



# When board governance becomes performative

What the board did not do — and what investors implicitly relied on them to do — was constrain a performance system that rewarded outcomes inconsistent with those rules.

That is the essence of policy theatre for investors: formal governance signals that appear reassuring, while the systems that actually govern behaviour operate in plain sight — and largely go unchallenged.

## Governance signals hiding in plain sight

- When the Los Angeles Times brought the issue into public view in 2013, it should have been immediately apparent that “Going for Gr-Eight” was a volume-driven system — targets and incentives optimized for counts rather than customer outcomes — channeling time, attention, and spend into activity that looked productive on paper but didn’t compound long-term value and ultimately diluted what investors were paying for.
- The Board response was limited after the exposé, framing it as individual misconduct rather than a predictable governance failure rooted in the objectives, incentive design, and controls under Board oversight.
- Risk oversight remained structurally weak. It was still decentralized across committees, with the Risk Committee comprised of the 6 other committee chairs — and therefore dominated by senior, long-tenured directors (more than half with 10+ years on the Board).
- In 2015, Wells Fargo still framed Chairman/CEO John Stumpf’s direct involvement in risk oversight as a strength — even though combining the top executive role with a central oversight role creates an inherent conflict of interest and weakens independent challenge.
- As late as 2015 — two years after the LA Times exposé — the Human Resources Committee still delegated authority over key benefit and compensation programs to the senior management teams running those functions, limiting independent committee-level scrutiny of the incentives and control mechanisms embedded in those programs.
- Despite the public exposé, the market largely treated it as immaterial — reinforcing how easily a structurally flawed incentive system can be misread as an isolated operational issue until losses surface.