

Resolved: Shareholders request the Board of Directors oversee the preparation of an annual public report describing and quantifying the effectiveness and outcomes of Tesla, Inc.'s (Tesla) efforts to prevent harassment and discrimination against its protected classes of employees. In its discretion, the Board may wish to consider including disclosures such as:

- the total number and aggregate dollar amount of disputes settled by the company related to abuse, harassment or discrimination in the previous three years;
- the total number of pending harassment or discrimination complaints the company is seeking to resolve through internal processes, arbitration, or litigation;
- the retention rates of employees who raise harassment or discrimination concerns, relative to total workforce retention;
- the aggregate dollar amount associated with the enforcement of arbitration clauses;
- the number of enforceable contracts for current or past employees which include concealment clauses, such as non-disclosure agreements or arbitration requirements, that restrict discussions of harassment or discrimination; and
- the aggregate dollar amount associated with agreements containing concealment clauses.

This report should not include the names of accusers or details of their settlements without their consent and should be prepared at a reasonable cost and omit any information that is proprietary, privileged, or violative of contractual obligations.

Supporting Statement

Tesla states “Tesla has a zero-tolerance policy for harassment of any kind, and we have always disciplined and terminated employees who engage in misconduct, including those who use racial slurs or harass others in different ways.”¹

Yet, there have been numerous serious allegations of racial or sexual harassment and discrimination at Tesla. As of November 21, 2023, these include, but are not limited to:

- The U.S. Equal Employment Opportunity Commission filed a lawsuit claiming that, Black employees at Tesla’s Fremont, California, manufacturing facilities “have routinely endured racial abuse, pervasive stereotyping, and hostility.”²
- 240 Black factory workers have filed testimonies in California’s Alameda County Superior Court seeking class action status for alleged racial discrimination.³
- The California Department of Fair Employment and Housing sued Tesla after receiving hundreds of complaints; DFEH alleges that employees were subjected to racial slurs; “segregated” and discriminated against in job assignments, pay, and promotion; and faced retaliation when they reported their experiences.⁴

¹ https://www.sec.gov/Archives/edgar/data/1318605/000156459022024064/tsla-def14a_20220804.htm

² <https://www.eeoc.gov/newsroom/eeoc-sues-tesla-racial-harassment-and-retaliation>

³ <https://apnews.com/article/tesla-racism-black-lawsuit-class-action-21c88bddf60eca702560be58429495de>

⁴ <https://qz.com/2126548/why-is-california-suing-tesla/>

There have been several high-profile derivative suits settled including at Twentieth Century Fox, Wynn Resorts, and Alphabet, alleging boards breached their duties by failing to protect employees from discrimination and harassment, injuring the companies and their shareholders.

Civil rights violations within the workplace can result in substantial costs to companies, including fines and penalties, legal costs, costs related to absenteeism, reduced productivity, challenges recruiting, and distraction of leadership. A company's failure to properly manage its workforce can have significant ramifications, jeopardizing relationships with customers and other partners.

A public report such as the one requested would assist shareholders in assessing whether the Company is improving its workforce management.