crimes Risk Management team attends, presents, and hosts industry and law enforcement meetings and conferences on human trafficking. FCI also maintains an open line of communication with law enforcement agencies on human trafficking trends and closely coordinates on individual cases and SARs involving human trafficking.

- **Human Trafficking SARs**: The Financial Crimes Enforcement Network (FinCEN), a US governmental body that collects and analyzes information about financial transactions in order to combat financial crimes, released a new SAR form at the end of 2018 that included a check box specifically for human trafficking. This makes it easier for law enforcement to identify SARs related to human trafficking, helps filers track how many SARs are being filed related to human trafficking, and also allows for better trend analysis. FinCEN maintains a SAR Stats website that allows anyone to see how many SARs have been filed with FinCEN that have checked the human trafficking box. Wells Fargo continues to investigate and file SARs, specifically using the human trafficking check box where appropriate.

- **Global Financial Investigations Unit (GFIU)**: Wells Fargo’s FCRM GFIU teams located in Americas, APAC, and EMEA continue to build and maintain close relationships with international law enforcement concerning suspected money laundering and financial crimes, some of which may contain heightened modern slavery risk.

- **Global Financial Crimes Intelligence Group (GFCIG)**: In 2019, Wells Fargo’s GFCIG team conducted research projects to identify Wells Fargo customers who may be connected to the illicit sex industry. The
GFCIG worked with Compliance Analytics (CA) to add illicit sex industry activity to the online monitoring program. In 2020, GFCIG expects to continue working with its partners in researching activity affiliated with the sex industry and will work with CA to update the online trafficking monitoring program. Additionally, GFCIG will continue to work with their partners to identify new challenges related to human trafficking (e.g. live streaming/child exploitation).

• Wholesale Financial Crimes Risks and Controls, Transactional Risk & Intelligence Group (TRIG): Wells Fargo’s TRIG team works to proactively identify Wholesale customers operating in high risk sectors—including service and hotel industries—for higher risk activity which can touch on forced labor and sex trafficking. Currently, TRIG has a yearly review targeting human trafficking and modern slavery risks which the team updates to include new patterns identified throughout the year. TRIG aims to develop an awareness session for business control financial crimes and front line relationship teams on what constitutes human trafficking and modern slavery, by the close of 2020. The awareness session is expected to include risk attributes to assist the teams in the identification and reporting of activity potentially connected to human trafficking and modern slavery in an effort to keep this activity outside the bank.

Our Environmental and Social Risk Management (ESRM) team conducts enhanced due diligence for prospective and current corporate customers in selected 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.

ESRM engages in continuous improvement efforts to enhance human rights due diligence. In 2019, ESRM developed a pilot approach for carrying out more proactive due diligence for clients within a sector/geography that is at heightened risk for forced labor.

Collaboration with others

Many human rights challenges, including modern slavery, are systemic and cannot be solved by any single actor. We know we must therefore work together in collaboration with others, both to learn from them and share what we do. Wells Fargo participates in Business for Social Responsibility’s (BSR) Human Rights Working Group—a cross-sector, collaborative initiative that helps more than 40 global companies implement the UNGPs. We are also part of the Thun Group of Banks, an informal group of bank representatives that works to understand how the UNGPs can be practically implemented within the financial sector. In addition, from 2016 to 2019, we participated in Shift’s Business Learning Program, an initiative to help companies understand and implement the UNGPs. Shift is a nonprofit organization focused on building an economy in which businesses can succeed while respecting human rights.

Specific to modern slavery, we regularly engage with Polaris to stay updated on issues related to modern slavery in the US, 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 is one of the founding members of the US Banks Alliance against Human Trafficking (US Banks Alliance)* (PDF) 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, identifying 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 US Banks Alliance—old

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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 designed to support more financial institutions in taking action against human trafficking.

In addition, in September 2019, Wells Fargo signed on to participate in the United Nations (UN) Survivor Inclusion Initiative (SII), which provides basic financial services—including checking and savings accounts and/or debit cards—to survivors of modern slavery and human trafficking. Members of our GFCIG team are our points of contact for the UN SII. They work with the UN and other financial institutions to learn best practices for offering these financial services. Further, they collaborate with survivors and NGOs that provide services to survivors to help ensure a smooth account-opening process.

Finally, Wells Fargo is an active participant and supporter of the Charlotte Pro Bono Triage Partnership (Charlotte Pro Bono Triage). Started in 2018 by in-house and law-firm lawyers in the Charlotte, North Carolina legal community, Charlotte Pro Bono Triage responds to key areas of pro-bono need that affect economic mobility and opportunity: housing, criminal record expungement and healthcare. In September 2019, Charlotte Pro Bono Triage announced that it was expanding to provide pro bono volunteers to assist victims of human trafficking. Services provided include victim-witness advocacy, expunction and vacatur analysis, family law assistance, and access to public benefits, among others.

Since the introduction of the human trafficking program as part of Charlotte Pro Bono Triage, over 55 legal matters for 40 different clients have been staffed with volunteers. Wells Fargo participation in this resulted in 6 legal and non-legal volunteer opportunities and 44 Wells Fargo volunteers attending training on human trafficking-related subjects including labor trafficking and complex trauma due to exploitation. In 2020, the Charlotte Pro Bono Triage human trafficking program will continue to meet legal-need requests and non-legal service opportunities, leverage the national network of partner lawyers and staff for referrals in other geographic areas, and spread awareness about this crime and victim needs.

In addition to our participation in these initiatives, Wells Fargo is continuously 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.

Charles W. Scharf  
CEO  
Wells Fargo & Company  
August 11, 2020  

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