

## Wells Fargo: Committed to Rebuilding Trust

# Progress Report

**Wells Fargo has taken a series of steps to address improper sales practices, and we continue to make critical changes to rebuild the trust of our customers and team members. While there is still work to be done, here are some actions Wells Fargo has already taken on our path to making things right, fixing the problems, and building a better bank:**

## Completed Actions

### Leadership

- ☑ Elected Betsy Duke chair of the Board of Directors, effective Jan. 1, 2018; since January 2017, six independent directors have joined the board and 10 have retired.
- ☑ Reviewed board committee structure and leadership and amended committee charters to enhance and reduce duplication in risk oversight.
- ☑ Launched a Stakeholder Advisory Council, which includes seven external members representing groups focused on consumer rights, fair lending, the environment, human rights, civil rights, and governance, to provide insight and feedback to the board and senior management.
- ☑ Announced new leaders and organizational structure in the Community Bank, creating a more streamlined and efficient organization, and created a new Change Leader position, responsible for redefining the business model in branches and call centers to focus on the customer experience.
- ☑ Released findings from the Board of Directors' independent investigation of retail banking sales practices and related matters, which included additional compensation actions that in total have exceeded \$180 million after board mandated additional forfeitures and clawbacks.

### Customers

- ☑ Remediating customers in connection with the retail sales practices matter, including under the stipulated judgment with the Los Angeles City Attorney and under the CFPB and OCC consent orders, as well as by working with customers directly and offering free mediation services; we are committed to making things right for any customer who was financially harmed by unacceptable sales practices – regardless of the time frame.
- ☑ Expanded the company's customer complaint servicing and resolution process and reached out to 40 million retail and 3 million small business customers asking them to contact us with any concerns about their accounts.
- ☑ Improved controls by sending automatic notifications to customers after a personal or small business checking account, savings account, or credit card has been opened.
- ☑ Established a dedicated 24/7 toll-free number for customers with concerns about their accounts, or any aspect of their relationship with Wells Fargo. Customer service representatives are available 24/7 at (877) 924-8697.
- ☑ Received preliminary court approval for a class-action settlement agreement for retail sales practices, which sets aside \$142 million for remediation and settlement expenses to cover customers and former customers with claims of unauthorized accounts back to 2002.

Together we'll go far



## Completed Actions

### Customers

- ☑ Engaged a third-party to conduct a detailed analysis of our customers' accounts to help identify potential harm and expanded the review time period to almost eight years – 2009 through 2016 – and are providing customer remediation based on this expanded review.
- ☑ Created a Commitment to Customer Center of Excellence, responsible for establishing centralized enterprise standards and enhancing execution of remediation efforts across Wells Fargo's consumer businesses.

### Incentives

- ☑ Eliminated product sales goals for retail bankers who serve customers in bank branches and call centers.
- ☑ Created a new compensation and performance management plan for retail bankers focused on customer experience, stronger oversight and controls, and team versus individual incentives.

### Risk Management & Integrity

- ☑ Announced new organizational design to strengthen risk management operating framework; the model clearly separates front line (execution) and independent risk management (oversight) roles with dedicated control executives reporting to the business group heads to coordinate all front-line risk management responsibilities.
- ☑ Hired external talent to strengthen our risk management capabilities, including a new chief risk officer, new chief operational risk officer, chief compliance officer, and a head of Regulatory Relations (new position); hired more than 2,000 new external team members in Risk Management in 2016 and 2017.
- ☑ Created a Conduct Management Office to centralize the handling of internal investigations, EthicsLine and ethics oversight, complaints oversight, and sales practice oversight.

### Team Members

- ☑ Following third-party reviews and the completion of a detailed culture assessment to collect team member feedback, we launched a Culture Program to clearly articulate the culture we want by introducing a streamlined Vision, Values & Goals and new behavioral expectations to deliver a disciplined and objective approach to defining, monitoring, and sustaining our culture.
- ☑ Made enhancements to the EthicsLine intake process and expanded the "Raise Your Hand" communications initiative encouraging team members to speak up when they see something they think is unethical.
- ☑ Established a process to enable former team members to request a review regarding termination or resignation allegedly due to sales performance/culture reasons.

## In Progress

- ☐ Committed to satisfying the requirements of a consent order with the Board of Governors of the Federal Reserve System regarding our board's governance oversight and the company's compliance and operational risk management.
- ☐ Entered into consent orders with the Office of the Comptroller of the Currency (OCC) and Consumer Financial Protection Bureau (CFPB) that address matters pertaining to the company's compliance risk management program and previously-disclosed issues regarding certain interest rate-lock extensions on home mortgages and collateral protection insurance (CPI) placed on certain auto loans.
- ☐ Reached an agreement in principle to pay \$480 million to resolve a consolidated securities fraud class action alleging certain misstatements and omissions in disclosures related to sales practices matters; Wells Fargo denies the claims and allegations and entered into the agreement in principle to avoid the cost and disruption of further litigation.