



June 22, 2017

The Honorable Paul Krekorian
Chair of the Budget & Finance Committee
City of Los Angeles
200 N. Spring St.
Los Angeles, CA 90012

Re: CF#17-0330 – Wells Fargo Bank/Options for Divestment

Dear Councilmember Krekorian and Budget and Finance Committee Members:

The city of Los Angeles is one of Wells Fargo's longest standing relationships, dating back to 1854 when the bank opened its first Los Angeles office to serve the coastal steamers traveling from San Diego to San Francisco. We deeply value our connection to your city as an employer (with over 3,000 team members in the city of Los Angeles), business and member of the community, which is why I'm writing to assure you that our company is and remains committed to environmental sustainability, resilient communities and human rights.

As you discuss the bank's involvement in the Dakota Access Pipeline, we ask that you remember that Wells Fargo has been a strong partner to the city of Los Angeles through both good and challenging times.

We recognize and respect the differing opinions being expressed about the Dakota Access Pipeline, and we understand the concerns that you and some Los Angeles citizens have regarding the project. We have learned valuable lessons during this critical time, and as a result have enhanced our due diligence in certain sectors to include more focused research on the potential impact and/or need to consult with indigenous communities. Before you consider actions that could lead to Los Angeles ending its relationship with Wells Fargo, we hope you will consider our perspective and reflect on the potential consequences of such an action for Los Angeles, its businesses and residents.

Wells Fargo was one of 17 financial institutions involved in financing the Dakota Access Pipeline, and we provided less than five percent of the total financing for this project.

As an [Equator Principles](#) Financial Institution, Wells Fargo required this project to be evaluated by an independent consultant in order to assess compliance with the Equator Principles Environmental and Social Risk Management Framework. Additionally, we relied on materials from the owners of the pipeline to ensure all legal, regulatory and environmental standards were met for this [project](#).

We have made enhancements to our due diligence processes for customers in sectors subject to our [Environmental and Social Risk Management policy](#) to include more focused research into whether indigenous communities are impacted and have been consulted.

We also recently published an [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*.



Wells Fargo has proudly been serving Native American tribes for more than 50 years. Today, we provide capital and financial services to more than 200 tribal entities in 27 states. We have credit commitments of more than \$2 billion to tribal entities and \$44 million in tax credit investments, including financing for community development projects in four states, Low Income Housing Tax Credit projects in nine states and sponsoring Affordable Housing Plan subsidies for tribal housing projects. Additionally, to best serve our Native American customers, we currently operate 19 branches and 42 ATMs on 17 reservations in seven states.

Wells Fargo is one of the biggest lenders and investors in renewable energy and clean technology, and have supported the evolution of energy markets toward cleaner forms of generation. For example, through our Clean Tech and Environmental Finance Business, we have provided \$70 billion in financing to environmentally sustainable businesses since 2012. In 2015, Wells Fargo was involved in producing eight percent of all solar photovoltaic and wind energy generated in the U.S.

Wells Fargo also invests in the advancement of clean technology and innovation by funding universities, think tanks, accelerator programs and organizations focused on restoration and research, development and clean tech commercialization. This includes grants for environmental and renewable energy projects here in Los Angeles and local grants for clean-tech startups to join Wells Fargo's Innovation Incubator.

Wells Fargo's size and strength allows us to provide financing to a diverse range of critical energy projects, just as it allows us to provide over \$1 billion in financing credit commitments to the city's various departments, partnering in the city's deliverance of vital municipal services required by your constituents. In addition, our size and strength allows us to deliver the type of complex banking services that a city like Los Angeles requires. Cities choose large, full-service banks like Wells Fargo as we can meet all the city's complex needs, and the reality is that other full-service banks have similar energy portfolios as Wells Fargo – including, in many cases, investments in the Dakota Access Pipeline.

With this in mind, we hope that you will not decide to end the long-standing relationship between Los Angeles and Wells Fargo over concerns about a single loan out of the millions of loans that comprise our large, complex portfolio. To do so might complicate the City's ability to operate efficiently and effectively; incur unnecessary costs for transferring bank accounts, payments and disbursement services, payroll, merchant card processing, and other services; burden the council and city finance teams with unanticipated expenses and time for issuing and reviewing new RFPs; and cause unintended consequences such as higher costs to taxpayers and ratepayers, reduced services, and other challenges.

We genuinely appreciate our long-standing business relationship with Los Angeles, which originally selected Wells Fargo to provide the best services at the best prices, to the benefit of Los Angeles and its taxpayers. Our partnership helped the city to win the 2009 Grand Prize Pinnacle Award, with the Treasurer noting over \$5 million of annual savings through a transformation of treasury services. We hope this letter provides you with context to help you make an informed decision, and we would welcome the chance to meet with you to answer any questions you might have.

Sincerely,



David DiCristofaro
Executive Vice President