

The following is a sample of bcIMC's engagement during the quarter on corporate governance issues, except for the "Proxy Votes" table which presents a complete Q4-08 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 |
|--------------------------|---------------------|------------------|-----------------|---------------------|
| Audit Process | 98 | 109 | 97 | 12 |
| Board of Directors | 121 | 137 | 94 | 43 |
| Capital Issues | 32 | 61 | 39 | 22 |
| Executive Compensation | 69 | 103 | 48 | 55 |
| M&A; Takeover Protection | 33 | 38 | 35 | 3 |
| Shareholder Rights | 54 | 72 | 55 | 17 |

Vote Highlights

- **First Calgary** (Canada) – voted in support of the company’s acquisition by Italian firm, Eni Energy. The takeover was approved by a majority of shareholders.
- **Cisco** (U.S.) – voted for a shareholder resolution seeking annual elections of each board member. The proposal passed by a 2:1 margin.
- **Pernod Ricard** (France) – voted against a takeover protection plan that could discourage bidders and prevent shareholders from deciding on bids. The proposal passed.

Direct Company Engagement

| Company | Issue | Best Practice Standard |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 41 Canadian companies, including First Quantum Minerals, Saputo, and Sherritt International | Majority vote director election standard | Engagement with some companies has been ongoing since 2007. Cumulative points of contact: 66 letters, 36 emails, and 10 private meetings. In these points of contact, bcIMC put forward our view that 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 the nominee exceeds the number of votes for the nominee. We have been advised that 8 companies will adopt the reform in 2009; 10 companies will discuss the issue at the next board meeting; 7 companies opposed the reform so we will escalate our engagement (e.g., consider filing shareholder resolution next year); responses pending from others. |
| Stantec (Canada) | Executive compensation transparency | In a meeting with the CEO, we advised that shareholders should be able to clearly understand why and how executive bonus awards are made (e.g., what are measures of success and were targets met). The company’s current compensation disclosure is vague and we were told to expect more detailed compensation disclosure in Stantec’s 2009 information circular. |
| Hudbay Minerals (Canada) | Shareholder approval of a significant corporate event (i.e., merger or acquisition) | We sent letters to five independent directors, made telephone calls and issued letters to the TSX and Ontario Securities Commission, and involved the CCGG and the media to express our shareholder expectation that transactions that will significantly dilute our economic and voting interests should first be brought to us for approval via shareholder vote. This is a best practice standard in markets around the world. bcIMC is very pleased that the Ontario Securities Commission ruled that the shareholders of HudBay Minerals must be allowed to vote on the company’s proposed acquisition of Lundin Mining. |

Investor Coalition Activity

| Coalition | Activity |
|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Canadian Coalition for Good Governance (CCGG) | In Q4 2008, staff and members of the Canadian Coalition for Good Governance (CCGG) met with executives and directors of several Canadian banks, including the Bank of Montreal, TD Bank and Royal Bank, to discuss fair and reasonable executive compensation policies/practices and the current “say on pay” proposals being pushed by shareholders. The discussion at each bank covered issues like compensation claw backs, basing compensation on risk-adjusted performance, and linking bonus awards to the delivery of sustainable, long-term company performance via holding bonus payments in trust pending the emergence/confirmation of long-term company value. Though these meetings were friendly and informative, bcIMC intends to support shareholder proposals asking for an advisory vote on executive compensation when these proposals appear on the 2009 bank AGM agendas. We feel that providing shareholders with the annual opportunity to weigh-in on bank compensation decisions will further improve communications and understanding between bank boards, managers and share owners on this critical issue. For clients who may be interested in a succinct analysis of the current debate about “say on pay,” we have posted an article called “Shareholder Say on Pay – Ten Points of Confusion” on the “What’s New” section of our website, under Responsible Investing. |
| International Corporate Governance Network (ICGN) | bcIMC has been a member of the International Corporate Governance Network (ICGN) for several years. The ICGN is an investor-led organization with a mission to examine, develop and promote good corporate governance internationally. In December 2008, following several months of member consultation, the ICGN issued its latest guidance on Non-financial Business Reporting . The aim of the paper (which is currently posted on bcIMC’s website at www.bcimc/responsibleinvesting.com) is to provide companies with the investor viewpoint on the importance of comprehensive risk disclosure that includes financial and non-financial matters. As bcIMC expressed in our comments to the ICGN, investors need sufficient and timely information about all material aspects of a company’s operations and prospects for future growth, including information on governance and corporate responsibility. |

Public Policy Engagement

| Issue | Activity |
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| Canadian securities regulation | On January 12, 2009, the Expert Panel on Securities Regulation delivered its final report, including a draft <i>Securities Act</i> , to Canada’s federal Minister of Finance and the provincial and territorial ministers responsible for securities regulation. The report (posted as a “What’s New” item on bcIMC’s website www.bcimc/responsibleinvesting.com) was the culmination of a cross-Canada consultation with market participants last summer. In July, bcIMC submitted comments to the Panel and our securities reform recommendations focused particularly capital protection and capital market crime enforcement in Canada. On January 27, 2009, federal Finance Minister Jim Flaherty announced that, following the recommendations of the Panel, the federal government will establish an office to manage the transition to a Canadian Securities Regulator and, within the year, table a federal <i>Securities Act</i> . The Finance Minister also announced that the transition office will deliver an administrative plan within 12 months. bcIMC intends to be active during this transition period, ensuring that the investor voice regarding capital protection and crime enforcement continues to be clearly heard. |
| Toronto Stock Exchange Listing Rules | More than a year has passed since the Toronto Stock Exchange (TSX) began studying the issue of requiring companies to bring material capital transactions, like a merger or acquisition to a shareholder vote. During the quarter, bcIMC corresponded with the TSX and the Ontario Securities Commission to encourage action. In October 2007, the TSX issued a Request for Comments on a concept paper entitled Security Holder Approval Requirements for Acquisitions (TSX Company Manual, Section 6.11). bcIMC responded to the paper in December 2007 with the following summarized comments: <i>“As a large shareholder of Canadian companies, bcIMC expects that transactions that will significantly dilute our economic and voting interests will first be brought to us for approval via shareholder vote. This is a best practice standard around the world that has formally been adopted by other major stock exchanges (NYSE, AMEX, NASDAQ, LSE, JSE, and HKSE). We recognize the challenges the TSX faces in making such a rule change. Issuers may worry that a vote requirement will curtail or slow acquisitions, thereby limiting their growth prospects, but this is unfounded. Institutional shareholders, as long-term partners in business, have no reason to make transactions difficult to complete. What matter to us is the proposed business model and strategy of an acquiring firm after the acquisition and how that will build long-term company and market success. bcIMC looks forward to TSX action on a rule change to Section 6.11.”</i> |

The following is a sample of bcIMC's engagement during the quarter on issues of corporate responsibility, except for the "Proxy Votes" table which presents a complete Q4-08 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 | 1 | 1 | 1 | 0 |
| Social Responsibility | 6 | 8 | 3 | 5 |

| Vote Highlights |
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| <ul style="list-style-type: none"> • Meredith (U.S.) – voted for a shareholder proposal that this publishing company assess options to reduce greenhouse gas emissions by increasing use of recycled fiber. The proposal did not pass. • Cisco (U.S.) – voted for a shareholder proposal asking Cisco to take steps to reduce the chance its business practices could enable human rights violations. The proposal failed. |

Direct Company Engagement

| Company | Issue | Best Practice Standard |
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| Goldcorp (Canada) | Corporate social responsibility guidelines and systematic approach to ESG across operations | For almost two years, bcIMC along with CPPIB, Ethical Funds, SHARE and the Public Service Alliance of Canada Staff Pension Fund have been meeting and corresponding with Goldcorp to encourage the company to reduce reputation and operational risk by adopting corporate responsibility guidelines. This is particularly important given that Goldcorp is a multinational corporation. Our letter this quarter congratulated the company on their progress to date on adopting a number of important ESG standards. We encouraged continued attention to good corporate social responsibility performance. |
| Encana, Bombardier, Alimentation Couche Tard, and Catalyst Paper (Canada) | Leadership in 2008 Carbon Disclosure Project (CDP) survey | bcIMC's goal in supporting the CDP is to encourage the high-risk companies in our CAD\$30 billion public equity portfolio to progress down the path of GHG measurement and management, and to disclose this climate risk exposure and management information to investors. The purpose of our correspondence to these 4 companies was to congratulate their 2008 CDP disclosure leadership. Their respective CDP survey responses were fulsome and useful to investors. Due to our interest in climate-related disclosures from the companies in our portfolio, bcIMC was asked in December to participate in an interview by a Canadian accounting publication called The Bottom Line . The article was published in February 2009 and a copy is currently posted on the "What's New" section of our website at www.bcimc.com/responsibleinvesting.com . |
| Altria Group, British American Tobacco, ITC Ltd., KT&G Corp., Philip Morris Int'l, Reynolds American, Swedish Match, and UST Inc. | Human rights policy, monitoring and reporting | Tobacco companies face reputation, operational and legal risks if they do not implement appropriate policies to address the human rights of workers in the supply chain – for example, the industry has been noted for the possible use of child labour and worker exposure to pesticides. bcIMC wrote to the tobacco companies in our portfolio to discuss their respective record on human rights policy, monitoring and reporting. |

Investor Coalition Activity

| Coalition | Activity |
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| <p>Informal group of Canadian pension fund managers and the Canadian Institute of Chartered Accountants (CICA)</p> | <p>In 2005, the Canadian Institute of Chartered Accountants (CICA) released a discussion brief called Management Discussion & Analysis (MD&A) Disclosure About the Financial Impact of Climate Change and other Environmental Issues. There was little company and investor awareness/understanding of the brief so in December 2007, the CICA organized a discussion with bcIMC and other Canadian public pension funds, including CPPIB, Ontario Teachers’ Pension Plan, and La Caisse to hear our investor views on the paper. We offered a variety of suggestions on how the CICA might better guide companies toward improved climate change disclosure and in May 2008, the CICA circulated a re-written draft of the guidance document. bcIMC submitted more comments to optimize the document’s usefulness to investors and a final CICA report called Building a Better MD&A: Climate Change Disclosures was released in November 2008. This document, which is currently posted on the “What’s New” section of bcIMC’s website at www.bcimc/responsibleinvesting.com, will be a useful reference for bcIMC’s engagement with Canadian companies regarding the quality of their climate change disclosure.</p> |
| <p>United Nations Principles of Responsible Investment (UNPRI)</p> | <p>bcIMC became an investor signatory to the UNPRI in 2006. The UNPRI provides a framework for signatories to incorporate environmental, social and governance factors into investment decision making and ownership activities. The UNPRI provides many opportunities for signatories to collaborate to seek improvements from companies around the world. In December, bcIMC joined 15 other signatories to send a letter to 100 companies, urging them to join the CEO Water Mandate. The CEO Water Mandate is a special initiative of the UN Global Compact to assist companies in developing water sustainability policies and practices. Population growth, urbanization and climate change are placing pressure on water quality and supply and are increasing business risks, especially in water-intensive industries. To date, four companies have joined the CEO Water Mandate.</p> |
| <p>United Nations Principles of Responsible Investment (UNPRI)</p> | <p>Over the past two years, bcIMC has researched and challenged the companies operating in Sudan in which our clients have shareholdings. We have questioned companies about their economic involvement and how they are factoring the unique risks (including reputation damage, employee safety, lawsuits for human rights violations, and uncertain rule of law) of their Sudan operations into company policies and business processes. Identified companies have also faced questions related to the potential for their operations to cause or fuel conflict, and the actions that they are taking to prevent conflict or contribute to peace building in Sudan. bcIMC has acted alone on much of this engagement but we have also tried to enter into a dialogue with the Sudan-linked companies in our portfolio by collaborating with other investors. A coordinated investor effort that aggregates significant shareholdings in these companies may spur companies to act. For example, we are collaborating with an international coalition of investor signatories to the United Nations Principles for Responsible Investment (UN PRI). More information about this UN PRI Sudan Engagement Group can be found at www.unpri.org/collaborations/#5. bcIMC has also recently published a fact sheet on our Sudan engagement and this public statement is currently posted on the “What’s New” section of our website at www.bcimc/responsibleinvesting.com.</p> |

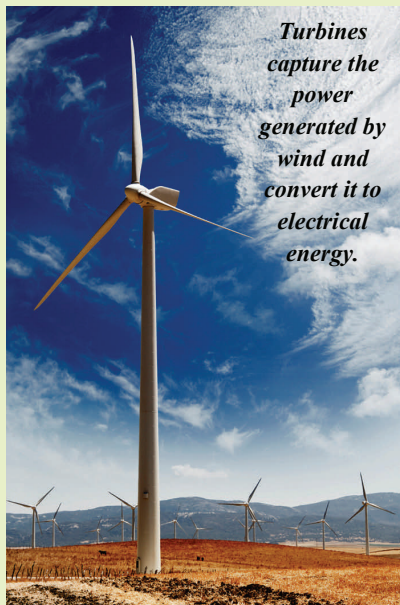
PRIVATE PLACEMENTS CASE STUDY—CAPTURING WIND TO PRODUCE CLEAN ENERGY

In response to widespread concerns about climate change and fossil fuel supply constraints, bcIMC is interested in investment opportunities in emerging/innovative companies in the clean energy (low-carbon) sector. For example, we have made financial commitments to several private equity funds that target alternative and renewable power assets. Two of these funds are Arclight Energy Partners Fund III and Fund IV.



Recently, the Arclight Funds III and IV collectively acquired the wind power assets of a company called California High Wind Power. California High Wind owns 3,100 megawatts* of potential wind development projects in the Tehachapi area of Southern California – approximately 100 miles north of Los Angeles. The first 1,550 megawatts of capacity are fully contracted to Southern California Edison under a Master Power Purchase Agreement through 2035 (Southern California Edison is the leading U.S. purchaser of electricity produced from renewable resources like wind, solar, biomass, geothermal energy, and small hydroelectric plants, and accounts for one-sixth of all the renewable energy sold in the United States). Additional wind power projects and capacity will be developed in multiple phases over the next 8 to 10 years by California High Wind.

According to the American Wind Energy Association, there are a number of wind energy benefits and reasons for this energy source to grow in demand (and therefore, for bcIMC's investment to prosper):



Turbines capture the power generated by wind and convert it to electrical energy.

- Wind energy is clean. Electricity generated by wind turbines does not emit pollutants like other energy sources. Power plants are the largest stationary source of air pollution in the United States, emitting millions of tons of sulphur dioxide, nitrous oxides and carbon dioxide each year. These pollutants are believed to be the cause of global warming. A one megawatt wind turbine can displace 2,000 tons of carbon dioxide in one year (equal to planting one square mile of forest).
- Wind energy is cost competitive to other fuel sources (like natural gas) and it is the least expensive of all renewable energy sources. Today's wind farms can generate electricity for less than 5 cents per kilowatt hour in many parts of the U.S., a price that is competitive with new coal- or gas-fired power plants. The cost is expected to continue to decline as the technology improves and the market for this source develops.
- Wind energy has been the world's fastest growing renewable energy source for more than a decade with an average annual growth rate of over 20%. More than 16,818 megawatts of wind energy capacity exists in the U.S. today.
- Wind energy is renewable and won't deplete our world's natural resources.
- Wind energy is local and, unlike oil, is not affected by international conflicts or embargoes, making it immune to supply problems or price shocks.
- Wind energy is reliable and efficient. Unlike other power plants, wind energy systems require minimal maintenance and have low operating expenses. Wind turbines are very reliable and are available to generate electricity 99% of the time (on par with other generating sources).

* One megawatt is enough power to serve approximately 650 average homes.