



## **Corporate Governance Guidelines**

### **I. Introduction**

These Corporate Governance Guidelines are established by the Board of Directors (the “Board”) of Tesla, Inc. (“Tesla”) to provide a structure within which our directors and management can effectively pursue Tesla’s objectives for the benefit of our shareholders in a manner that is consistent with the Board’s fiduciary duties. The Board intends these guidelines to serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. These guidelines should be interpreted in the context of all applicable laws, Tesla’s charter documents and other governing legal documents and Tesla policies, which shall prevail in the case of a conflict with these guidelines.

### **II. Board Structure and Composition**

1. Size of the Board. The authorized number of directors will be determined from time to time by resolution of the Board.

2. Board Membership Criteria. Tesla’s Nominating and Corporate Governance Committee reviews and makes recommendations to the Board regarding the composition and size of the Board, determines the relevant criteria (including any minimum qualifications), and recommends to the Board the slate of nominees for election at the Annual Meeting of Shareholders or nominees for election to fill interim vacancies on the Board. Shareholders may nominate directors for election by following the provisions set forth in Tesla’s Bylaws, or may recommend candidates to the Nominating and Corporate Governance Committee for consideration for election to the Board.

3. Director Independence. A majority of directors on the Board will be independent as required by the Nasdaq Stock Market (“Nasdaq”). The Board also believes that it is often in the best interest of Tesla and its shareholders to have non-independent directors, including current and (in some cases) former members of management, serve as directors. Each independent director who experiences a change in circumstances that could affect such director’s independence should deliver a notice of such change to Tesla’s Corporate Secretary.

4. Director Tenure. Directors are nominated for reelection every three years and the Board does not believe it should establish term limits because directors who have developed increasing insight into Tesla and its operations over time provide an increasing contribution to the Board as a whole.

5. Lead Independent Director. An important component of the Board’s leadership structure is having a lead independent director (the “Lead Independent Director”) in place with broad authority to direct the actions of the independent directors

and regularly communicate with the Chief Executive Officer if the Board does not have an independent Chair.

### **III. Principal Duties of the Board of Directors**

1. To Oversee Management and Evaluate Strategy. The fundamental responsibility of the Board is to exercise their business judgment to act in what they reasonably believe to be the best interests of Tesla and its shareholders. It is the duty of the Board to oversee management's performance in operating Tesla in an effective, efficient and ethical manner. Additionally, the Board has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant board committees.

Directors are expected to invest the time and effort necessary to (a) understand Tesla's business and financial strategies and challenges and (b) oversee the implementation of such strategies, including in areas such as sustainability and artificial intelligence. The basic duties of the directors include attending Board and committee meetings and actively participating in Board and committee discussions. Directors are also expected to make themselves available outside of board meetings for advice and consultation.

2. To Select the Chair and Chief Executive Officer. The Board will select the Chair and the chief executive officer in compliance with Tesla's Certificate of Incorporation and Bylaws.

3. To Evaluate Management Performance and Compensation. Periodically, the Compensation Committee will evaluate the performance of the chief executive officer and other executive officers and review and approve the compensation plans, policies and arrangements for such executives. It will also evaluate the compensation plans, policies and programs for officers and employees and evaluate whether they are appropriate, competitive and properly reflect Tesla's objectives and performance.

4. To Review Management and Director Succession Planning. The Nominating and Corporate Governance Committee will periodically review the succession planning for Tesla's executive officers, the Board and key leadership roles on the Board. The committee will report its findings and recommendations to the Board, and work with the Board in evaluating potential successors to these positions.

5. To Monitor and Manage Potential Conflicts of Interest. The Nominating and Corporate Governance Committee is responsible for considering questions of possible conflicts of interest of Board members and of corporate officers and reviewing actual and potential conflicts of interest of Board members and corporate officers. The Audit Committee will review and approve all related party transactions for which audit committee approval is required by applicable law or the rules of the Nasdaq.

6. To Oversee the Integrity of Financial Information. The Audit Committee assists the Board in oversight of the integrity of Tesla's financial statements, Tesla's compliance with legal and regulatory requirements and Tesla's internal accounting and

financial controls. The Audit Committee reports to the Board on a regular basis regarding such oversight.

7. To Monitor the Effectiveness of Board Governance Practices. The Nominating and Corporate Governance Committee will review and evaluate the effectiveness of the governance practices under which the Board operates and make changes to these practices as needed.

8. To Oversee Sustainability Matters. The Board will review the effectiveness of Tesla's sustainability initiatives and programs, including its annual Impact Report and other related disclosures.

#### **IV. Board Procedures**

Directors are expected to prepare for, attend, and contribute meaningfully in all Board and applicable committee meetings in order to discharge their obligations. Consistent with their fiduciary duties, directors are expected to maintain the confidentiality of the deliberations of the Board and its committees.

1. Frequency of Board Meetings. Regular meetings of the Board shall be held at such times and places as determined by the Board. There will be at least four regularly scheduled Board meetings each year, but the Board will meet more often if necessary.

2. Other Commitments. Each member of the Board is expected to ensure that other existing and future commitments, including employment responsibilities and service on the boards of other entities, do not materially interfere with the member's service as director. Board members should not have more public company memberships than would allow them to effectively and productively be a member of Tesla's board.

3. Executive Sessions of Independent Directors. Nasdaq rules require independent Board members to regularly meet in executive session. The independent Board members shall meet regularly in executive session and at other times as necessary. Committees of the Board may also meet in executive session as necessary.

4. Board Access to Management. Members of the Board will have access to Tesla's management and employees as needed to fulfill their duties.

5. Code of Business Ethics. Tesla has adopted a Code of Business Ethics to provide guidelines for the ethical conduct by directors, officers and employees. The Code of Business Ethics is posted on Tesla's website and directors, officers and employees are expected to be familiar with it and comply with it.

6. Engaging Experts. In performing its duties, the Board and each committee shall have the authority, at Tesla's expense, to retain, hire and obtain advice reports or

opinions from internal or external legal counsel and expert advisors, as they may deem necessary or appropriate, without consulting with, or obtaining approval from, management of Tesla in advance. Nothing in these guidelines is intended to preclude or impair the protection provided under applicable law for good faith reliance by directors on reports, advice or other information provided by others (including reports, advice or other information provided by Tesla's management, legal counsel, consultants, independent auditors or independent professional advisers retained by the Board).

## **V. Board Committees**

1. Number and Composition of Committees. The Board currently has the following standing committees: an Audit Committee, a Nominating and Corporate Governance Committee, a Compensation Committee and a Disclosure Controls Committee. From time to time the Board may form a new committee or disband a current committee. Each committee may create one or more subcommittees, and each subcommittee shall consist of one or more members of the committee. Each committee complies with the independence and other requirements established by applicable law and regulations, including SEC and Nasdaq rules.

2. Committee Appointments. Members of all standing committees are appointed by the Board. The Board determines the exact number of members and can at any time remove or replace a committee member.

3. Committee Proceedings. The chair of each committee of the Board will, in consultation with appropriate committee members and members of management, and in accordance with the committee's charter, determine the frequency and length of committee meetings and develop the committee's agenda.

## **VI. Director Orientation and Continuing Education**

Tesla provides an orientation program for new directors that includes written materials, oral presentations, and meetings with senior members of management. The orientation program is designed to familiarize new directors with Tesla's business and strategy. The Board believes that ongoing education is important for maintaining a current and effective Board. Accordingly, the Board encourages directors to participate in ongoing education, as well as participation in accredited director education programs.

## **VII. Board Compensation**

The Compensation Committee has the responsibility to review and make recommendations to the Board with respect to compensation for service as a member of the Board or a Board committee.

## **VIII. Incentivizing Company Personnel**

Tesla believes that more closely aligning the interests of our directors, management and employees with those of our shareholders is important to promote accountability and prudence.

1. Minimum Stock Ownership Requirement. Each director and officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (each a “Section 16 Officer”), will be required to meet the following minimum stock ownership requirements: (i) each director shall own shares of Tesla stock equal in value to at least five times the annual cash retainer for directors (exclusive of retainer amounts for service as Lead Independent Director or as a member or chair of a Board committee); and (ii) each Section 16 Officer shall own shares of Tesla stock equal in value to at least six times his/her base salary. Our directors and Section 16 Officers shall have five years from the date each such person assumed his/her roles at Tesla to come into compliance with these ownership requirements. Compliance with the minimum stock ownership level will be determined on the date when the grace period set forth above expires, and annually on each December 31 thereafter, by multiplying the number of shares held by each director and Section 16 Officer and the average closing price of those shares during the preceding month.

2. Minimum Vesting Period for Time-Based Equity Awards. No equity award as to which vesting or the lapse of a period of restriction occurs based solely on the passage of time that is granted to a “named executive officer” (as defined in Item 402 (a) of Regulation S-K promulgated under the Securities Act of 1933) may vest, or have a period of restriction that lapses, earlier than six (6) months from the date on which such vesting or lapse commences.

3. Post-Vesting Holding Requirement for Equity Awards. No named executive officer may sell, transfer, pledge, assign, or otherwise dispose of any shares of Tesla stock acquired pursuant to any stock option, restricted stock unit or other equity award granted by Tesla earlier than the date that is six (6) months after the date on which such award vests or the period of restriction with respect to such award lapses, as applicable.

4. Equity Award Repricing. Except with shareholder approval or as an adjustment made pursuant to certain fundamental corporate transactions, Tesla will not (a) lower or reduce the exercise price of an outstanding equity award, (b) cancel, exchange or surrender any outstanding equity award in exchange for cash or another award for the purpose of repricing the award; or (c) cancel, exchange or surrender any outstanding equity award in exchange for an award with an exercise price that is less than the exercise price of the original award.

## **IX. Auditor Rotation**

The Audit Committee will ensure that the lead audit partner and the audit review partner be rotated every five (5) years as is required by SEC rules.

## **X. Communications with Shareholders**

1. Shareholder Communications to the Board. Shareholders may contact the Board to provide comments, to report concerns including issues related to Tesla's accounting practices, internal controls, financial statements or auditing matters, or to ask questions at the following address:

Corporate Secretary  
Tesla, Inc.  
1 Tesla Road  
Austin, Texas 78725

For more information regarding contacting the Board, please see [here](#).

2. Annual Meeting of Shareholders. Although Tesla does not have a formal policy regarding attendance by members of the Board of Directors at Tesla's annual meeting of shareholders, Tesla encourages directors to attend.

## **XI. Periodic Review of the Corporate Governance Guidelines**

These guidelines shall be reviewed periodically by the Nominating and Corporate Governance Committee and the Board will make appropriate changes based on recommendations from the Nominating and Corporate Governance Committee.

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