

2025 Stewardship Report

Engagement and voting rights

TKB is publishing this report in order to provide transparency regarding its stewardship activities in 2025. As a responsible investor, it not only engages in dialog with selected companies (a practice known as “engagement”) but also exercises its voting rights responsibly. It uses these two tools – engagement and exercise of voting rights – to influence the sustainability performance of each of the companies in which it has invested and to motivate them to make positive changes that will create long-term added value for society. The bank’s stewardship activities relate to its TKB Aktien Schweiz (CHF) equity fund, its proprietary “VV Basis” strategy fund, and private mandates within its asset management solutions business, and its proprietary financial investments.

Table 1: Stewardship at Thurgauer Kantonalbank

	Direct engagement	Indirect engagement	Exercise of voting rights
TKB Aktien Schweiz (CHF) equity fund		X	X
TKB asset management: “VV Basis” strategy fund and private mandates	X		
Proprietary financial investments		X	

Source: Own chart

1 Dialog with companies (engagement)

1.1 Direct engagement

TKB engages actively and directly with third-party investment companies in the course of its asset management solutions business (“VV Basis” strategy fund and private mandates). It aims to understand the stewardship approaches of these companies, to evaluate their activities and to suggest potential improvements. To this end, it has developed a questionnaire entitled “Stewardship/Engagement”, which enables it to evaluate the stewardship activities of third-party investment companies in comparison with their competitors and over time. The results of these surveys inform its selection process for individual investment instruments.

TKB engages directly with third-party investment companies. If intensive discussions with them fail to generate a constructive dialog or to prompt a clear plan for improvement, it has various levels of escalation at its disposal depending on the asset categories. It has greater scope for influencing equity positions than bond, money market, precious metal or alternative investment funds. If it deems a fund provider’s stewardship activities to be unsatisfactory, it will sell the entire position within three months.

In 2025, TKB invited all third-party investment companies – more than 30 – to participate in the survey, and they all did so.

1.2 Indirect engagement

TKB has been a member of the Responsible Shareholder Group (RSG), Inrate’s engagement network, since 2024. Inrate is a Swiss provider that specializes in evaluating companies in terms of their sustainability and in actively engaging with them. The RSG is a group of Swiss banks and long-term institutional investors that share similar interests. Their common goal is to have a positive impact on the sustainability performance of each of the companies (known as “target companies”) that they have invested in. By doing so, they aim to promote sustainable business practices and long-term value enhancement. Joining together enables the RSG’s members to increase the efficiency and effectiveness of their engagement. Each member – including TKB – has the right to propose, debate and vote. The RSG determines the target companies and the topics; Inrate then engages directly with the companies’ respective managements on behalf of the RSG.

1.2.1 Topics

The RSG first defines the topics to be focused on with the companies. It selects topics that cover market-wide and systemic risks, thereby contributing to a stable and sustainable financial system. Its risk assessment follows the principle of double materiality. On the one hand, it considers any developments in the environment or society that may have an impact on a company's value (the outside-in perspective). And on the other hand, it considers the impact of a company's business activities on the environment and society (the inside-out perspective). This holistic approach ensures a long-term perspective. As a member of the RSG, TKB can propose topics. The final selection is made by the RSG at its annual meeting.

The RSG addressed eight thematic priorities in 2025. These topics had already been priorities in 2024, and will continue to focus on them in 2026 – in the belief that sticking to the chosen topics over an extended period will increase the chances of success, since the probability of effecting lasting change in decision-makers is likely to increase over time.

Table 2: Key topics for engagement with target companies

Environment (E)	Social (S)	Governance (G)
Indirect CO ₂ Emissions (Scope 3)	Human Rights (Due Diligence)	Competencies in the Board
Sustainable Products and Services	Psychosocial Risks at Work	ESG Criteria in the Compensation System
Biodiversity		Corporate Governance Assessment

Source: Engagement Report 2025 (Inrate)

1.2.2 Companies

The RSG focuses its engagement activities on companies that are included in the Swiss Performance Index (SPI). Inrate distinguishes between two levels of engagement intensity. All SPI companies are assessed annually with regard to their corporate governance in the course of "light engagements". Communication usually takes place via e-mail, but can also take the form of video calls or face-to-face meetings. The RSG additionally selects companies each year for an in-depth discussion, which is referred to as a "full engagement". These are companies with potential for improvement (based on an ESG impact rating by Inrate of lower than B – on a scale of A+ to D-) or with relevance or impact potential (based on their turnover, for example) and companies that the RSG's members wish to engage with for other reasons. An in-person meeting or video call takes place every three years with representatives of the selected companies. Inrate conducts light engagements in between.

Table 3: Companies in which TKB is invested as at 31 December 2025 for which a full engagement was conducted

	TKB Aktien Schweiz (CHF) equity fund	Proprietary financial investments
Bachem	X	
Geberit	X	
Holcim	X	
Novartis	X	X
SGS	X	
Siegfried	X	
Sika	X	
Swisscom	X	

Source: Own chart

1.2.3 Approach

Inrate generally begins its engagement with companies by making contact in writing, followed by virtual or in-person meetings and further correspondence. The RSG defines specific objectives and milestones in advance for each topic and company. Inrate's analysts systematically assess the companies' achievement of their targets, using specific key performance indicators (KPIs) to illustrate the impact of the engagements. Inrate documents all interactions with the companies and the results achieved on its online platform. In addition, it publishes a comprehensive annual report detailing the engagement activities it has carried out on behalf of the RSG and highlighting examples of key topics (see Section 1.2.1) and companies (see Section 1.2.2). It uses these tools to provide transparency vis-à-vis the RSG's members.

Inrate uses a graduated system to assess a company's progress:

- Inrate will conclude the engagement if the company has achieved the targets that it set for each topic. If not, it will continue the dialog on behalf of the RSG.
- If the company does not respond to Inrate's invitation to participate in this dialog, Inrate will contact it at least two more times. It will do this by e-mail or phone.

Inrate developed an escalation strategy in 2025 that will be applied from 2026 onward. Using a six-step action plan, Inrate systematically addresses insufficient or unmet engagement targets on behalf of the RSG, with the aim of triggering sustainable progress at the companies and securing long-term value. The action plan begins with more intense dialog and ends with divestment, i.e. a company's exclusion from the portfolio. In between, Inrate works with proxy voting recommendations and public statements to the board of directors of the company concerned, among other things. TKB assumes the role of "Engagement Essential" in this escalation process: It supports Inrate's escalation strategy, but does not participate in any escalation measures. This is because TKB's involvement in those would require the bank to cooperate with Inrate when exercising its voting rights, but the bank is already working with Swisscanto in this regard (see section 2 below).

1.2.4 Impact

The companies that Inrate contacted in 2025 showed a high degree of willingness to engage in dialog. The participation rate was 52 percent for light engagements and 94 percent for full engagements. Inrate contacted 100 companies on behalf of the RSG and covered 498 topics. Around three-quarters of the topics concerned corporate governance. This was due to the numerous corporate governance evaluations that Inrate carries out with SPI companies in connection with light engagements.

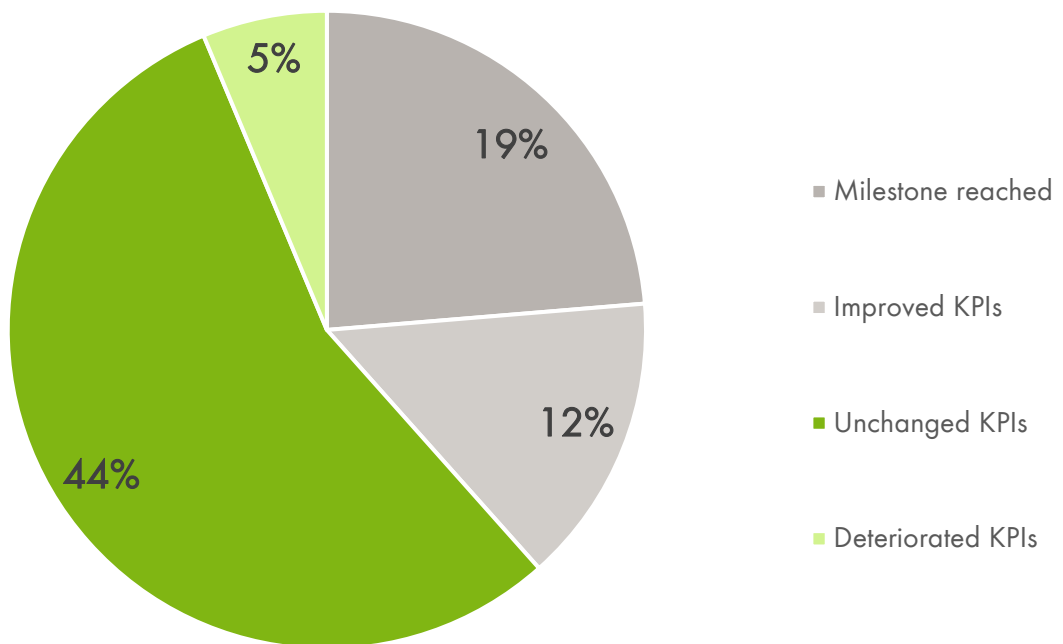
Chart 1: Thematic allocation of dialogs



Source: Engagement Report 2025 (Inrate)

The engagements were remarkably effective. Inrate noted an improvement in more than a quarter (30 percent) of the topic-specific KPIs and achievement of the final milestone in 19 percent of them. Target achievement remained unchanged for 44 percent of the KPIs. Inrate recorded a deterioration for 5 percent of the KPIs, which was attributable in most cases to its imposition of stricter requirements. Overall, Inrate monitored progress on 482 KPIs. For 102 KPIs, the final milestone had been reached even before 2025.

Chart 2: Overview of the effectiveness of the engagements



Source: 2025 annual meeting of the Responsible Shareholder Group (Inrate)

2 Exercise of voting rights

TKB exercised its voting rights for the second time in 2025 for the companies whose shares are included in the TKB Aktien Schweiz (CHF) fund. It transferred responsibility for exercising its voting rights to Swisscanto Fund Management Company Ltd. When exercising these rights, Swisscanto follows voting guidelines¹ that are founded on Swiss and international rules of corporate governance and on the United Nations Principles for Responsible Investment (PRIs). Swisscanto Fund Management Company Ltd. receives voting recommendations from Institutional Shareholder Services (ISS), the leading provider of voting rights and governance services. Swisscanto's detailed voting record for the TKB Aktien Schweiz (CHF) fund can be viewed online.²

Table 4: Votes cast for the TKB Aktien Schweiz (CHF) fund

Total votes cast	1,382
Votes for	1,207
Votes against	172
Abstentions	3
Votes cast contrary to management recommendations	172

Source: Own chart based on Swisscanto data (2025)

¹Link: <https://www.issgovernance.com/policy-gateway/voting-policies/>

²Link: <https://vds.issgovernance.com/vds/#/NDI0NQ==/>