[Tractor Supply Company: Rule 14a-8 Proposal, November 19, 2021]
[This line and any line above it – *Not* for publication.]
ITEM 4*: Report on costs of low wages and inequality

***RESOLVED**, shareholders ask that the board commission and publish a report on (1) whether the Company participates in* compensation and workforce practices that prioritize Company financial performance over the economic and *social costs and risks* created by inequality and racial and gender disparities *and (2) the manner in which any such costs and risks threaten returns of diversified shareholders who rely on a stable and productive economy.*

Supporting Statement:

The Company's starting wage is $11.25 per hour and its median employee was paid $24,437, or 0.15% of the CEO's compensation. By comparison, the living wage was $16.54 per hour, or $34,404 per for a family of four (two working adults, two children) in 2019.[1] While the Company's workforce is 49 percent female and 17 percent minority, those groups make up only 21 percent and 5 percent of executive and senior management.

Research reveals that such inequality and racial disparity harm the entire economy:

- Income inequality slows U.S. economic growth by reducing demand by 2 to 4 percent.[2]
- A 1% increase in inequality leads to a 1.1% per capita GDP loss.[3]
- Gender and racial gaps created $2.9 trillion in losses to U.S. GDP in 2019.[4]
- Eliminating racial disparity would add $5 trillion to the U.S. economy over the next five years.[5]

This drag on GDP directly reduces returns on diversified portfolios,[6] and creates serious social costs that further threaten financial markets. For example, excessive inequality can erode social cohesion and heighten political polarization, leading to social instability.[7] It also increases health costs and decreases the value of human capital, through links to more chronic health conditions developed earlier in life.[8]

By paying so many of its employees less than a living wage, the Company increases its margins and thus financial performance. But gain in Company profit that comes at the expense of society and the economy is a bad trade for most Company shareholders, who are diversified and rely on broad economic growth to achieve their financial objectives. The costs and risks created by inequality will directly reduce long-term diversified portfolio returns.

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[1] https://livingwage.mit.edu/articles/61-new-living-wage-data-for-now-available-on-the-tool
[2] https://www.epi.org/publication/secular-stagnation/
[3] https://www.pionline.com/sponsored-content/facing-hard-truths-material-risk-rising-inequality
[4] https://www.frbsf.org/our-district/files/economic-gains-from-equity.pdf
[5] http://Tractor Supply.us/3olxWH0
[6] Ibid n. 2.
[7] https://www.imf.org/en/publications/fm/issues/2017/10/05/fiscal-monitor-october-2017
[8] https://www.pionline.com/sponsored-content/facing-hard-truths-material-risk-rising-inequality

This proposal asks the Board to commission a report that analyzes the trade-offs the Company makes between financial return and the global economy and cohesion, and how those trade-offs affect diversified shareholders. Such a report would not require precision: identifying areas where the Company creates inequality and racial disparity and analyzing how they might manifest as costs or risks to diversified portfolios would help determine whether and when the Company should prioritize employee equality and welfare over financial returns.

Please vote for: Report on costs of low wages and inequality – Proposal 4*

[This line and any below are *not* for publication]
[*Number to be assigned by the Company]

The graphic above is intended to be published with the rule 14a-8 proposal. The graphic would be the same size as the largest management graphic (and accompanying bold or highlighted management text with a graphic) or any highlighted management executive summary used in conjunction with a management proposal or a rule 14a-8 shareholder proposal in the 2021 proxy.

The proponent is willing to discuss mutual elimination of both shareholder graphic and any management graphic in the proxy in regard to this specific proposal.

Reference SEC Staff Legal Bulletin No. 14I (CF)

[16] Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004, including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;

- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or

- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also Sun Microsystems, Inc. (July 21, 2005).

I also remind you of the SEC's recent guidance and my request that you acknowledge receipt of this shareholder proposal submission. In SLB 14L Section F, https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals, Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested."