

The following is a sample of bcIMC's engagement during the quarter on issues of corporate governance.

## Proxy Votes

<i>Issue Category</i>	<i>Number of companies</i>	<i>Number of Issues</i>	<i>bcIMC Voted FOR</i>	<i>bcIMC Voted AGAINST</i>
Auditors	118	121	103	18
Board of Directors	141	172	132	40
Executive Compensation	60	90	27	63
Shareholder Rights	63	147	92	55
Takeover Protection	2	2	2	0

## Vote Highlights

- **Sierra Systems** – voted against authorization of a capital increase to an unlimited number of shares. Rather, we support limited capital structures that protect against excessive dilution while enabling the company to increase capital on an as-needed basis.
- **Walt Disney** – voted against re-appointment of company's external auditor due to 68 year tenure. This degree of entrenchment can compromise auditor independence.

## Public Company Engagement

<i>Company</i>	<i>Issue</i>	<i>Best Practice Standard</i>
Hyundai	Dividend payout	A minimum 30% dividend payout ratio is recommended to demonstrate accountability to shareholders unless a company has high levels of capital expenditures or an adequate explanation for the retention of capital.
News Corp	Poison pill	Shareholder approval should be required for adoption of a company's shareholder rights plan (also known as a 'poison pill')
CN Rail, CP Rail, Goldcorp, Finning, Talisman, Telus, Teck Cominco, Macdonald Detwiller, Cameco	Director election	Majority vote standard

## Investor Coalition Activity

### Canadian Coalition for Good Governance (CCGG)

bcIMC's CEO/CIO Doug Pearce is named the new Chair of the CCGG.

## Public Policy Engagement

### Single Securities Regulator for Canada

bcIMC's CEO/CIO Doug Pearce addressed the Crawford Panel on a Single Canadian Securities Regulator Roundtable in Vancouver on February 22, 2006. bcIMC expressed to the Panel that we are not opposed to a single Canadian regulator or securities act, but we must be certain of the "buy side" benefits, particularly in the areas of protection and enforcement.

The following is a sample of bcIMC's engagement during the quarter on issues of corporate responsibility.

## Proxy Votes

Issue Category	Number of companies	Number of Issues	bcIMC Voted FOR	bcIMC Voted AGAINST
Environmental Responsibility	3	3	2	1
Social Responsibility	13	13	5	8

## Public Company Engagement

Company	Issue	Best Practice Standard
General Electric	Disclosure	As environmental responsibility issues have financial and reputation risks associated with them, shareholders deserve to be fully informed about how those risks are being managed by a company.
Wal-Mart	Labour policies	Companies should implement fair, equitable and legal employment practices. The ILO provides reasonable labour standards against which companies may be held accountable.

## Public Policy Engagement

### Company Disclosure

bcIMC joined others in the global investment community in writing to the UK Department of Trade and Industry (DTI) regarding a recently announced UK company law reform. Specifically, the letter addressed the uncertainty now faced by UK company shareholders because a key company reporting requirement – the Operating and Financial Review (OFR) - had been abolished. The OFR, formerly a component of UK company annual reports, had enabled shareholders to stay informed about the extra-financial risks and opportunities that could significantly affect the company they owned. For example, a manufacturing company that consumed large quantities of energy in its processes would have discussed in its OFR the implications of regulatory efforts to reduce the impacts of carbon emissions and global warming.

## Vote Highlights

- **Beckton Dickinson** — voted for a resolution requesting that the company enhance disclosure of their policies on internationally recognized toxic chemicals known as polybrominated diphenyl ethers (PBDEs), including any plans to reduce and phase out the production of such chemicals.

## Investor Coalition Activity

### Investor Network on Climate Risk (INCR)

Issued their first-ever report entitled *Corporate Governance and Climate Change: Making the Connection*. The report (available on the Resources and Publications page of the INCR website at [www.incr.com](http://www.incr.com)) evaluates how 100 leading companies from around the world are addressing the growing financial risks and opportunities from climate change.

## Environmental Investment Initiatives

### Real Estate

BP Centre, a Calgary office building held in bcIMC's domestic real estate portfolio, was awarded the BOMA *Go Green Environmental Certification*. The Building Owners and Managers Association (BOMA) created Go Green as a national environmental recognition and certification program.

### Private Equity

On behalf of our clients, bcIMC committed US\$30 million to the *Carlyle/Riverstone Renewable Energy Infrastructure Fund*. The objective of the fund is to generate long-term capital appreciation through equity investments in renewable energy infrastructure assets with stable, long-term cash flows and strong management teams. The fund will focus on North America with a maximum of 25% invested internationally.