UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

March 1, 2018

Elizabeth A. Ising
Gibson, Dunn & Crutcher LLP
shareholderproposals@gibsondunn.com

Re: Wells Fargo & Company

Dear Ms. Ising:

This letter is in regard to your correspondence dated February 28, 2018 concerning the shareholder proposal (the "Proposal") submitted to Wells Fargo & Company (the "Company") by the New York State Common Retirement Fund for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the Company will include the Proposal in its proxy materials and that the Company therefore withdraws its December 22, 2017 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Copies of all of the correspondence related to this matter will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

cc: Gianna McCarthy
State of New York
Office of the State Comptroller
gmccarthy@osc.state.ny.us

GIBSON DUNN

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February 28, 2018

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 the New York State Common Retirement Fund
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

In a letter dated December 22, 2017, we requested that the staff of the Division of Corporation Finance concur that our client, Wells Fargo & Company (the "Company"), could exclude from its proxy statement and form of proxy (collectively, the "2018 Proxy Materials") for its 2018 Annual Meeting of Stockholders a stockholder proposal (the "Proposal") and statements in support thereof received from the New York State Common Retirement Fund.

The Company has decided to include the Proposal in its 2018 Proxy Materials, and we hereby withdraw the December 22, 2017 no-action request relating to the Company's ability to exclude the Proposal pursuant to Rule 14a-8 under the Securities Exchange Act of 1934.

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 with any questions regarding this matter.

Sincerely,

Elizabeth Ising

Elizabeth A. Ising

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

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Michael J. Barry
Director
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January 12, 2018

VIA ELECTRONIC MAIL & VIA UPS DELIVERY

Office of the Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Stockholder Proposal of New York State Common Retirement Fund Submitted to Wells Fargo & Company Pursuant to Rule 14a-8

Ladies and Gentlemen:

This responds to the letter dated December 22, 2017, from Elizabeth A. Ising, Esq., on behalf of Wells Fargo & Company ("Wells Fargo" or the "Company") regarding a stockholder proposal (the "Proposal") submitted to the Company by the Comptroller of the State of New York, as trustee of the New York State Common Retirement Fund (the "Comptroller") for inclusion in the Company's proxy materials for the 2018 Annual Meeting of Stockholders.

The Proposal is based on Section 956 of the Dodd-Frank Act, and requests that Wells Fargo provide a report on any steps it has taken to identify employees whose incentive-based compensation may have the ability to expose the Company to material financial loss. Wells Fargo argues that the Proposal is excludable under 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." No-Action Request at 2. Wells Fargo mischaracterizes the principal thrust of the proposals in arguing for exclusion under 14a-8(i)(11). As a result, the Company's request should be denied.

The Proposal submitted by the Comptroller originated in response to the financial crisis of 2008 and is the latest version of the same general request for incentive-based compensation disclosure that the Comptroller made in 2014, well before the disclosure of Wells Fargo's ongoing retail banking practices scandals. The Proposal is rooted in Section 956 of the Dodd-Frank Act in focusing solely on disclosure of information related to incentive-based compensation paid by a major financial institution to its personnel who are in a position to cause the institution to take inappropriate risks that could lead to a material financial loss.[1]

[1] The Staff allowed Wells Fargo to exclude the proposal introduced by the Comptroller in 2014 because it determined that, although issues of incentive-based compensation to corporate executives in a position to cause material losses transcended issues of "ordinary business," the

Specifically, the Proposal asks whether the Company has identified employees who have the ability to expose Wells Fargo to material losses, and if so, to prepare a report (a) describing how the Company identified those employees, and (b) disclosing some detail on the structure of incentive-based compensation for those employees.

In contrast, the proposal submitted by The Sisters of St. Francis of Philadelphia ("The Sisters"), essentially renews last year's request for a report relating to the specific issue of "the root causes of past and present fraudulent activities" at Wells Fargo relating to customer accounts and retail banking practices, and the Company's efforts to improve its risk management and control processes in response to those scandals.

The Staff of the Division of Corporation Finance (the "Staff") consistently has denied exclusion of stockholder proposals where the underlying subject matter overlaps, but the actions requested by stockholders are distinct. Last year, the Staff agreed that the proposal submitted by the Comptroller was substantially similar to the proposal submitted by The Sisters because the Comptroller's proposal made repeated reference to the recent scandals revealed in the Company's operations. To address those concerns, the Comptroller has carefully tailored the Proposal this year to remove reference to any such business practices to make clear that the Proposal is focused specifically on the assessment of risk relating to incentive based compensation as required by Section 956 of the Dodd-Frank Act. Because the "principal focus" of the proposals at issue here are distinct, the Company's no-action request should be rejected.

The Proposal

On November 13, 2017, the Proponent submitted the Proposal to the Company. The Proposal itself states as follows:

> **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

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proposal as drafted was not limited to employees who in fact received incentive-based compensation. *Wells Fargo & Co.* (Feb. 14, 2014; *recon. denied* Mar. 10, 2014, *submission to Commission denied* May 22, 2014). The current proposal addresses this identified deficiency by specifically targeting disclosure only relating to employees that in fact are eligible to receive incentive-based compensation.

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 inventive- 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.

DISCUSSION

The Proposal is Not Excludable Under Rule 14a-8(i)(11) Because the Proposal is Not Substantially Duplicative of a Previously Submitted Proposal

Rule 14a-8(i)(11) permits a company to exclude a stockholder proposal that "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." The purpose of Rule 14a-8(i)(11) is to prevent stockholders from having to consider two or more "substantially identical proposals" by proponents acting independently of one another. Exchange Act Release No. 12999 (Nov. 22, 1976). The Staff has interpreted this rule to only permit exclusion of stockholder proposals with the same subject matter and having the same "principal thrust" or "principal focus." *See, e.g., Allstate Corporation* (Mar. 12, 2014) (denying permission to exclude a proposal requesting a report on the company's lobbying expenditures because it was not duplicative of a proposal requesting disclosures on the company's political campaign spending). The proposals at issue do not share a common focus, and in fact have different subject matters. The Proposal seeks disclosure relating to Company-wide incentive compensation structures pursuant to the Dodd-Frank Act. The Sisters' proposal, in contrast, asks for an explanation of the root causes of the Company's recently revealed scandals relating to its retail banking practices.

(i) The Proposal Has a Distinct Focus That Differs From The Sisters' Proposal

Wells Fargo mischaracterizes the subject matter and principal focus of the Proposal in its no-action request. The Proposal's sole focus is disclosure contemplated by Section 956 of the Dodd-Frank Act relating to incentive-based compensation generally as it may relate to employees in a position to cause material financial risk for Wells Fargo. The Sisters' proposal, on the other hand, is focused on the particular consumer frauds disclosed in 2016 and 2017 and how the Company proposes to respond. As a result, The Sisters request a report on what caused the Company's fraudulent activity, and what, if anything, the Company has done to try to prevent a recurrence of similar misbehavior. The Sisters request no analysis of whether the Company has identified employees eligible to receive incentive-based compensation who can expose the Company to systemic risk, or the methodology for any such identification. The Comptroller's proposal has nothing to do with fraud—it has to do with pay structure. Even if the Company faced issues of fraud due to one of its improper incentive structures, there may be additional incentive structures about which disclosure would be appropriate under the Proposal. Thus, it is clear from the outset that these two proposals focus on separate matters, and the language of the proposals provides ample support to differentiate them.

The Staff first acknowledged in 2011 that incentive-based compensation paid by major financial institutions is an important policy issue in response to the Comptroller's original proposal on this topic. *See Wells Fargo & Co.* (Mar. 14, 2011) (agreeing that incentive-based compensation paid by major financial institutions to employees who are in a position to cause the company to take inappropriate risks leading to material financial losses is a significant policy issue, but allowing exclusion under Rule 14a-8(i)(7) where the proposal was not limited to requesting disclosure to employees who in fact were in a position to cause the company to incur material losses). Subsequently, the Staff provided additional guidance in response to the Comptroller's 2014 proposal relating to incentive-based compensation disclosures. *See*, *Wells Fargo & Co.* (Feb. 5, 2014, *recon. denied* Mar. 10, 2014, *presentation to Commission denied* May 22, 2014) (again agreeing with the significant policy issue, but permitting exclusion under Rule 14a-8(i)(7) where the proposal related to compensation paid to any employee who has the ability to expose the company to possible material loss without regard to whether the employee receives incentive compensation).

The Comptroller updated the incentive-based compensation proposal submitted for inclusion in Wells Fargo's 2017 proxy filing and revised the supporting statement. Specifically, the supporting statement was amended to include reference to the retail banking scandal that was revealed to have occurred at Wells Fargo. While the principal focus of the updated proposal was unchanged from previous year's submissions, the revisions to the supporting statement may have created a mistaken belief that the thrust of the proposal had changed, and that it was substantially duplicative of The Sisters' proposal submitted for inclusion in the Company's 2017 proxy filing. *Wells Fargo & Co.*, (Feb. 27, 2017) (permitting exclusion of the Comptroller's incentive-based compensation disclosure proposal under 14a-8(i)(11) as duplicative of proposal seeking a report on the root causes of the company's retail banking account scandal).

For this proxy season, the Comptroller revised the Proposal to ***eliminate any confusion over the principal thrust of his submission*** in light of last year's no-action determination. Thus, the Proposal seeks ***only*** disclosure of incentive-based compensation information consistent with the requirements of Section 956 of the Dodd-Frank Act, which predates the revelation of Wells Fargo's retail banking scandals by 5 years, and makes ***no reference*** to the operational scandals at all. By its terms, the Proposal itself is unrelated to the Company's ongoing retail banking scandals, and has a separate and distinct focus from The Sisters' proposal. It is about incentive-based compensation—which may exist in areas that are independent of the fraud discussed by The Sisters.

The Sisters' renewed proposal and supporting statement, in contrast, continues to focus on the retail banking practices scandals that occurred at Wells Fargo and that were revealed publicly in 2016 and 2017. These scandals include the creation of millions of unauthorized accounts, as well as the Company's apparent "unscrupulous sales practices, such as unnecessary and costly insurance for auto loan customers, charging improper mortgage fees, and unauthorized online bill pay enrollments..." No-Action Request, at Exhibit B, page 3. Tellingly, The Sisters' proposal refers to 'fraud / fraudulent' and 'scandal' 10 separate times. However, to the extent The Sisters' proposal relates to incentive-based compensation at all, it is merely to acknowledge in the preamble that the Company has made "changes to ... incentives" in response to the sales practices scandal, and to "recommend" in the final bullet point of the supporting statement that the contemplated "comprehensive report [...] on the root causes of past and present fraudulent activities" includes a "[d]escription of how the identified issues will be factored into employee and executive incentive and compensation decisions." The principal thrust of The Sisters' proposal is its request for a report on the root causes of the Company's retail banking practices scandals, and what the Company is doing to prevent such scandals from recurring. Thus, their proposal clearly is NOT focused on the general issue of incentive-based compensation disclosure as contemplated by the regulation required under the Dodd-Frank Act. As a result, the Proposal is not excludable under Rule 14a-8(i)(11).

(ii) The Company Effectively Admits The Proposals Do Not Have A Common Principal Focus

The Company rewrites its description of the alleged shared "principal focus" of the Proposal and The Sisters' proposal in an attempt to ignore the significant revisions to the Proposal that differentiate it from last year's submission. Specifically, the Company claimed last year that, "[b]oth the Proposal and the Sisters' Proposal focus on, and request 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) *relating to the Settlement and that [...] will be covered by the Independent Director Review.*" *Wells Fargo & Co.* (Feb. 27, 2017) (company no-action request dated December 23, 2016, page 5) (emphasis added)[2]. The Company has removed the critical, highlighted portion of the foregoing description from its no-action request this year, attempting to recast the principal focus of The Sisters' proposal. However, The Sisters' proposal is revised only slightly from its previous submission. As a result, the subject matter and focus of both versions of that proposal are the Company's retail banking business practices relating to the Settlement and that were the subject of Wells Fargo's Independent Director Review. The Proposal, however, makes no reference to the Settlement, or the Company's investigation into the retail banking practices scandal. Instead, as set forth above, the Proposal is grounded entirely in the disclosure regulation requirement of Section 956 of the Dodd-Frank Act. Without a shared principal focus, the Proposal cannot be duplicative of The Sisters' proposal, and thus is not excludable under Rule 14-a8(i)(11).

The Staff Consistently Denies Exclusion When Proposals Do Not Have the Same "Principal Thrust" or "Focus"

The Staff permits exclusion of stockholder proposals under Rule 14a-8(i)(11) where the proposals have the same subject matter and the same "principal thrust" or "principal focus." *Allstate Corp.* At the same time, the Staff consistently has denied exclusion where the proposals focus on distinctly different matters or requests. In *Wal-Mart Stores, Inc.* (Mar. 11, 2016), the Staff denied exclusion of a stockholder proposal relating to senior executive compensation. The proposal requested Wal-Mart's board to adopt a policy that it would not use earnings per share, or any of its variations or financial return ratios, when determining senior executive incentive compensation. The company sought to exclude this proposal based on a previously submitted stockholder proposal requesting an annual report on "whether [...] incentive compensation plans [...] provide appropriate incentives to discourage senior executives from making investments

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[2] As explained in the proposals submitted for inclusion in the Company's 2017 proxy materials, Wells Fargo reached an agreement in September, 2016, to pay $185 million in a settlement with the Consumer Financial Protection Bureau ("CFPB") related to the Company's retail banking practices. In addition, Wells Fargo disclosed the results of the Board's independent investigation into these scandals (the 'Independent Director Review") in April 2017.

that result in declining rates of return on investment ..." Thus, while both of these proposals were concerned with senior executive incentive compensation, they did not have a common focus or thrust, and exclusion was denied. As explained above, the principal thrust or focus of the proposals at issue in this matter have much less in common than those in *Wal-Mart*. As a result, Wells Fargo's no-action request should be denied.

Similarly, in *Kraft Food Group, Inc.* (Jan. 28, 2015), the Staff denied exclusion of two separate sustainability proposals where the company had received three different proposals relating to sustainability. Kraft received a Sustainability Forestry Report stockholder proposal requesting a report "assessing the company's supply chain impact on deforestation and associated human rights issues and its plans to mitigate this risk." Subsequently, Kraft received a Sustainability Packaging Report stockholder proposal asking the company to "issue a report [...] assessing the environmental impacts of continuing to use non-recyclable brand packaging," as well as a Sustainability Report stockholder proposal requesting Kraft to "issue a comprehensive sustainability report describing its environmental, social and governance (ESG) performance and goals, including greenhouse gas (GHG) reduction goals..." Again, despite all of these proposals addressing the issue of sustainability, the Staff determined that the focus of each of these proposals was distinct from the others, and denied the company's no-action request. The Company's no-action request here should be denied under the same approach the Staff employed in *Kraft*.

Finally, in *Pharma-Bio Serv, Inc.*, (Jan. 17, 2014) the Staff denied exclusion of a stockholder proposal relating to the company's dividends. Specifically, the company received a stockholder proposal asking the board to establish a quarterly dividend payment policy. Subsequently, the company received a stockholder proposal requesting an immediate declaration and issuance of a special cash dividend. While each of these proposals dealt with the more general issue of dividends, the Staff denied exclusion because the principal thrust or focus of the proposals was unique. In the present case, as explained above, the Proposal and The Sisters' proposal have similarly distinct and unique thrusts, and the Company's no-action request should be denied.

The Company's Reliance On Determinations For Proposals That Share the Same Principal Focus Is Misplaced

The Company points to a select group of no-action determinations where companies were permitted to exclude stockholder proposals under Rule 14a-8(i)(11). However, these decisions have no relevance to the proposals at issue here. In each of the decisions cited by the Company, the Staff allowed exclusion of stockholder proposals that shared the same "principal focus" so that they created a risk that stockholders would be confused by being asked to vote on multiple proposals related to the same subject matter, and/or the company would be unable to implement the potentially conflicting proposals if both were approved.

For example, in *Wells Fargo & Co.* (Feb. 8, 2011), the Staff found that a stockholder proposal requesting a ***report on mortgage loan modifications, foreclosures and securitizations*** was substantially duplicative of a proposal seeking a report on internal controls relating to

mortgage servicing operations, including mortgage loan modifications and foreclosures. In the 2011 no-action matter, Wells Fargo specifically pointed out the "risk that the Company's stockholders may be confused when asked to vote on both proposals," and "if both proposals are voted on [...] with only one proposal passing, the Company would not know the intention of stockholders in the event of such inconsistent results." *Wells Fargo*, Dec. 27, 2010 no-action request, at page 6. Similarly, in *Union Pacific Corp.* (Feb. 1, 2012, *recon. denied* Mar. 30, 2012), the Staff determined that a proposal seeking a report on ***political contributions*** was substantially duplicative of a proposal requesting a report on ***lobbying expenditures*** where both reports requested disclosure of the policies and procedures relating to the activity, as well as the specific amounts of the expenditures. Union Pacific also pointed out the risk of confusion to stockholders created by the highly duplicative proposals. In addition, Union Pacific noted the difficulties the company would face in trying to implement either of the proposals if both were voted on by stockholders, but only one proposal was approved. In that instance, the company explained "it would be impossible [...] to implement one without also taking steps called for by the other proposal that the Company's shareholders had not supported." *Union Pacific*, Jan. 5, 2012 no-action request, at page 6.[3]

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[3] The Company's reliance on the remaining determinations on this issue is similarly flawed. The companies Wells Fargo cites argued that the proposals shared a common focus and created a risk of confusing stockholders if both were presented for a vote, and/or faced difficulty in implementation depending on the outcome of a vote on both proposals. *See, Exxon Mobil Corp.* (Mar. 9, 2017) (granting no-action relief where proposals seeking reports on political contributions and lobbying expenditures created risk of confusion to stockholders if both were presented); *Chevron Corp.* (Mar. 23, 2009, *recon. denied* Apr. 6, 2009) (concurring in exclusion of proposal seeking a report on the environmental impacts of the company's oil sands operations where inclusion with greenhouse gas emissions proposal could confuse stockholders and the company would be unable to determine how to implement the proposal if both were presented and only one were approved); *Bank of America Corp.* (Feb. 24, 2009) (concurring in exclusion of a proposal requesting adoption of a 75% hold-to-retirement policy where inclusion would be confusing to stockholders and, if both proposals were approved, the company would face inconsistent obligations in implementation); *Ford Motor Co. (Leeds)* (Mar. 3, 2008) (concurring in exclusion of proposal seeking to establish an independent committee to prevent Ford family stockholder conflicts of interest with non-family stockholders due to risk of confusion to stockholders if also presented with proposal requesting the board to adopt a recapitalization plan for all outstanding stock to have one vote per share); *JPMorgan Chase & Co.* (Mar. 14, 2011) (concurring in exclusion of proposal seeking a report on internal controls over mortgage servicing operations as duplicative of a proposal requesting oversight on development and enforcement of already-existing internal controls related to loan modification methods because the board would be unable to implement both proposals, if approved); *Exxon Mobil Corp.* (Mar. 19, 2010) (concurring in exclusion of a proposal seeking consideration of a decrease in the demand for fossil fuels as substantially duplicative of a proposal seeking a report assessing the financial risks of climate change, where inclusion of both proposals created a risk of confusing stockholders if both were presented for a vote); *Lehman Brothers Holdings Inc.* (Jan. 12, 2007) (concurring in exclusion of proposal seeking semi-annual reports on political contributions as duplicative of a proposal requesting annual reports on political contributions, where inclusion of both proposals risked confusing stockholders and the company would be unable to implement both proposals if approved by stockholders); *American Power Conversion Corp.* (Mar. 29, 2002) (concurring in exclusion of a proposal asking for creation of a two-thirds independent board as

The Company makes no such attempt to argue that its stockholders would be confused by being asked to vote on both the Proposal and The Sisters' proposal, or that it would have any difficulty in implementing one, or both, of the proposals depending on the outcome of the stockholder vote, as there is no such risk that would support exclusion in this case. For example, stockholders logically could vote against The Sisters' request for a report on how the Company is responding to the recent scandals, yet support the Comptroller's request on a report of whether and how the Company has identified systemic risk generally as implicated by incentive based compensation as contemplated under Section 956 of the Dodd-Frank Act.

Thus, while those determinations may support Wells Fargo's argument that proposals "may be excluded as substantially duplicative of another proposal despite differences in terms [of] breadth and despite the proposals requesting different action," they still rely on a threshold determination that the proposals share the same principal focus. Without that element, which is lacking here, the comparative breadth of the stockholder proposals is irrelevant to a determination under Rule 14a-8(i)(11).

According to the Company, that common focus is 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)." No-Action Request at 7. This does not make any sense. Under the Company's definition, this "common focus" would exist on proposals seeking reports on subjects as diverse as climate change, child labor, political spending or foreign trade -- as each could be characterized as seeking disclosure of the Company's "efforts to manage risk ... arising from specific Company business practices." That the Company must adopt such a broad definition in order to try characterize the Proposal as duplicative of The Sisters' proposal demonstrates the fallacy of their position.

As explained above, this purported "common focus" ignores the Company's previous characterization of the principal focus of The Sisters' proposal. Specifically, The Sisters' proposal remains focused on seeking a report on the root causes of Wells Fargo's retail banking practices scandals that relate to the Company's 2016 settlement with the CFPB and the 2017 Independent Director Review. The Proposal, however, focuses on incentive-based compensation, which predates and is unrelated to Wells Fargo's business practices scandals. Because there is no common thrust or focus, no risk of stockholder confusion, and no conflict in implementing either or both proposals, if approved, the Company's no-action request should be denied.

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duplicative of a proposal requesting a policy of nominating a majority of independent directors, where inclusion of both proposals in the proxy materials would confuse stockholders, and the company would be unable to implement the proposals if both were approved).

CONCLUSION

For the foregoing reasons, the Comptroller respectfully requests that the Staff decline to concur in Wells Fargo's view that it may exclude the Proposal under Rule 14a-8(i)(11).

Please do not hesitate to contact me at 302.622.7065 should you have any questions concerning this matter or should you require additional information.

Sincerely,

Michael J. Barry

cc: Elizabeth A. Ising, Esquire
Gianna McCarthy

GIBSON DUNN

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December 22, 2017

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.

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.

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;

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).

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, <u>including disclosing findings of the board's independent investigation and corrective actions, such as organizational structure, executive compensation, incentives, and risk oversight</u>. (emphasis added)

Second, the Company's Independent Directors' Sales Practices Investigation Report (the "Report") released on April 10, 2017[1], 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."

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[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

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).

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.

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 Ising

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

Direct Line:
212.383.2592
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THOMAS P. DiNAPOLI
STATE COMPTROLLER

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

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

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 hoard 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,

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

Daniel F. Murphy

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

4 Chase Metrotech Center 4th Floor, Brooklyn, NY 11245
Telephone: +1 212 623 8536 Facsimile: +1 718 242 4508 daniel.f.murphy@jpmorgan.com
JPMorgan Chase Bank, N.A.

GIBSON DUNN

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: http://twitter.com/SrsofStFrancis (http://twitter.com/SrsofStFrancis)

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 Sates 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

Office of Corporate Social Responsibility
609 South Convent Road, Aston, PA 19014-1207
610-558-766l Fax: 610-558-5855 E-mail: nnash@osfphila.org www.osfphila.org

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.