

RESOLVED: Shareholders request that the Board seek shareholder approval before adopting any bylaw amendment that sets ownership thresholds or solicitation requirements for shareholder proposals above those specified in Rule 14a-8 of the Securities Exchange Act of 1934.

SUPPORTING STATEMENT

In 2025, Texas enacted SB 1057,¹ which allows Texas-registered corporations and corporations listed on the Texas stock exchange to impose significantly higher thresholds to file a shareholder proposal than those set by the SEC under Rule 14a-8.

As pre-conditions for submitting a proposal, Tesla may now require that a shareholder or a group of shareholders must:

- Hold at least **3% of outstanding shares** (in Tesla's case, roughly **\$30 billion**), or
- **At least \$1 million** in company voting shares, and
- **Solicit support from 67% of shareholders**

Of particular concern, Tesla can impose these requirements **without a shareholder vote** – simply by issuing a notice. This allows management to override SEC rules and long-established shareholder rights without consent.

The **\$1 million ownership threshold** would disqualify the vast majority of shareholders from ever submitting a proposal – even on matters involving significant material risk.

According to the Federal Reserve, in 2022 the *median* U.S. household retirement account held just \$87,000.² A \$1 million ownership requirement would force such investors to concentrate **100% of their savings** in a single stock – and then coordinate (aggregate) with roughly a dozen other shareholders doing the same. This is neither reasonable nor safe.

Such thresholds would **exclude both individual and many institutional investors**, silencing investor voices to the detriment of Tesla's entire shareholder base.

The right to file a shareholder proposal is foundational – part of the bundle of ownership rights that ensures accountability and transparency between shareholders and their companies. Proposals have alerted boards and investors alike to emerging and material risks, offering intelligence on such things as:

- Corporate governance
- Board oversight of opioid distributors and manufacturers
- Worker health and safety
- Climate risk and water scarcity
- Online child safety
- Toxic impacts of corporate products

A preponderance of these were filed by shareholders with **modest holdings** – investors who would be entirely excluded under a \$1 million threshold.

Shareholder proposals have consistently proven to be a **low-cost, high-value tool** for companies to better understand and manage material risks. As the Supreme Court noted in *Citizens United* (2010), **corporate democracy** serves as a vital safeguard for shareholder rights. This proposal maintains that safeguard.

THEREFORE, to preserve corporate democracy, to promote informed capital allocation, and to strengthen Tesla's long-term value, we urge shareholders to **vote FOR this proposal**.

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¹ <https://capitol.texas.gov/tlodocs/89R/billtext/pdf/SB010571.pdf>

² [https://www.federalreserve.gov/econres/scf/dataviz/scf/chart/#series:Retirement Accounts;demographic:all;population:1;units:median](https://www.federalreserve.gov/econres/scf/dataviz/scf/chart/#series:Retirement%20Accounts;demographic:all;population:1;units:median)