



January 14, 2025

**VIA STAFF ONLINE FORM**

United States Securities and Exchange Commission  
Division of Corporation Finance  
100 F Street, N.E.  
Washington, D.C. 20549-7010

RE: Stockholder Proposal Submitted by Michael R. Stephen

Ladies and Gentlemen:

Tesla, Inc. (the "Company" or "Tesla") is submitting this letter to notify the staff of the Division of Corporation Finance (the "Staff") of the U.S. Securities and Exchange Commission (the "Commission") of the Company's intention to exclude a stockholder proposal (the "Proposal") from its proxy materials to be distributed in connection with its 2025 annual meeting of stockholders (the "Proxy Materials"). Michael R. Stephen, an individual (the "Proponent"), submitted the Proposal.

The Company respectfully requests that the Staff advise the Company that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its Proxy Materials for the reasons discussed below. In accordance with relevant Staff guidance, the Company is submitting this letter and its attachments to the Staff through the Staff's online Shareholder Proposal Form. Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company is simultaneously sending a copy of this letter and its attachments to the Proponent as notice of the Company's intent to omit the Proposal for its Proxy Materials.

Rule 14a-8(k) and Section E of Staff Legal Bulletin No. 14D (Nov. 7, 2008) ("SLB 14D") provide that stockholder proponents are required to send companies a copy of any correspondence that the stockholder proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponent that if it submits correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should concurrently be furnished to the Company.

***Proposal***

The Proposal sets forth the following resolution:

Shareholders request that Tesla, Inc. commit to implementing a sustainable tire solution for Tesla vehicles as soon as possible. This could be developed in-house and/or with partners.

Tesla could define their own sustainable tire criteria, for example:

- 1) Excellent performance and safety.
- 2) Zero pollution from 6PPD-Q and microplastics during use and end-of-life.
- 3) Made of renewable materials.
- 4) Fully-recyclable into new tires.
- 5) Long-lasting.

As Robin [*sic*] Denholm stated during Tesla's 2024 AGM, "Sustainability is not just about avoiding emissions. It needs to take into account the whole lifecycle from the manufacturing of the products to the products' end of life."

A copy of the Proposal is attached hereto as Exhibit A.

***Basis for Exclusion***

The Company respectfully requests that the Staff concur in the Company's view that the Proposal may be excluded from the Proxy Materials on the following bases:

- Rule 14a-8(i)(7) because the Proposal inextricably deals with matters relating to the Company’s ordinary business operations; and
- Rule 14a-8(i)(3), because the Proposal is so vague and indefinite as to be inherently misleading.

***Rule and Analysis***

***A. Rule 14a-8(i)(7) – Relates to Ordinary Business Operations***

Rule 14a-8(i)(7) allows the omission of a shareholder proposal from a registrant’s proxy statement if such proposal “deals with a matter relating to the company’s ordinary business operations.” As set out in Securities Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”), there are two “central considerations” underlying the ordinary business exclusion. One is that certain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. The other relates to the degree that a proposal seeks to “micro-manage” the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment. As discussed in Staff Legal Bulletin No. 14L (November 3, 2021) (the “SLB 14L”), whether or not a proposal seeks to “micro-manage” depends to a significant degree on the level of granularity set forth in the proposal and whether and to what extent the proposal inappropriately limits discretion of the board or management.

The Proponent submitted a substantially similar proposal for the Company’s 2024 Proxy Materials (the “2024 Proposal”) that requested the Company redesign tires used in its vehicles to avoid pollution from harmful chemicals such as 6PPD-Q. The Staff concurred with the Company’s request for no-action relief of the 2024 Proposal on the basis of Rule 14a-8(i)(7), finding that the proposal sought “to micromanage the Company”. See *Tesla, Inc. (March 27, 2004)*. In an attempt to avoid the same result this year, the new Proposal appears to give the Company discretion – it remains focused on tire production but contains “could” statements, such as the tires “could be developed in-house and or/with partners” and “Tesla could define their own sustainable tire criteria.” Upon a closer reading, however, it becomes clear that the Proponent has retained his specific concern with redesigning tires used on Tesla vehicles to avoid 6PPD-Q. Accordingly, the Proposal seeks to impermissibly micromanage the Company.

It is well-established that the Staff considers both the terms of a proposal’s resolution together with its supporting statement when evaluating a proposal under Rule 14a-8(i)(7). See Staff Legal Bulletin No. 14C, part D.2 (June 28, 2005). In this case, despite the apparent discretion afforded the Company in the Proposal’s resolved clause, the supporting statement makes clear that the Proponent is merely seeking to resubmit the 2024 Proposal in a manner designed to avoid exclusion. In addition to the specific mention of “Zero pollution from 6PPD-Q” in the second point of the Proposal’s resolved clause, the second, fourth, fifth and sixth paragraphs of the supporting statement all focus on harms associated with 6PPD-Q. While the supporting statement mentions “tire pollution” generally, the only specific points discussed in the Proposal relate to the chemical 6PPD-Q. In addition, footnote 23 contains a link to a YouTube video interview with the Proponent that features an extensive discussion of his concern with 6PPD-Q in tires. Bafflingly, this footnote is attached to a quote about landing rockets and designing tires – neither of which the Company does. Nevertheless, a reading beyond the most superficial makes clear that the Proposal remains focused on impermissibly asking the Company to design tires without using 6PPD-Q.

In seeking to dictate the Company’s decision on the design of its components by requiring that the new product be designed without certain chemicals, the Proposal micromanages the Company. Determining how a company will engineer its products and its components and the depth of the Company’s involvement in the design of components procured from suppliers (or bringing the design in-house) are fundamental to management’s ability to oversee a company’s ordinary course business operations. These decisions involve a wide array of business considerations, including the complexity of the component, the component’s usefulness and fit in the context of the finished product, changing regulatory requirements and the resources and expertise available internally versus externally. Tires are especially complex and various factors like grip, rolling resistance, efficiency, sustainability, comfort, lateral performance and its effect on steering responsiveness are considerations in determining which tires are used for the build of the vehicle. The ability of management to assess which components are more appropriate for the product as a whole is fundamental to its ability to run the Company on a day-to-day basis and is not appropriate for direct shareholder oversight. Moreover, the Company does not manufacture tires. Decisions concerning the products to manufacture or design and how to do so involve the allocation and development of internal resources and is a highly complex process that is at the most fundamental heart of the Company’s ordinary

Company's ordinary business operations. The Proposal, however, seeks to supplant management's judgment on this complex topic with a mandate to create a new product and includes minute specifications on precisely which chemicals are used in that product. This is the definition of micromanagement and shareholders cannot possibly make an informed judgment about these factors, given that they are not involved in the day-to-day management of the Company.

The Staff has consistently agreed that shareholder proposals attempting to micromanage a company by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment are excludable under Rule 14a-8(i)(7). See 1998 Release; see also, e.g., *JPMorgan Chase & Co.* (Mar. 22, 2019); *Royal Caribbean Cruises Ltd.* (Mar. 14, 2019); *Walgreens Boots Alliance, Inc.* (Nov. 20, 2018). The Staff also has permitted exclusion on the basis of micromanagement of shareholder proposals urging the adoption of policies that impose specific methods for implementing complex policies. See *Tesla, Inc.* (March 27, 2024) (concurring in the exclusion, pursuant to Rule 14a-8(i)(7), of a proposal requesting the company redesign vehicle tires to avoid pollution from harmful chemicals such as 6PPD-Q); *Amazon.com, Inc.* (Apr. 7, 2023, recon. denied Apr. 20, 2023) (concurring in the exclusion, pursuant to Rule 14a-8(i)(7), of a proposal that would have required the company to adopt a particular methodology for scope 3 greenhouse gas emissions measuring and reporting that was inconsistent with the company's existing approach); *The Coca-Cola Co.* (Feb. 16, 2022) (concurring in the exclusion, pursuant to Rule 14a-8(i)(7), of a proposal requesting that the company submit any proposed political statement to shareholders at the next shareholder meeting for approval prior to issuing the subject statement publicly); *JPMorgan Chase & Co.* (Mar. 30, 2018) (concurring in the exclusion, pursuant to Rule 14a-8(i)(7), of a proposal that requested a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation, noting that the proposal sought to "impose specific methods for implementing complex policies"). In addition, it is well established that a proposal that seeks to micromanage a company's business operations is excludable under Rule 14a-8(i)(7) regardless of whether the proposal raises a "significant social policy issue." See Staff Legal Bulletin No. 14E (Oct. 27, 2009) at note 8, citing the 1998 Release for the premise that "a proposal [that raises a significant policy issue] could be excluded under Rule 14a-8(i)(7), however, if it seeks to micro-manage the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."

As in the matters described above, the Proposal is inappropriate for stockholders to express their judgment on because it relates to the Company's core operational strategies. The Company believes that the specific strategies regarding design, engineering, manufacturing and procurement are properly within the purview of management, which has the necessary capability and knowledge to evaluate the particular facts and circumstances of its business operations and take appropriate action. Based on the subject matter of the Proposal as discussed above, the Company believes that the exclusion provided under Rule 14a-8(i)(7) is applicable to the Proposal.

**B. 14a-8(i)(3) – Proposal so vague and indefinite as to be inherently misleading**

Rule 14a-8(i)(3) permits the exclusion of a shareholder proposal if the proposal or supporting statement is contrary to any of the Commission's proxy rules or regulations, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials. The Staff consistently has taken the position that overly vague and indefinite shareholder proposals are inherently misleading and therefore excludable under Rule 14a-8(i)(3) because "neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires." Staff Legal Bulletin No. 14B (Sept. 15, 2004). See also *Dyer v. SEC*, 287 F.2d 773, 781 (8th Cir. 1961) ("[I]t appears to us that the proposal, as drafted and submitted to the company, is so vague and indefinite as to make it impossible for either the board of directors or the stockholders at large to comprehend precisely what the proposal would entail."); *Home Depot, Inc.* (Mar. 12, 2014) (concurring in the exclusion, pursuant to Rule 14a-8(i)(3), of a proposal that the board prepare a sustainability report, which establishes metrics and benchmark objective footprint information and recommendations on the company's sustainability policies and performance, include information specified in the proposal, including multiple GRI type objective statistical indicators identifying accomplishments, failures and objectives of the company and that the report should be prepared by an independent third party organization, noting that "neither shareholder nor the company could be able to determine with any reasonable certainty exactly what actions or measures the proposal requires"); *Bank of America Corporation* (Feb. 25, 2008) (concurring in the exclusion, pursuant to Rule 14a-8(i)(3), of a proposal that the board amend its greenhouse gas emissions policies to observe moratorium on all financing investment and further involvement in activities that

support MTR coal mining or the construction of new coal-burning power plants that emit carbon dioxide, as vague and indefinite); *Puget Energy Inc. (Mar. 7, 2002)*(concurring in the exclusion, pursuant to Rule 14a-8(i)(3), of a proposal that the board take the necessary steps to implement a policy of “improved corporate governance”, as vague and indefinite).

The Proposal is impermissibly vague and indefinite because it is unclear whether the Proposal truly affords the Company discretion to design tires as requested, or whether it wants to dictate the particulars of tire design. As described above, we believe the Proposal is focused on producing tires without 6PPD-Q. Excluding the supporting statement, however, the Proposal would appear to ask the Company to “commit to implementing a sustainable tire solution for Tesla vehicles as soon as possible.” The Proposal provides that the Company could define its own sustainable tire criteria and provides examples of the criteria that could be used. As referred to in the YouTube video cited by the Proponent in footnote 23, the Company has stated that it has worked with a tire company to make tires “quieter, more efficient, higher grip and better performance laterally”. If the Company is able to define its own sustainability, including, as suggested by the Proposal, “[e]xcellent performance and safety”, it is unclear what the Proposal is seeking the Company to do beyond what the Proponent has said the Company is already doing, making the Proposal vague and indefinite and impossible for the Company and the shareholders to determine when the Company has “commit[ed] to implementing a sustainable tire solution.” If not, the Proposal is another iteration of the 2024 Proposal that sought to micromanage the Company. Thus, due to its lack of clarity the Proposal may be excluded the Company’s Proxy Materials pursuant to Rule 14a-8(i)(3) as it is impermissibly vague and indefinite.

### ***Conclusion***

The Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Proposal from the Proxy Materials. If the Staff has any questions with respect to the foregoing, or if for any reason the Staff does not agree that the Company may exclude the Proposal from its Proxy Materials, please do not hesitate to contact me at [cassie.zhang@tesla.com](mailto:cassie.zhang@tesla.com). In addition, should the Proponent choose to submit any response or other correspondence to the Commission, we request that the Proponent concurrently submit that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and SLB 14D, and copy the undersigned.

Sincerely,



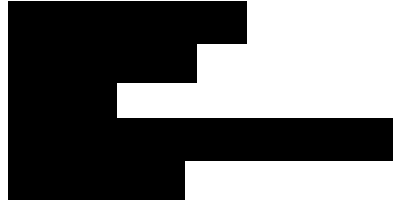
Xuehui Cassie Zhang  
Associate General Counsel

cc: Michael R. Stephen

**EXHIBIT A**

**From:**

Michael R. Stephen



**To:**

Tesla, Inc.  
1 Tesla Road  
Austin, Texas 78725  
Attention: Legal Department  
with a copy sent by e-mail to [shareholdermail@tesla.com](mailto:shareholdermail@tesla.com).

December 13, 2024

Dear Tesla,

I am a long-term Tesla shareholder. Thank you for your tremendous work.

Please see my attached stockholder proposal for inclusion in the Tesla 2025 AGM. I have written this proposal in compliance with the requirements to submit a stockholder proposal set by the Securities and Exchange Commission, under Rule 14a-8 of the Exchange Act.

I have continuously held more than \$25,000 USD in market value of Tesla securities entitled to vote on the proposal for at least the previous year. Please see the attached statement from my broker, Questrade, confirming this.

I intend to hold the entire value of my Tesla securities, including at least \$25,000 USD in value of Tesla shares, through the date of the 2025 Tesla shareholder's meeting.

I can meet with Tesla via teleconference no less than 10 calendar days, nor more than 30 calendar days, after submission of my shareholder proposal. Specifically, I can meet with Tesla between the hours of 9 am to 11 am Pacific Time on January 8, 9 and 10, 2025. If Tesla wishes to meet, please contact me at least 24 hours in advance to book a time.

My contact information is provided at the top of this letter.

To protect my privacy, please do not publish in your proxy statement my street address or the total number or value of Tesla securities that I hold. You may include my email address, city of residence, and the fact that I hold the minimum number of shares required. I would like to discuss this request with you.

Please see the attached stockholder proposal. Microsoft Word calculates my proposal to have 490 words, including footnotes.

Please also confirm your receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "M Stephen", with a long horizontal flourish extending to the right.

Michael R. Stephen, PAg

*Attachments:*

Shareholder proposal.

Proof of shares held.

**Resolved:**

Shareholders request that Tesla, Inc. commit to implementing a sustainable tire solution for Tesla vehicles as soon as possible. This could be developed in-house and/or with partners.

Tesla could define their own sustainable tire criteria, for example:

- 1) Excellent performance and safety.
- 2) Zero pollution from 6PPD-Q and microplastics during use and end-of-life.
- 3) Made of renewable materials.
- 4) Fully-recyclable into new tires.
- 5) Long-lasting.

As Robin Denholm stated during Tesla's 2024 AGM, "Sustainability is not just about avoiding emissions. It needs to take into account the whole lifecycle from the manufacturing of the products to the products' end of life."<sup>1</sup>

**Supporting Statement:**

Tire pollution is an extremely difficult and urgent global problem that challenges Tesla's mission. None-the-less, Tesla's exceptional engineers already design "Tesla-Approved" tires with suppliers and could meaningfully accelerate the development and production of sustainable tires.<sup>2 3 4</sup>

6PPD-Q is a highly toxic chemical discovered in 2020<sup>5</sup> that leaches from tire rubber and has been found in the air of 15 megacities,<sup>6</sup> surface waters of Canada<sup>7</sup> and Australia,<sup>8</sup> and in South China's drinking water.<sup>9</sup> People and animals inadvertently ingest 6PPD-Q and microplastics that are emitted from the ~2.5 billion tires produced around the globe annually.<sup>10</sup>

Of the ~263 million tires scraped every year in the USA without closed-loop recycling, most are burnt or spread on children's playgrounds and sports fields.<sup>11</sup>

Tire pollution harms children. For example, 6PPD-Q has been found in human urine, including children and pregnant women.<sup>12</sup> Children exposed to 6PPD-Q had reduced body mass index and increased frequency of diarrhea and influenza.<sup>13</sup> Studies of laboratory mice (an experimental model for humans) reveal that 6PPD-Q does the following: has toxic effects on the liver; rapidly crosses the blood-brain barrier; accumulates in organs such as the kidney, lungs, testis, liver, spleen, heart, and muscles; and transfers from mother into the placenta, embryo body and embryo brain.<sup>14</sup>

Tire pollution kills salmon. Coho salmon die when exposed to only 95 ng/L of 6PPD-Q.<sup>15</sup> Road run-off containing 6PPD-Q kills 60% to 100% of coho salmon in some U.S. urban streams, leading to local extinctions.<sup>16</sup> Other fish species worldwide are also impacted.

Tire pollution harms whales and human societies. Iconic Killer Whale populations, which are starving and becoming extinct along the U.S. and Canadian Westcoast, depend upon coho salmon for food.<sup>17</sup> Commercial fishermen have sued tire manufacturers for 6PPD-Q's damage to their fisheries.<sup>18</sup> Indigenous nations and community groups have petitioned governments regarding 6PPD-Q's impacts on salmon abundance for food security and cultural practices.<sup>19 20 21</sup>

A sustainable tire, therefore, would help the entire planet.

Tesla can achieve ambitious goals. Vote YES and let them run.<sup>22</sup>

"If they can land rockets, you'd think they could design a non-toxic tire."<sup>23</sup>

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<sup>1</sup> <https://www.tesla.com/2024shareholdermeeting>

<sup>2</sup> [https://dtsc.ca.gov/scp/motor\\_vehicle\\_tires\\_containing\\_6ppd/](https://dtsc.ca.gov/scp/motor_vehicle_tires_containing_6ppd/)

<sup>3</sup> <https://globalaircylinderwheels.com/>

<sup>4</sup> <https://smarttirecompany.com/>

<sup>5</sup> <https://www.science.org/doi/10.1126/science.abd6951>

<sup>6</sup> <https://www.sciencedirect.com/science/article/pii/S0269749122014208>

<sup>7</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8335451/>

<sup>8</sup> <https://www.sciencedirect.com/science/article/abs/pii/S004896972205567X>

<sup>9</sup> <https://pubmed.ncbi.nlm.nih.gov/36577297/>

<sup>10</sup> <https://oem.news/industry/rubber/tire/tire-market-the-global-tire-industry-analysis/>

<sup>11</sup> <https://www.ustires.org/resources/2019-us-scrap-tire-management-summary-report>

<sup>12</sup> <https://pubs.acs.org/doi/10.1021/acs.estlett.2c00821>

<sup>13</sup> <https://pubmed.ncbi.nlm.nih.gov/38220074/>

<sup>14</sup> <https://www.sciencedirect.com/science/article/abs/pii/S0048969723034654>

<sup>15</sup> <https://www.science.org/doi/10.1126/science.abo5785>

<sup>16</sup> <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0028013>

<sup>17</sup> <https://www.raincoast.org/2023/02/southern-resident-killer-whales-not-getting-enough-to-eat-since-2018/>

<sup>18</sup> <https://earthjustice.org/press/2023/u-s-fishing-groups-sue-tire-manufacturers-over-6ppd-impacts-on-salmon-steelhead>

<sup>19</sup> <https://earthjustice.org/document/affiliated-tribes-of-northwest-indians-6ppd-resolution>

<sup>20</sup> <https://earthjustice.org/press/2023/epa-grants-tribal-nations-petition-to-restrict-6ppd-in-tires>

<sup>21</sup> <https://ecojustice.ca/news/feds-to-investigate-tire-chemical-implicated-in-mass-salmon-deaths-but-urgent-action-needed-environmental-groups-react/>

<sup>22</sup> <https://www.baroncapitalgroup.com/conference-2024/meet-coo-gwynne-shotwell-spacex>

<sup>23</sup> <https://www.youtube.com/watch?v=qfpDKxoq6jE>