

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

Proxy Votes

Issue Category	Number of companies	Number of Issues	bcIMC Voted FOR	bcIMC Voted AGAINST
Auditors	71	71	60	11
Board of Directors	88	92	66	26
Executive Compensation	41	67	25	42
Shareholder Rights	60	114	79	35
Takeover Protection	5	5	2	3

Investor Coalition Activity

Canadian Coalition for Good Governance (CCGG)

In December, the Canadian Coalition for Good Governance (CCGG) released the *Best Practices in Compensation Disclosure* document (available at www.cggg.ca). The document provides guidance on disclosure practices that align with the Coalition's *Corporate Governance Guidelines for Principled Executive Compensation*. As preparation for the document, the Coalition reviewed the compensation disclosures contained in over 150 proxy circulars, and discovered that many of the CCGG Guidelines are not being addressed in the issuer's compensation disclosure. Although there are companies that have made an effort to align their disclosure with the guidelines, the Coalition is cognizant that considerable effort will be required to ensure adequate disclosure of information by all public companies. The document is a companion to the CCGG's *Best Practices in Director Disclosure*.

Vote Highlights

- **British Sky Broadcasting PLC (U.K.)** – voted against the appointment of the auditors as we prefer that companies do not engage their auditor for work unrelated to the audit function.
- **Cogeco Cable Inc. (Canada)** – voted against the proposed plan amendments because the proposal was based on broad amending powers which would have given the board overreaching authority to amend the plan without requiring shareholder approval.
- **Ryanair Holdings PLC (Ireland)** – voted for the proposed 2:1 stock split as this will be in the best interest of the shareholder as it will increase the liquidity and marketability of the shares.
- **Westpac Banking Corp. (Australia)** – voted against the proposed increase in non-executive director fees as the compensation is already excessive relative to the market, and a further increase would exacerbate the situation.
- **Amsouth Bancorp (U.S.)** – voted for the merger between Alabama-based banks Regions and AmSouth. The merger, which will create the tenth-largest bank in the U.S, will result in economies of scale, expanded product offerings, expanded opportunities for cross-selling, cost savings, and enhanced growth.
- **Cardinal Health Inc. (U.S.)** – voted in support of the shareholder proposal requesting the board to adopt a policy requiring that stock options, granted to senior executives as part of their compensation package, are performance based.

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	-	-	-	-
Social Responsibility	5	5	4	1

New Investments

Public Equities (U.S.)

On November 1, bcIMC launched a new U.S. Social Index Fund. The Fund, managed by our in-house equity professionals, will track the Domini Social Index 400 (DSI 400), which is loosely modeled on the S&P 500 Index but incorporates ESG principles in its investment process. This includes using negative screens to exclude companies which have significant exposure to tobacco, weapons, alcohol, gambling and nuclear power, as well as incorporating positive qualitative screens to include companies that exhibit desirable social traits such as: strong community relations, workforce diversity, good employee relations, and sustainable environmental practices.

Investment Activity

Real Estate

The BOMA Go Green program recognizes buildings that implement environmental best practice operations. It is designed for existing buildings and is a voluntary program. During Q4, eight properties within the Real Estate portfolio received Building Owners and Management Association "Go Green" certification. These properties include office, retail and industrial buildings.

Of note, bcIMC's Willowbrook Shopping Centre is the first suburban regional shopping centre in British Columbia to be designated as a Go Green building by BOMA Canada. In addition, the certification of industrial buildings is a recent addition to the Go Green program, and bcIMC's East Foothills property was used as a pilot, with BOMA Canada adopting the standards used.

Vote Highlights

- **Archer-Daniel Midland (U.S.)** – voted in support of a resolution that the company identify and label all food products sold by the company that may include genetically engineered (GE) ingredients. Since the request was seeking the labelling of products, not an outright phase-out, and consumers support the labelling of GE food, bcIMC supported this resolution, believing that it would help protect and enhance the company's brand and reputation over the longer-term.
- **Campbell Soup Co. (U.S.)** – voted in support of a proposal requesting the company to prepare a sustainability report. Although Campbell's has a code of conduct and discloses information on its community involvement and environmental policies, bcIMC believes that more comprehensive reporting on sustainability issues will assist the company to better assess issues of importance to its stakeholders.
- **Cisco Systems Inc. (U.S.)** – voted in support of a proposal requesting the company to disclose its steps it is taking to mitigate the potential risks of its business practices being used to enable or encourage the violation of human rights. bcIMC believes that the provision of additional information in existing public documents could be of benefit to the shareholders.
- **Micron Technology Inc. (U.S.)** – voted in support of a shareholder proposal requesting the company to amend its formal Equal Employment Opportunity statement to prohibit discrimination based on sexual orientation and gender identity. bcIMC is of the opinion that companies should have policies that prevent all forms of workplace discrimination.

