Vanguard

Vanguard Investment Stewardship Insights

Contested director elections at Tejon Ranch Co.

October 2025

Company: Tejon Ranch Co. (Tejon)

Meeting date: May 13, 2025

Proposal(s): The Election of Directors

How the funds voted

Tejon, a U.S.-listed diversified real estate development and agribusiness company based in California, faced a proxy contest at its 2025 annual meeting. Bulldog Investors (Bulldog), an activist investor, nominated three directors to the company's board. The Vanguard-advised funds voted in support of each of the Tejon board's nominees and withheld support from Bulldog's nominees.[1]

The funds' proxy voting policies

As articulated in the funds' proxy voting policies, on behalf of the funds, we evaluate contested director elections on a case-by-case basis. We consider the facts and circumstances at the company in question and assess what is in the best interest of each fund and its shareholders. On behalf of the funds, our process for evaluating contested director elections focuses on three key areas:

Case for change. Is the dissident focused on strengthening the target company's long-term strategy and shareholder returns? We seek to understand the dissident's perspective on the company's current state and future trajectory, as well as the recommended changes that the dissident believes would benefit the company and be in the best interests of shareholders.

Company's approach to governance. What is the quality of the company's corporate governance practices? By reviewing a company's public reporting and disclosures, and through discussions with company leaders, we assess boards' corporate governance practices and the extent to which they support long-term shareholder returns.

Quality of directors. Do the company's nominated directors appear to bring the necessary capabilities to the company's board? Assessing a board's composition starts with understanding a company's stated strategy and how board members' skills (collectively and individually) align with that strategy and position the board to appropriately oversee and advise management. In a contested director election, we assess all director nominees—those put forward by the portfolio company's board as well as those

1 Vanguard's Investment Stewardship program is responsible for administering proxy voting and engagement activities pursuant to the Vanguard-Advised Funds Policy for the quantitative and index equity portfolios advised by Vanguard (together, "Vanguard-advised funds"). This publication describes the proxy voting and engagement activities conducted by Vanguard's Investment Stewardship program pursuant to the Vanguard-Advised Funds Policy; it does not include (a) votes cast on behalf of investors who, through Vanguard's Investor Choice program, chose to have their proportionate portfolio holdings in certain index funds voted in accordance with a policy other than the Vanguard-Advised Funds Policy, or (b) proxy voting and engagement activities for externally managed funds conducted by their respective third-party investment advisors. Throughout this document, "we" refers to Vanguard's Investment Stewardship program and "the funds" refers to Vanguard-advised fund shares voted pursuant to the Vanguard-Advised Funds Policy.

put forward by the dissident—to understand how their skills align with the company's stated strategy and/or the dissident's case for change. We seek to understand the qualifications and perspectives of all director nominees so that we can make informed judgments about which nominees are best positioned to provide for the company's long-term success and support long-term shareholder returns.

The funds' proxy voting policies

Ahead of Tejon's 2025 annual meeting, activist investor Bulldog nominated three directors, citing persistent underperformance and governance concerns. Bulldog contended that its nominees could influence strategic change to reverse stock-price underperformance. To inform our vote, we reviewed public disclosures and engaged with both Tejon executives and board members as well as Bulldog's nominees.

Bulldog's nominees engaged with us to present their case for change. They criticized Tejon's capital allocation decisions, particularly investments in large-scale master-planned communities (MPCs), which they asserted lacked near-term cash flow potential and undermined shareholder returns. They advocated redirecting capital toward the income-generating Tejon Ranch Commerce Center or returning excess capital to shareholders, both of which they viewed as more effective means of enhancing shareholder returns. They also raised governance concerns, including executive compensation misalignment and the former CEO's continued influence through a consulting role.

As part of our assessment, we engaged with Tejon executives and independent directors to understand their plans to improve shareholder returns through capital allocation and governance. Tejon executives explained the rationale behind the company's long-term MPC strategy, highlighting the competitive advantage of securing land entitlements in California. They also discussed recent organizational changes, including the recent appointment of a new CEO and four new board members. These discussions reinforced our view that Tejon's approach was evolving in ways that could support long-term shareholder returns.

While we acknowledged Bulldog's stock-price underperformance concerns, we assessed that Bulldog had not offered a compelling case for either strategic change or governance refinements that were not already underway. As such, we supported the election of the Tejon nominees and withheld support from the Bulldog nominees.

Vanguard publishes information regarding its voting and engagement activities, including the funds' proxy voting policies, Insights, and quarterly reports, to promote good corporate governance practices and to provide public companies and investors with our perspectives on important governance topics and key votes. This is part of our effort to provide useful disclosure of Vanguard's investment stewardship activities. We aim to provide clarity on Vanguard's positions on governance matters beyond what a policy document or a single vote can provide.

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