



The Office Of State Treasurer
Denise L. Nappier

News

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**CONNECTICUT STATE TREASURER PLEASSED WITH
WELLS FARGO AGREEMENT
*BANK WILL PROVIDE DETAILED REPORT TO SHAREHOLDERS
ON BANK FAILURES AND ETHICAL LAPSES***

HARTFORD, CT -- Connecticut State Treasurer Denise L. Nappier today said she is pleased that Wells Fargo has agreed to publish a report on the root causes of unethical and illegal behavior at the bank, and the impact on customers and investors. The report also will include detailed plans for corrective action going forward.

Wells Fargo made the agreement with a coalition of investors, led by the Sisters of St. Francis and including the \$35-billion Connecticut Retirement Plans and Trust Funds, the \$8-billion State of Rhode Island pension fund, and the Interfaith Center on Corporate Responsibility.

Treasurer Nappier stated, "Wells Fargo has, over the past year and half, had to address several instances of misconduct that have permeated its organization. Scandal after scandal have undermined the confidence of investors, so it's about time that the bank's board recognizes the importance of a frank and critical assessment of the factors which gave rise to these lapses. This assessment is critically necessary to lead the bank forward."

The investor coalition filed a shareholder resolution with Wells Fargo requesting its board of directors to prepare a Business Standards Review Report that will address the following six elements;

- Analysis of the impacts on the bank, its reputation, customers, and investors of the continuing scandals;
- Identification of the systemic cultural and ethical root causes of recent scandals, including at the board level;
- A framework to address the 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;

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- Key performance indicators to evaluate the effectiveness of changes instituted over time;
- A commitment to ongoing and regular disclosure of progress;
- Description of how the identified issues will be factored into employee and executive incentive and compensation decisions.

In response to Wells Fargo's commitment to prepare the report, the investors withdrew their shareholder proposal filed in December 2017.

The investors will continue to have dialogue with the bank going forward as its report is being prepared to help support the underlying aims of the resolution. The report is scheduled to be published at the end of 2018.

In 2016, at the recommendation of Treasurer Nappier, executives at Wells Fargo changed company policy to have the Board of Directors led by an independent chair. The Treasury's effort followed the announcement that employees created as many as two million unauthorized accounts in response to a corporate culture focused on sales targets. Under previous governance rules, the former Wells Fargo CEO, who retired in the wake of the scandal, also served as Chair of the board, serving as his own boss. The change in leadership structure came as welcome news and critical first step toward restoring confidence in the bank.

The CRPTF owns 1,319,876 shares in Wells Fargo common stock with a market value of \$76,011,658 and fixed income valued at \$13,791,358 as of March 5, 2018.

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