

The following is a sample of bcIMC's engagement during the quarter on corporate governance issues.
We also prepare a full, confidential report on our quarterly activities for our clients.

Proxy Votes

Issue Category	Number of companies	Number of Issues	bcIMC Voted FOR	bcIMC Voted AGAINST
Auditors	110	110	96	14
Board of Directors	125	135	94	41
Executive Compensation	71	96	28	68
Shareholder Rights	87	191	153	38
Takeover Protection	11	3	1	2

Vote Highlights

- **Magna (Canada)** – voted against of a proposal to merge the company into a new corporation with a subsidiary of Russian Machines. The proposal passed.
- **3Com (USA)** – voted against the re-election of members of the Compensation Committee because of poor pay-for-performance linkages at the company. All directors were (re)elected.
- **Banco Santander (Spain), Royal Bank of Scotland (UK) and Fortis (Netherlands)** – voted for proposals for the consortium to acquire ABN AMRO Bank (Netherlands). The proposals passed.

Direct Company Engagement

Company	Issue	Best Practice Standard
Shoppers Drug Mart (Canada)	Executive share ownership requirements	Key executives should have a meaningful stake in the firm (stock options excluded) to better enable them to make decisions from the same perspective as company shareholders.
Dundee Wealth (Canada)	Fair treatment of minority shareholders	Once a company is in play, its directors have an overriding duty to seek the highest value for the securities of the target company; in fulfilling this duty, they must represent the interests of <i>all</i> shareholders.
Mitsubishi, Toyota (and six other Japanese companies)	Dividend payout	In the absence of high levels of capital expenditures, or other reasonable profit allocation strategy, bcIMC believes that low dividend payouts do not demonstrate accountability to company shareholders. In our view, a 30% dividend payout ratio is a reasonable return that shareholders should expect from their mature investments, particularly if there is no better return that the company can generate from its available cash.

Investor Coalition Activity

Coalition	Activity
Canadian Coalition for Good Governance (CCGG)	In September, the CCGG released its 2007 version of the <i>Best Practices in Shareholder Communication</i> and its first version of the <i>Best Practices in Compensation Disclosure</i> (available on the Responsible Investing What's New section of bcIMC's website or at www.ccg.ca). The documents are compilations of exemplary disclosure practices CCGG members like bcIMC are seeing from companies with respect to governance, director oversight and compensation policies.
Asian Corporate Governance Association (ACGA)	During the quarter, bcIMC wrote to the CEO of the Pension Fund Association (PFA) – which has a comparable position in Japan to CalPERS in the USA with respect to market clout – to congratulate and thank the PFA for the important work it is doing to promote high standards of corporate governance at Japanese companies. bcIMC's Manager Corporate Governance will be attending the Asian Corporate Governance Association (ACGA) conference in November in Tokyo, and will personally meet the CEO of PFA.

Public Policy Engagement

Issue	Activity
Shareholder rights to file resolutions and nominate directors	During the quarter, bcIMC joined a collaborative letter writing campaign to the U.S. Securities and Exchange Commission (SEC) to express our investor opposition to proposals to limit or eliminate the rights of shareholders to file resolutions and nominate directors at USA companies. The campaign included 39 asset manager signatories to the Principles for Responsible Investment (PRI), and in total the SEC received thousands of shareholder letters expressing similar opposition.
One share, one vote	Early in October, bcIMC wrote to the Commission of Internal Markets at the European Commission (EC) to express our disappointment that the European Commission will discontinue its efforts to require EU companies to adopt a “one share, one vote” capital structure. This is a setback to shareholders like bcIMC who argue against the use of such control mechanisms.

The following is a sample of bcIMC's engagement during the quarter on issues of corporate responsibility. We also prepare a full, confidential report on our quarterly activities for our clients.

Proxy Votes				
Issue Category	Number of companies	Number of Issues	bcIMC Voted FOR	bcIMC Voted AGAINST
Environmental Responsibility	3	3	1	2
Social Responsibility	7	8	8	0

Vote Highlights
<ul style="list-style-type: none"> • Bed, Bath and Beyond (USA) – voted in favour of a proposal requesting the company report to shareholders on its climate risk strategy. The proposal did not pass. • Activision (USA) – voted in favour of a proposal requesting the board to ensure that women and minority candidates are considered for board positions. The proposal did not pass.

Direct Company Engagement

Company	Issue	Best Practice Standard
CN Rail (Canada)	Environmental management	Companies can bring long-term benefits to their investors by implementing environmental management policies and practices that enhance current business processes, create competitive advantage, and enhance company reputation. In light of the many recent, negative news headlines involving CN Rail, bcIMC asked to hear about the steps CN is taking to minimize reputation damage and to ensure the company's owners (its shareholders) can feel the railways are operating safely.
Canadian Natural Resources (Canada)	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 encouraged the company to adopt a human rights policy that endorses at least the Universal Declaration of Human Rights.

Investor Coalition Activity

Coalition	Activity
Carbon Disclosure Project (CDP)	<p>In early October, the Canadian launch of the 5th annual Carbon Disclosure Project (CDP5) results took place. bcIMC (and 30 other Canadian investors) was a signatory to the CDP5 questionnaire that was sent to thousands of companies around the world, including the 200 most valuable Canadian companies by market capitalization on the Toronto Stock Exchange. The survey 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. Of the 200 Canadian companies that received the CDP5 request, 45% responded for a 28% increase over last year. This increase in disclosure by Canadian companies is likely a result of direct efforts by investors to encourage company participation. For example, bcIMC directly contacted 26 companies to ask for their support of the CDP5 initiative. And, for the first time this year, bcIMC was a financial sponsor and a participant in an investor working group to rank Canada’s climate disclosure leaders. For further information on the CDP5, an October 2, 2007 Globe and Mail supplement called “A Climate for Action” along with the CDP5 Canada 200 Report are posted at www.bcimc.com under “Responsible Investing News.”</p>

Green and Social Investments

Asset Class	Investment Details
Infrastructure	<p>In October 2007, a consortium of investors, including bcIMC, announced its intention to enter into a merger agreement with Puget Sound Energy (PSE). PSE has a diverse portfolio of power resources – natural gas, hydroelectric, coal, wind and other renewable resources – and provides service to almost two million customers in Washington State. The transaction is subject to customary closing conditions, including regulatory approval, and is expected to close during the second half of 2008. bcIMC’s CEO/CIO Doug Pearce notes that: “We strongly support PSE's commitment to the environment and provision of green power to residents of Washington State. Our investment in Puget complements our existing infrastructure portfolio and is considered a long-term investment for bcIMC and our clients.”</p>