

The following is a sample of bcIMC's engagement during the quarter on corporate governance issues, except for the "Proxy Votes" table which is a complete Q1-08 record. 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	114	121	111	10
Board of Directors	139	164	124	40
Executive Compensation	68	86	42	44
Shareholder Rights	52	140	72	68
Takeover Protection	28	30	25	5

Vote Highlights
<ul style="list-style-type: none"> Philips Electronics (Netherlands) – voted against a new compensation plan that would sever the tie between executive bonuses and total shareholder return. The plan received a “No” vote from 56% of the votes cast. This was a landmark event in European corporate governance and illustrates how investors can strengthen their influence by working together. Washington Mutual (U.S.) – voted for a proposal to split the Chair and CEO roles. The proposal received a majority of support – 51.5% of votes cast.

Direct Company Engagement

Company	Issue	Best Practice Standard
CP Rail (Canada)	Executive pay for performance linkage	bcIMC endorses compensation plans that align the interests of management and directors with the interests of shareholders. We look for plans that are transparent, reasonable, provide the right incentives to managers and directors, and can withstand critical cost-benefit scrutiny. On this issue, bcIMC had a direct discussion and exchanged correspondence with the President and CEO to understand how executive bonus payments would be impacted by the company not achieving key performance targets in 2007.
Suncor (Canada)	Majority vote director election standard	Directors should be elected annually by an affirmative majority of the votes cast. Alternatively, boards should adopt director resignation policies asking that directors tender their resignations if the number of votes withheld from or cast against the nominee exceeds the votes for the nominee. We contacted the company on this issue and, for the 2008 AGM and going forward, Suncor’s board will be subject to a majority vote election standard.
Canadian Tire (Canada)	Accountability to minority shareholders	In cases where subordinate shareholders of dual-class companies can elect directors to the company board, we would like these directors to have representation on the key board committees. We raised this issue with the company, and received the reply that for the 2008-2009 board term, “you will be pleased with the changes that have been made for the three Class A nominated directors in terms of their proposed committee involvement.”

Investor Coalition Activity

Coalition	Activity
<p>Informal coalition of investor signatories to the UN Principles for Responsible Investment (including funds from Canada, U.S., U.K., Sweden, France, and Norway)</p>	<p>In early January, bcIMC joined 19 other investors representing more than \$2 trillion in assets from 10 countries in a collaboration regarding the UN Global Compact. Together, we wrote to 78 companies in more than 30 countries asking for current information on how they are upholding their commitment as a signatory to the ten Global Compact principles. The principles range from abolishing child labour to working against corruption to promoting greater environmental responsibility. We targeted these companies because they had not issued a report on their progress toward implementing the principles, which undermines the company’s perceived commitment to their ESG performance. To date, we are pleased that 20% of the “laggard” companies appear to have re-engaged with the Global Compact principles by issuing progress reports. Also noteworthy is the fact that Ban Ki-Moon, UN Secretary-General, has personally welcomed this initiative and thanked the participating investors for our support for the UN Global Compact.</p>
<p>Asian Corporate Governance Association (ACGA)</p>	<p>In late Fall 2007, the ACGA prepared a research report on the issue of voting at shareholder meetings in Singapore. The report, which bcIMC endorsed as an ACGA member, made recommendations to the regulatory authorities for the removal of obstacles in the way of shareholders who wish to personally attend, vote and discuss issues at shareholder meetings in Singapore. bcIMC sent copies of the research paper to seven of the most valuable Singaporean companies our clients own to encourage them to consider making the recommended “good governance” article amendments on a voluntary basis. To date, one company has responded that they are studying the recommendations in the report.</p>

Public Policy Engagement

Issue	Activity
<p>Shareholder collaboration</p>	<p>bcIMC wrote to the German Ministry of Finance to give our views on the proposed new German Risk Reduction Act, particularly on the proposals relating to shareholders “acting in concert.” The proposed law would limit the ability of institutional investors to discuss corporate governance issues with each other and, where necessary, to try to make thoughtful and constructive changes at poorly governed companies. In our opinion, having engaged, informed investors is part of a well-functioning capital market. The bill was intensely debated in the German federal parliament through the fall and winter, and on April 19, 2008, the Ministry issued a revised bill featuring substantial improvements in terms of “acting in concert”. We are pleased by this successful lobby effort against the original plans of the German authorities that would have prevented legitimate and constructive collaboration between shareholders and the companies they own. The redrafted Risk Reduction Act should be signed by the German president in July 2008.</p>

The following is a sample of bcIMC's engagement during the quarter on issues of corporate responsibility, except for the "Proxy Votes" table which is a complete Q1-08 record. 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	0	0	0	0
Social Responsibility	7	7	6	1

Vote Highlights
<ul style="list-style-type: none"> Royal Bank, Bank of Nova Scotia, CIBC, Bank of Montreal, National Bank (Canada) – voted for a proposal to increase the number of female directors serving on each bank board. The proposals did not gather majority support. Beckton Dickinson (U.S.) – voted for a proposal to issue a report on the company's policies to systematically review and reduce toxic hazards in its products. The proposal did not pass.

Direct Company Engagement

Company	Issue	Best Practice Standard
Canadian Tire (Canada)	Sustainability reporting	bcIMC is progressively building our knowledge about the sustainability policies and practices of the companies our clients own. In discussions with the CFO of Canadian Tire, we congratulated the company on the recent publication of a supplier code of business conduct and employee/director code of business conduct (Aug 07). We were also interested to hear about CTC's community support programs and about the company's goal to provide more disclosure about its environmental policies and practices (e.g., green building, energy conservation and waste management initiatives).
Various (companies with direct economic ties to Burma and Sudan)	Human rights risk management	Companies with operations in areas of political and social conflict should develop and implement policies to effectively manage unique business risks like poor employee safety, uncertain local rule of law, reputation damage, lawsuits for violations of international humanitarian law, and shareholder divestment action. We have begun to contact companies with significant exposures to regions where human rights are an issue about how these risks are being managed. This engagement is continuing.

Investor Coalition Activity

Coalition	Activity
Carbon Disclosure Project (CDP)	bcIMC joined 385 institutional investors, with assets under management of \$57 trillion, in sending a climate change survey to 3,000 companies around the world (the survey has been conducted annually since 2002 and this is the third year that bcIMC has participated). The CDP 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. A copy of the survey is posted at www.bcimc.com under <i>Responsible Investing - What's New</i> .
Investor Network on Climate Risk (INCR)	We attended a briefing for INCR members (more than 60 investor organizations with more than \$5 trillion assets under management) on the climate-related shareholder resolutions that investors should expect to vote on at 2008 shareholder meetings. At the time of the briefing, a record number of resolutions had been filed and, importantly, a record number of resolutions had already been withdrawn. These withdrawals suggest that directors and executives are becoming more willing to directly engage with shareholders on issues of concern, rather than subject themselves to public and confrontational shareholder campaigns and meetings.
"Investing for the future" Conference	In January, bcIMC's CEO/CIO, Doug Pearce, attended an international conference in Oslo, Norway focused on discussing the key factors and challenges of being a responsible investor. The conference, organized by Norges Bank Investment Management and the Norwegian Council on Ethics, was opened by the Norwegian Minister of Finance and was attended by key speakers/thought leaders from the institutional investor community, academia and non-governmental organizations. A summary report on the conference is posted at www.bcimc.com under <i>Responsible Investing - What's New</i> .

Public Policy Engagement

Issue	Activity
Company disclosure of climate change risks	bcIMC invited staff from the Ontario Securities Commission (OSC) Corporate Finance Branch to address members of the Canadian Coalition for Good Governance (CCGG) Policy Committee about how Canadian companies were meeting their disclosure obligations. On the issue of disclosure regarding environmental policies, liabilities and risks, the OSC staff recently issued a notice setting out guidance for companies on their environmental reporting. More information about the OSC environmental disclosure review and notice is available at www.bcimc.com under <i>Responsible Investing - What's New</i> .
ESG risks and opportunities	We try to further public awareness and discussion on environmental, social and governance issues by speaking at conferences and industry events about our investor standpoint. In March, bcIMC's CEO/CIO, Doug Pearce, spoke at the 2008 Globe Conference on an investor panel about shareholder activism. Speaking notes from this event are posted at www.bcimc.com under <i>Responsible Investing - What's New</i> .