

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	85	85	76	9
Board of Directors	102	110	82	28
Executive Compensation	50	64	26	38
Shareholder Rights	62	146	82	64
Takeover Protection	1	1	0	1

## Vote Highlights

- **Catalyst Paper** (Canada) – voted against the company stock option and restricted share unit plans because of undesirable features including repricing, discretionary participation by directors (also plan administrators), and overreaching amending authority.
- **Caremark/CVS** (U.S.) – voted against “merger of equals” because of excessive change in control payments to Caremark executives (if truly a merger of equals then arguably no change in control), and board review process did not appear to be focused on enhancing shareholder value.
- **Siemens** (Germany) – voted against approval of board actions during the year because of current allegations of corruption against the company by the state attorney's office in Munich. At least five employees, including a board member, have been arrested and face public prosecution.

## Direct Company Engagement

Company	Issue	Best Practice Standard
<b>Canfor</b> (Canada)	Shareholder rights plans	Appropriately structured rights plans (also known as “poison pills”) should not put undue control in the hands of directors at the expense of shareholders, and should have an overall intention to promote the realization of long-term shareholder value.
<b>Goldcorp</b> (Canada)	Executive severance packages	Executive severance packages should have a 'double trigger', i.e. 1) a change of control and 2) involuntary termination or effective dismissal (i.e., material change of duties) of the executive within a reasonable time period after the change of control. The triggers should be beyond the control of management.
<b>Ericsson</b> (Sweden), <b>Telecom Italia</b> (Italy), <b>Carrefour</b> (France)	Timely, thorough disclosure of shareholder meeting material	Companies should provide their financial and governance material (e.g., annual report, director descriptions) well in advance of proxy vote deadline dates to enable investors to cast informed votes at shareholder meetings. In that regard, bcIMC believes that international companies should provide thorough disclosure at least 30 days prior to the shareholder meeting because of the numerous steps and intermediaries involved in the cross-border voting process. This view is supported by the European Commission's proposed directive to facilitate the cross-border exercise of shareholder rights (January 2006).

Investor Coalition Activity	
Coalition	Activity
Canadian Coalition for Good Governance (CCGG)	As at the end of Q1 2007, almost 60 Canadian companies have adopted a majority vote policy or by-law for director elections. bcIMC directly engaged with and encouraged 7 of the companies to introduce reforms.
International Corporate Governance Network (ICGN)	bcIMC contributed comments to a redrafting of the ICGN's <i>Statement of Principles on Institutional Shareholder Responsibilities</i> . We are pleased that bcIMC's own governance structure is included in the document as a practical example of stakeholder involvement and accountability. This Statement can be found at <a href="http://www.bcimc.com">www.bcimc.com</a> under "Responsible Investing News."

Public Policy Engagement	
Issue	Activity
Enhanced executive compensation disclosure by Canadian companies	bcIMC attended a Deloitte presentation and discussion on the Canadian Securities Administrators' (CSA) March 29 proposed changes to executive compensation disclosure in Canada. The changes closely follow the disclosure rules introduced in August by the U.S. Securities and Exchange Commission (SEC). The session was useful for bcIMC's preparation and submission of comments to the CSA by June 30, 2007.
Definition of 'Solicit' under National Instrument 51-102	Since December 2005, bcIMC has been engaging with the BC Securities Commission on the issue of exclusions to the definition of 'solicit' in National Instrument 51-102 <i>Continuous Disclosure Obligations</i> , consistent with the Canadian Business Corporation Act (CBCA) Regulations. In our March 23, 2007 correspondence to the BCSC, bcIMC thanked the Commission for introducing the requested amendment, which has the essential effect of facilitating investor communication and collaboration on owned companies.

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	2	2	1	1
Social Responsibility	3	3	2	1

## Vote Highlights

- TD Bank** – voted in support of a resolution requesting a report to shareholders on how the performance assessment used for executive remuneration integrates sustainability criteria. bcIMC agreed with the proposition in principle that business practices promoting corporate sustainability will contribute to the bank's long-term profitability, and that they are therefore important factors in executive performance. For this reason, executive compensation levels at the bank should be demonstrably linked to environmental, social and governance performance targets.

## Direct Company Engagement

Company	Issue	Best Practice Standard
<b>EnCana (Canada)</b>	Environmental management	Companies can bring long-term benefits to their investors by implementing climate risk/carbon emissions management policies and practices that enhance current business processes, create competitive advantage, and enhance company reputation. EnCana discussed with bcIMC the environmental management programs they have in place including those intended to manage the greenhouse gas challenge, such as the carbon sequestration project at Weyburn. EnCana anticipates injecting 30 million tons of CO2 at Weyburn over the next 30 years, which is the equivalent of taking 6.7 million cars off the road for one year.
<b>Canadian Natural Resources (Canada)</b>	Human rights management	Companies with operations in high human rights risk areas need to develop and implement human rights policies to effectively manage exposure to social risks (e.g., crimes against humanity and government corruption). bcIMC asked if Canadian Natural Resources planned to introduce a human rights policy given that they have operations in Gabon and the Cote D'Ivoire, two countries with poor human rights records, and given that their competitors, such as Talisman and Petro-Canada, have implemented human rights policies. The company has not yet responded to our inquiry, and we will continue to encourage Canadian Natural Resources' adoption of a policy that endorses at least the Universal Declaration of Human Rights.

Investor Coalition Activity

Coalition	Activity
<b>Carbon Disclosure Project 5 (CDP)</b>	<p>In late March, bcIMC directly contacted 26 portfolio companies to encourage their participation in the 5<sup>th</sup> annual Carbon Disclosure Project (CDP5). bcIMC is a signatory to the CDP5 questionnaire that was sent in February 2007 to 2,400 companies around the world, including 200 of Canada’s most valuable companies (by market capitalization). The CDP5 questionnaire asked each company for information on the risks and opportunities that climate change presents to the firm, and how it is responding to/managing these risks and opportunities.</p> <p>bcIMC is participating in an advisory group to compile the Canadian company responses (due by May 31, 2007) into a TSX 200 Report that will be published late in 2007. bcIMC is also a member of a Climate Leadership Index working group focused on reviewing and determining ‘best in class’ CDP5 responses.</p>

New Investments

Asset Class	Investment Details												
<b>Real Estate</b>	<p>bcIMC is continuing to make energy efficiency and conservation a standard practice in how we design, build, manage, and refurbish the properties in our clients’ real estate portfolio. To date, approximately 72 of our domestic commercial property investments have received green awards/certification through the Building Owners and Managers Association (BOMA) <i>Go Green</i> Environmental Program. bcIMC has also committed to certifying 1.3 million square feet of commercial property to LEED (Leadership in Energy and Environmental Design) standards.</p> <div style="text-align: center;"> <table border="1"> <caption>Percentage of Certified vs Non-Certified Properties</caption> <thead> <tr> <th>Asset Class</th> <th>Certified (%)</th> <th>Non-Certified (%)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>~55</td> <td>~45</td> </tr> <tr> <td>Industrial</td> <td>~10</td> <td>~90</td> </tr> <tr> <td>Retail</td> <td>~22</td> <td>~78</td> </tr> </tbody> </table> </div>	Asset Class	Certified (%)	Non-Certified (%)	Office	~55	~45	Industrial	~10	~90	Retail	~22	~78
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