

December 22, 2017

Elizabeth A. Ising
Direct: 202.955.8287
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Eising@gibsondunn.com

VIA E-MAIL

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *Wells Fargo & Company*
Stockholder Proposal of New York State Common Retirement Fund
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that Wells Fargo & Company (the “Company”) intends to omit from its proxy statement and form of proxy for its 2018 Annual Meeting of Stockholders (collectively, the “2018 Proxy Materials”) a stockholder proposal (the “Proposal”) and statements in support thereof received from New York State Common Retirement Fund (the “Proponent”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2017 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that stockholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be sent at the same time to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

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THE PROPOSAL

The Proposal states:

RESOLVED: Shareholders request that the Board prepare a report, at reasonable cost, disclosing to the extent permitted under applicable law and Wells Fargo's contractual, fiduciary or other obligations (1) whether the Company has identified employees or positions, individually or as part of a group, who are eligible to receive incentive-based compensation that is tied to metrics that could have the ability to expose Wells Fargo to possible material losses, as determined in accordance with generally accepted accounting principles; (2) if the Company has not made such an identification, an explanation of why it has not done so; and (3) if the Company has made such an identification, the:

- (a) methodology and criteria used to make such identification;
- (b) number of those employees/positions, broken down by division;
- (c) aggregate percentage of compensation, broken down by division, paid to those employees/positions that constitutes incentive-based compensation; and
- (d) aggregate percentage of such incentive-based compensation that is dependent on (i) short-term, and (ii) long-term performance metrics, in each case as may be defined by Wells Fargo and with an explanation of such metrics.

The requested report would provide shareholders with important information concerning incentive-based compensation that could lead employees to take inappropriate risks that could result in material financial loss to our company.

A copy of the Proposal, and its supporting statement, as well as related correspondence with the Proponent, are attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2018 Proxy Materials pursuant to Rule 14a-8(i)(11) because the Proposal substantially duplicates another stockholder proposal previously submitted to the Company that the Company intends to include in its 2018 Proxy Materials.

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BACKGROUND

On October 4, 2017, before the Company received the Proposal on November 13, 2017, the Company received a proposal (the “Sisters’ Proposal” and, together with the Proposal, the “Proposals”) from the Sisters of St. Francis of Philadelphia. See Exhibit B. As discussed below, the Proposal substantially duplicates the Sisters’ Proposal and thus is excludable under Rule 14a-8(i)(11).

The Proposal and the Sisters’ Proposal are similar versions of stockholder proposals that each proponent submitted, respectively, to the Company for inclusion in the proxy materials for the Company’s 2017 Annual Meeting of Stockholders. In *Wells Fargo & Co.* (avail. Feb. 27, 2017) (“*Wells Fargo 2017*”), the Staff concluded that the proposal submitted by the Proponent could be excluded in reliance on Rule 14a-8(i)(11) because it substantially duplicated the Sisters’ proposal. Like with the Proposals discussed below, both of the 2017 proposals focused on, and requested a Board report regarding, the Company’s efforts to identify and manage risks related to actual and potential losses arising from Company business practices (including employee incentive compensation practices).

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(11) Because It Substantially Duplicates Another Proposal That The Company Intends To Include In Its Proxy Materials.

Rule 14a-8(i)(11) provides that a stockholder proposal may be excluded if it “substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company’s proxy materials for the same meeting.” When a company receives two substantially duplicative proposals, the Staff has concurred that the company may exclude the later proposal if the company includes the earlier proposal in its proxy materials. See *Great Lakes Chemical Corp.* (avail. Mar. 2, 1998); see also *Pacific Gas and Electric Co.* (avail. Jan. 6, 1994).

The Sisters’ Proposal, which the Company received before the Proposal, states:

RESOLVED, Shareholders request that the Board publish a comprehensive report by October 2018 on the root causes of past and present fraudulent activities, plans to address them, and how progress will be measured, and disclosed. The report should omit proprietary information and be prepared at reasonable cost. . . .

We recommend that the review and report address the following:

1. An analysis of the impacts on the bank, its reputation, customers, and investors of these continuing scandals;

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2. Identify the systemic cultural and ethical root causes of recent scandals, including at the board level;
3. A framework to address these issues and embed systems throughout the company, including changes already implemented, establishment of grievance mechanisms, and plans to strengthen corporate culture and instill a commitment to high ethical standards at all employee levels;
4. Key performance indicators to evaluate the effectiveness of changes instituted over time;
5. A commitment to ongoing and regular disclosure on progress;
6. Description of how the identified issues will be factored into employee and executive incentive and compensation decisions.

The Company intends to include the Sisters' Proposal in its 2018 Proxy Materials.

The standard that the Staff applies for determining whether proposals are substantially duplicative under Rule 14a-8(i)(11) is whether the proposals share the same focus. *See Pacific Gas & Electric Co.* (avail. Feb. 1, 1993). A proposal may be excluded as substantially duplicative of another proposal despite differences in terms or breadth and despite the proposals requesting different actions. *See, e.g., Exxon Mobil Corp.* (avail. Mar. 9, 2017) (concurring that a proposal requesting a report on political contributions was substantially duplicative of a proposal requesting a report on lobbying expenditures); *Union Pacific Corp.* (avail. Feb. 1, 2012, *recon. denied* Mar. 30, 2012) (same); *Wells Fargo & Co.* (avail. Feb. 8, 2011) (concurring that a proposal seeking a review and report on the company's loan modifications, foreclosures and securitizations was substantially duplicative of a proposal seeking a report that would include "home preservation rates" and "loss mitigation outcomes," which would not necessarily be covered by the other proposal); *Chevron Corp.* (avail. Mar. 23, 2009, *recon. denied* Apr. 6, 2009) (concurring that a proposal requesting that an independent committee prepare a report on the environmental damage that would result from the company's expanding oil sands operations in the Canadian boreal forest was substantially duplicative of a proposal to adopt goals for reducing total greenhouse gas emissions from the company's products and operations); *Bank of America Corp.* (avail. Feb. 24, 2009) (concurring with the exclusion of a proposal requesting the adoption of a 75% hold-to-retirement policy as subsumed by another proposal that included such a policy as one of many requests); *Ford Motor Co. (Leeds)* (avail. Mar. 3, 2008) (concurring that a proposal to establish an independent committee to prevent Ford family stockholder conflicts of interest with non-family stockholders substantially duplicated a proposal requesting that the board take steps to adopt a recapitalization plan for all of the company's outstanding stock to have one vote per share).

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Both the Proposal and the Sisters' Proposal focus on, and request a Board report regarding, the Company's efforts to identify and manage risks related to actual and potential losses arising from certain Company business practices (including employee incentive compensation practices). While the Sisters' Proposal is broader than the Proposal, as it requests a "systemic and holistic . . . review" of "the root causes of past and present fraudulent activities," the report requested by the Sisters' Proposal necessarily includes reporting on the incentive compensation risks addressed in the Proposal.

This shared focus is demonstrated by the express language of the Proposals. With respect to the Proposal, the title and the resolved clause each focus on the Company's incentive compensation practices and related risks. With respect to the Sisters' Proposal, several factors demonstrate that it encompasses incentive compensation practices and related risks. First, the Sisters' Proposal notes that in response to specific "fraudulent activities" the Company took "corrective actions" to mitigate certain incentive compensation risks:

Proponents recognize steps the company has taken in response to the sales practices scandal, including disclosing findings of the board's independent investigation and corrective actions, such as organizational structure, executive compensation, incentives, and risk oversight. (emphasis added)

Second, the Company's Independent Directors' Sales Practices Investigation Report (the "Report") released on April 10, 2017¹, which the Sisters' Proposal references, makes clear that the Company's incentive compensation practices were one of the "root causes" of the Company practices that led to the September 2016 settlements between the Company and the City Attorney of Los Angeles, the Consumer Financial Protection Bureau and the Office of the Comptroller of the Currency over allegations that some of the Company's retail banking customers received products they did not request (the "Settlement"). For example, the Report states that incentive compensation "contributed to problematic behavior" and identifies incentive compensation as one of the factors that contributed to the Company's retail banking sales practices issues. Moreover, the Report indicated that in response, action was taken by the Company to "address misaligned compensation incentives."

Third, the Sisters' Proposal seeks disclosures regarding how the Company's incentive compensation practices (as a "root cause"), among other issues, will be "factored into employee and executive incentive and compensation decisions."

¹ See Independent Directors of the Board of Wells Fargo & Company: Sales Practices Investigation Report, available at <https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/presentations/2017/board-report.pdf>

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In addition, both Proposals focus on identifying and managing the Company's risks of material loss related to incentive compensation. For example, the Proposal focuses on "incentives to take inappropriate risks" and seeks the requested report to help investors "understand[] risks that could expose [the Company] to material losses." Similarly, the Sisters' Proposal seeks "a full accounting of the systemic failures" in order to "strengthen[] risk management systems," and it expresses concerns about "significant financial penalties and reputational repercussions that have undermined the confidence of customers, investors and the public" and have "led to loss of accounts and business relationships impacting shareholder value."

Moreover, other language in the Proposals demonstrates that they share the same focus:

- *Both Proposals express concern over the risk of loss arising from the acts of employees.* The Proposal emphasizes that "employees at large banks, not just top executives, can make decisions that may affect the stability of our portfolio companies and the economy." Similarly, the Sisters' Proposal highlights the "unscrupulous sales practices, such as unnecessary and costly insurance for auto loan customers, charging improper mortgage fees, and unauthorized online bill pay enrollments" taken by employees.
- *Both Proposals express concern for long-term systematic failures that in the aggregate could expose the Company to material loss.* The Proposal is concerned with "poorly structured incentive-based compensation arrangements [that] can provide executives and employees with incentives to take inappropriate risks that are not consistent with the long-term health of the institution." Similarly, the Sisters' Proposal asserts that the accumulation of "[l]ong-term, large-scale consumer frauds have resulted in significant financial penalties and reputational repercussions."
- *Both Proposals emphasize the importance of disclosing information to identify and mitigate key risks.* The Proposal states that "[b]ecause investors, like regulators, have significant interests in understanding risks that could expose Wells Fargo to material losses," the Company should "disclose information regarding the compensation of . . . employees who could expose [the] company to material losses." Similarly, the Sisters' Proposal emphasizes that "a full accounting of the systemic failures allowing unethical practices to flourish are critical to rebuilding credibility with stakeholders and strengthening risk management systems going forward," and the Company should commit to "ongoing and regular disclosure on progress."

For these reasons, the principal thrust of both Proposals is to identify and report on risks related to actual and potential losses arising from specific Company business practices (including employee incentive compensation practices).

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Moreover, the Proposal can still substantially duplicate the Sisters' Proposal despite differences in the Proposals' breadth and despite the Proposals requesting different actions. In addition to *Wells Fargo 2017*, *Exxon Mobil* and *Union Pacific*, in *JPMorgan Chase & Co.* (avail. Mar. 14, 2011), the Staff concluded that a proposal that specifically requested a report on internal controls over its mortgage servicing operations could be omitted in reliance on Rule 14a-8(i)(11) as substantially duplicative of other previous proposals that asked for general oversight on the development and enforcement on already-existing internal controls related to loan modification methods. Just as noted above, irrespective of the differences in scope and detail, the principal focus and the core issue of general mortgage modification practices remained the same. *See also Exxon Mobil Corp.* (avail. Mar. 19, 2010) (concurring in the exclusion of a proposal seeking consideration of a decrease in the demand for fossil fuels as substantially duplicative of a proposal asking for a report to assess the financial risks associated with climate change); *Lehman Brothers Holdings Inc.* (avail. Jan. 12, 2007) (concurring in the exclusion of a proposal requesting semi-annual reports on independent expenditures, political contributions, and related policies and procedures as substantially duplicative of a proposal that sought an annual disclosure of independent expenditures and political contributions); *American Power Conversion Corp.* (avail. Mar. 29, 2002) (concurring in the exclusion of a proposal asking that the company's board of directors create a goal to establish a two-thirds independent board as substantially duplicative of a proposal that sought a policy requiring nomination of a majority of independent directors). Just as in these Staff precedents as well as in *Bank of America Corp.*, the overlap between the Proposal and the Sisters' Proposal still makes the Proposal excludable even though the Sisters' Proposal also asks for information about other, similar matters. Thus, the principal thrust of both the Proposal and the Sisters' Proposal is the same, namely, to produce a Board report regarding the Company's efforts to manage risk related to actual and potential losses arising from specific Company business practices (including employee incentive compensation practices). Therefore, the Proposal substantially duplicates and is subsumed by the earlier-received Sisters' Proposal.

As noted above, the purpose of Rule 14a-8(i)(11) "is to eliminate the possibility of shareholders having to consider two or more substantially identical proposals submitted to an issuer by proponents acting independently of each other." Exchange Act Release No. 12999 (Nov. 22, 1976). Therefore, because the Proposal has the same focus as, and overlaps with, the earlier received Sisters' Proposal, which the Company intends to include in the 2018 Proxy Materials, the Proposal may be excluded under Rule 14a-8(i)(11) as substantially duplicative of the Sisters' Proposal.

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2018 Proxy Materials.

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We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8287 or Mary E. Schaffner, Senior Vice President and Senior Company Counsel, at (612) 667-2367.

Sincerely,



Elizabeth A. Ising

Enclosures

cc: Mary E. Schaffner, Senior Vice President and Senior Company Counsel
Willie J. White, Esq., Vice President and Senior Counsel
Gianna M. McCarthy, Office of the Comptroller of the State of New York
Tana Goldsmith, Office of the Comptroller of the State of New York

EXHIBIT A

From: TGoldsmith@osc.state.ny.us [mailto:TGoldsmith@osc.state.ny.us]
Sent: Monday, November 13, 2017 6:10 PM
To: Augliera, Anthony R; Purdom, Kathryn; Investor Relations
Subject: Shareholder Request

Hello Mr. Sloan,

Please find attached a copy of the New York State Common Retirement Fund filing letter and shareholder resolution, which has also been sent to you today via UPS.

If you have any questions, please feel free to contact me regarding this transmission.

Kind Regards,

Tana

Tana Goldsmith
Special Investment Officer
Pension Investment and Cash Management
Office of the State Comptroller
59 Maiden Lane Fl. 30
New York, NY 10038
tgoldsmith@osc.state.ny.us

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THOMAS P. DiNAPOLI
STATE COMPTROLLER



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

DIVISION OF CORPORATE GOVERNANCE
59 Maiden Lane-30th Floor
New York, NY 10038
Tel: (212) 383-3931
Fax: (212) 681-4468

November 13, 2017

Timothy J. Sloan
CEO
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

Dear Mr. Sloan:

The Comptroller of the State of New York, Thomas P. DiNapoli, is the trustee of the New York State Common Retirement Fund (the "Fund") and the administrative head of the New York State and Local Retirement System. The Comptroller has authorized me to inform of his intention to sponsor the enclosed shareholder proposal for consideration of stockholders at the next annual meeting.

I submit the enclosed proposal to you in accordance with rule 14a-8 of the Securities Exchange Act of 1934 and ask that it be included in your proxy statement.

A letter from J.P. Morgan Chase, the Fund's custodial bank verifying the Fund's ownership of Wells Fargo & Company shares, continually for over one year, is enclosed. The Fund intends to continue to hold at least \$2,000 worth of these securities through the date of the annual meeting.

We would be happy to discuss this initiative with you. Should the board of Wells Fargo & Company decide to endorse its provisions as company policy, the Comptroller will ask that the proposal be withdrawn from consideration at the annual meeting. Please feel free to contact me at 212-383-1343 should you have any further questions on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gianna McCarthy".

Gianna McCarthy
Director of Corporate Governance

Enclosures

Report on Incentive-Based Compensation and Risks of Material Losses

A lesson from the financial crisis was that employees at large banks, not just top executives, can make decisions that may affect the stability of our portfolio companies and the economy. In response, Congress directed federal regulators to examine the financial incentives of all bank employees—not just executives—whose actions can threaten the safety of individual banks or the banking system itself.

Section 956 of the Dodd-Frank Act requires federal regulators to promulgate disclosure requirements relating to “the structures of all incentive-based compensation arrangements ... that could lead to material financial loss.” A Notice of Proposed Rule Making and Request for Comment released by the SEC in 2016 states, “Well-structured incentive-based compensation arrangements can promote the health of a financial institution by aligning the interests of executives and employees with those of the institution’s shareholders and other stakeholders. At the same time, poorly structured incentive-based compensation arrangements can provide executives and employees with incentives to take inappropriate risks that are not consistent with the long-term health of the institution and, in turn, the long-term health of the U.S. economy.” Basel III, the global banking regulatory reform standard, urges banks to identify material risk takers other than executives and disclose their fixed and variable remuneration.

Although Wells Fargo discloses the compensation of named executive officers, it does not disclose information regarding the compensation of other employees who could expose our company to material losses. Because investors, like regulators, have significant interests in understanding risks that could expose Wells Fargo to material losses, Wells Fargo should disclose this information to its shareholders.

RESOLVED:

Shareholders request that the Board prepare a report, at reasonable cost, disclosing to the extent permitted under applicable law and Wells Fargo’s contractual, fiduciary or other obligations (1) whether the Company has identified employees or positions, individually or as part of a group, who are eligible to receive incentive-based compensation that is tied to metrics that could have the ability to expose Wells Fargo to possible material losses, as determined in accordance with generally accepted accounting principles; (2) if the Company has not made such an identification, an explanation of why it has not done so; and (3) if the Company has made such an identification, the:

- (a) methodology and criteria used to make such identification;
- (b) number of those employees/positions, broken down by division;
- (c) aggregate percentage of compensation, broken down by division, paid to those employees/positions that constitutes incentive-based compensation; and
- (d) aggregate percentage of such incentive-based compensation that is dependent on (i) short-term, and (ii) long-term performance metrics, in each case as may be defined by Wells Fargo and with an explanation of such metrics.

The requested report would provide shareholders with important information concerning incentive-based compensation that could lead employees to take inappropriate risks that could result in material financial loss to our company.

J.P.Morgan

Daniel F. Murphy
Vice President
CIB Client Service Americas

November 13, 2017

Mr. Timothy J. Sloan
CEO
Wells Fargo & Company
420 Montgomery Street
San Francisco, CA 94104

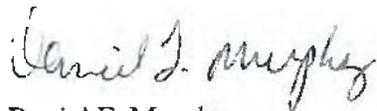
Dear Mr. Timothy J. Sloan,

This letter is in response to a request by The Honorable Thomas P. DiNapoli, New York State Comptroller, regarding confirmation from JP Morgan Chase that the New York State Common Retirement Fund has been a beneficial owner of Wells Fargo & Company continuously for at least one year as of and including November 13, 2017.

Please note that J.P. Morgan Chase, as custodian for the New York State Common Retirement Fund, held a total of 13,102,460 shares of common stock as of November 13, 2017 and continues to hold shares in the company. The value of the ownership stake continuously held by the New York State Common Retirement Fund had a market value of at least \$2,000.00 for at least twelve months prior to, and including, said date.

If there are any questions, please contact me or Miriam Awad at (212) 623-8481.

Regards,



Daniel F. Murphy

cc: Gianna McCarthy- NYSCRF
Tana Goldsmith - NYSCRF
Kyle Seeley - NYSCRF

EXHIBIT B

From: Nora Nash [mailto:nnash@osfphila.org]
Sent: Wednesday, October 04, 2017 3:05 PM
To: Augliera, Anthony R
Cc: Nora Nash
Subject: RE: Wells Fargo Shareholder resolution

Hi Anthony,

[Irrelevant text omitted]

I am attaching our letter, resolution and verification letter. If anything else is needed please let me know.

[Irrelevant text omitted]

Peace Nora

Nora. M. Nash, OSF
Director, Corporate Social Responsibility Sisters of St Francis of
Philadelphia
609 S. Convent Road Aston, PA 19014

610-558-7661

Website: www.osfphila.org

Become a fan on Facebook: <http://www.facebook.com/SrsOfStFrancisPhila#!/SrsOfStFrancisPhila?ref=sgm> Follow us on Twitter:
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THE SISTERS OF ST. FRANCIS OF PHILADELPHIA

October 4, 2017

Anthony R. Augliera, Corporate Secretary
Wells Fargo Company
MAC# D 1053-300,
301 South College Street, 30th Floor
Charlotte, North Carolina 28202

Dear Anthony,

Peace and all good! As Sisters of St. Francis of Philadelphia and active members of the Interfaith Center on Corporate Responsibility, we continue to reflect our values, principles, and mission in our investment decisions. Wells Fargo has been our local bank throughout the United States and our Sisters are extremely concerned about the on-going financial and reputational repercussions. We are conscious that the very core of our engagements has been to safeguard the social purpose of economic activity and protect “the common good.” We recognize that the company has taken some corrective actions on numerous and serious scandals over the past several months. Yet, much needs to be done to build trust and credibility. We strongly encourage Wells Fargo to give significant consideration to a complete Business Standards Review.

The Sisters of St. Francis of Philadelphia are therefore submitting the enclosed shareholder proposal, “Report on Business Standards Review.” I submit it for inclusion in the proxy statement for consideration and action by the shareholders at the 2018 annual meeting in accordance with Rule 14-a-8 of the General Rules and Regulations of the Securities and Exchange Act of 1934. A representative of the shareholders will attend the annual meeting to move the resolution as required by SEC rules. Please note that the contact person for this resolution/proposal will be: Nora M. Nash, OSF, Director, Corporate Social Responsibility. Contact information: nnash@osfphila.org or 610-558-7661.

As verification that we are beneficial owners of common stock in Wells Fargo, I enclose a letter from Northern Trust Company, our portfolio custodian/record holder attesting to the fact. It is our intention to keep these shares in our portfolio at least until after the annual meeting.

Respectfully yours,

Nora M. Nash, OSF
Director, Corporate Social Responsibility

REPORT ON BUSINESS STANDARDS REVIEW

Wells Fargo 2018

In September 2016, Wells Fargo admitted establishing millions of unauthorized bank accounts leading to investigations, fines, refunds to customers, litigation, and a \$185 million settlement with the Consumer Financial Protection Bureau.

Considering the recurrent consumer fraud, shareholders who had long engaged the bank on business ethics and culture filed a proposal requesting a comprehensive business standard review, renamed by the bank as “retail banking sales practices” in its 2017 proxy statement.

Proponents recognize steps the company has taken in response to the sales practices scandal, including disclosing findings of the board’s independent investigation and corrective actions, such as changes to organizational structure, executive compensation, incentives, and risk oversight. However, the company’s focus on the sales practices scandal in isolation does not address the new examples of fraud and the present need for a systemic and holistic business standard review.

While the bank has engaged outside culture experts, it has not committed to publish the findings of the experts’ review, remediation plans and progress, to demonstrate effectiveness of this engagement.

Recent revelations, including the discovery of up to 1.4 million additional fraudulent accounts, and further scandals involving unscrupulous sales practices, such as unnecessary and costly insurance for auto loan customers, charging improper mortgage fees, and unauthorized online bill pay enrollments, only reinforce our concerns about systemic ethical, cultural, and business risks.

Long-term, large-scale consumer frauds have resulted in significant financial penalties and reputational repercussions that have undermined the confidence of customers, investors, and the public. This has led to loss of accounts and business relationships impacting shareholder value.

Investors and customers lack assurance that the bank has a clear understanding of the root causes of these business failures and believe that effective accountability mechanisms are necessary to mitigate future risks.

Resolved:

Shareholders request that the Board publish a comprehensive report by October 2018 on the root causes of past and present fraudulent activities, plans to address them, and how progress will be measured, and disclosed. The report should omit proprietary information and be prepared at reasonable cost.

Supporting Statement:

Shareholders believe a full accounting of the systemic failures allowing unethical practices to flourish are critical to rebuilding credibility with stakeholders and strengthening risk management systems going forward.

We recommend that the review and report address the following:

1. An analysis of the impacts on the bank, its reputation, customers, and investors of these continuing scandals;
2. Identify the systemic cultural and ethical root causes of recent scandals, including at the board level;
3. A framework to address these issues and embed systems throughout the company, including changes already implemented, establishment of grievance mechanisms, and plans to strengthen corporate culture and instill a commitment to high ethical standards at all employee levels;
4. Key performance indicators to evaluate the effectiveness of changes instituted over time;
5. A commitment to ongoing and regular disclosure on progress;
6. Description of how the identified issues will be factored into employee and executive incentive and compensation decisions.