

Tesla investor group seeks to limit Musk sway on board

NEW YORK, US: A group of Tesla shareholders has urged the electric car maker to recruit two independent directors to add to the company's board to limit the influence of co-founder and chief executive Elon Musk.



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The shareholders, who together manage \$721 billion through public and private investment organisations, said in a letter to Tesla lead independent director Antonio Gracias that the electric car maker needed to update its seven-member board, which is largely unchanged from the days before the company went public and remains dominated by [Musk](#) allies.

Since the initial public offering in 2010, the company has broadened its operations and soon faces a "defining moment in its development," with the launch of the [Model 3 sedan, Tesla's first car aimed at the middle market](#), the letter said.

"Could put at risk ability to exercise independent judgment"

"While meeting the technical definition of independence, five of the six current non-executive directors have professional or personal ties to Musk that could put at risk their ability to exercise independent judgment," the letter said.

"A thoroughly independent board would provide a critical check on possible dysfunctional group dynamics, such as groupthink."

Tesla's board includes Gracias, a shareholder and board member of SpaceX, another Musk company; Musk's brother, Kimbal Musk; and Brad Buss, a former chief financial officer at SolarCity, also founded by Musk and later bought by Tesla in a move that was criticised by many on Wall Street.

Looking to add new board members

A Tesla spokesman said the company is looking to add new board members.

"We are actively engaged in a search process for independent board members, which is something we committed to do several months ago, and expect to announce new additions fairly soon," the spokesman said.

Tesla on Monday overtook [General Motors](#) to become the largest US automaker by market capitalization.

However, Tesla slipped back behind GM on Wednesday when its shares slid 2.3%. The shareholder letter was signed by officials from a New York city office overseeing public investment funds, retirement funds from the states of California and Connecticut, Hermes Equity Ownership Service and CtW Investment Group.

The group also called for annual elections for all board members, replacing the current system of staggered votes, in order to enhance director accountability.

The investors requested a response to the letter by 24 April 2017 and a meeting with the board to discuss the issue.

Source: AFP

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