ESG Viewpoint: Wells Fargo

RepRisk
ESG data science and quantitative solutions

RepRisk interviews Miguel CuUnjieng, Associate, Environmental and Social Risk Management, Sustainability and Corporate Responsibility at Wells Fargo

1. RepRisk: Could you please provide some insight into your specific role and the role of your department within the Wells Fargo organization?

Miguel CuUnjieng: Since 2018, I have been working in Wells Fargo's Environmental and Social Risk Management (ESRM) group, which is part of our broader Sustainability and Corporate Responsibility team. The ESRM team is responsible for considering the environmental, social, human rights, and related financial risks associated with our lending and investments. We build and refine internal frameworks for assessing exposure to these risks, develop and implement tools to perform due diligence, and enable the bank to identify, evaluate, and manage portfolio-related environmental and social risks.

Within this team, I am accountable for due diligence procedures tied to our energy, power generation, and utilities portfolios. I am also actively refining internal tools to apply to our agribusiness portfolio. Beyond this, I contribute to Wells Fargo's strategy and policy development tied to these industries and broader climate change issues.

2. RR: Wells Fargo works with an Environmental and Social Risk Management Framework that covers overarching issues such as climate change and human rights. Please tell us a bit more about what drove this framework, and how it creates value for you and your clients.

MC: The landscape of corporate responsibility and sustainability has evolved, and so has the understanding of industry-specific material sustainability issues. As a financial institution, Wells Fargo understands that it is important to manage the environmental and social impacts associated with our operations and supply chain, and factor environmental and social risk into due diligence associated with our lending and investment activity. The ESRM framework and policies help us identify, evaluate, and manage these risks, and provide an enhanced due diligence screen for companies and projects in industries with elevated environmental and social risk. ESRM practices at Wells Fargo drive value for the company, as well as for external stakeholders, communities, and ecosystems/natural resources.

With respect to how it creates value for Wells Fargo: The ESRM framework and practices help the bank identify where potentially greater environmental and social risks may exist within our portfolio. Increasingly, the way companies manage sustainability risks can impact their financial performance, which may also impact their creditworthiness among lenders.

Management of both physical and transition risks associated with climate change, for example, helps ensure the long-term resilience of our lending and financing activity and positions the bank well as the economy increasingly looks at decarbonizing.

With respect to how it creates value for external constituencies, let me focus in particular on portfolio companies and on communities. With respect to the value for portfolio companies, ESRM evaluations help Wells Fargo more deeply understand the environmental and social risk profile of certain customers, and enables the bank to provide best-in-class engagement on environmental and social topics. Alongside relationship teams, the ESRM team frequently engages with portfolio companies on these issues. This engagement supports the continued access to capital for the customers that value this engagement and make progress on their key environmental and social risks and opportunities.

With respect to communities, our engagement with portfolio companies underscores the importance of mitigating potential impacts to the communities and resources associated with customers' operations. The broader ripple effects of these dialogues often include improved engagement between portfolio companies and their priority stakeholders on sustainability issues. In some instances, this engagement helps contribute to the overall transition to a lower-carbon economy.

3. RR: Wells Fargo has been a RepRisk client since 2014. How do you use RepRisk in your day-to-day business? What do you see as the key benefits of using ESG data?

MC: We use RepRisk as a tool in our approach to identify and manage portfolio-related risks. The RepRisk Index (RRI) and detailed risk incident reports are factored into each ESRM-related due diligence assessment. It is important to be able to review a customer's association with various impacts and track record of ESG issues, and being able to identify credible sources upon which to base our analysis. Furthermore, being able to analyze how a company's risk profile has changed over time can speak to its ability to navigate material sustainability issues and implement appropriate mitigation tactics. Robust ESG data providers such as RepRisk also provide information on emerging risks around the world, which, in turn, also helps Wells Fargo evolve internal environmental and social policies as we aim to mitigate our own risks and impacts.

4. RR: What do you see as the upcoming trends or emerging issues from an environmental and social risk perspective for banks? And any new developments in this area for Wells Fargo?

MC: A range of stakeholders are increasingly calling on banks to address global environmental and social issues. These include NGOs, civil society, investors and shareholders, customers, and employees, among others. In recent years the issues of focus have included how financiers contribute to fossil fuel infrastructure expansion, addressing human rights in global supply chains, environmental justice, animal welfare, and the manufacturing and sales of arms and armaments, to name just a few. In particular, for the portfolios I manage, we have responded by enhancing the sophistication with which we review environmental and social implications, and engage with companies around human rights and indigenous persons strategies.

Bio – Miguel CuUnjieng

Miguel CuUnjieng began his career at SM Prime Holdings as the company's first Sustainability Manager. Miguel later worked at The Coca-Cola Company's Office of Sustainability focusing on communications strategy. Most recently, Miguel was as a Corporate Program Manager for Ceres Inc. where he served as the sustainability advisor to the Ceres portfolio of financial institution members, leading projects focused on key sustainability risks and opportunities.

Miguel is part of the Wells Fargo ESRM team, where he is responsible for developing ESRM analytical tools, and performing ESRM due diligence for opportunities in the oil and gas and power generation and utilities industries.

Miguel obtained his degree in Philosophy and Environmental Studies from Santa Clara University, and completed his MBA from the Georgetown McDonough School of Business.