

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 Q1-09 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	124	134	113	21
Board of Directors	143	154	104	50
Capital Issues	40	72	59	13
Executive Compensation	65	78	36	42
M&A; Takeover Protection	22	22	19	3
Shareholder Rights	49	123	84	39

- ### Vote Highlights
- **Allen Vanguard (Canada)** – voted against the entire slate of directors. bcIMC has engaged with this company for a year regarding their slate ballot system, but the board has resisted reform so the consequence is a “no” vote against all directors rather than the Compensation Committee members who are the real targets. Shareholders have watched the value of our shares decline to unprecedented lows, and the company's financial situation has worsened to the extent that shareholders must be substantially diluted to stave off creditors so it is unreasonable that the CEO should benefit from a \$3 million bonus payout in 2008.
 - **Bank of Montreal, CIBC, TD Bank, RBC, ScotiaBank, Laurentian Bank, BCE (Canada)** – voted for a shareholder resolution seeking an annual advisory vote (“say on pay”) on each board’s compensation philosophy and decisions.
 - **Novartis (Switzerland)** – voted for a shareholder resolution seeking an annual advisory vote (“say on pay”) on the board’s compensation philosophy and decisions.

Direct Company Engagement

Company	Issue	Best Practice Standard
Agnico-Eagle Mines (Canada)	Director turnover	In a meeting with the Vice-Chair and CEO, bcIMC questioned whether the board might adopt a retirement policy to help ensure directors are actively engaged and current on leading business practices/strategies to best support the company’s growth. Currently, 30% of the board is comprised of directors 75 years and older.
CIBC (Canada)	Executive compensation	In a meeting and follow-up correspondence with the Chair, bcIMC advised that there is a need for more compensation prudence at financial institutions (and in the marketplace generally) and that shareholders are unhappy with the CIBC board decision to raise the CEO’s maximum allowable pension compensation. Under a new formula effective for 2009, the CEO could qualify for an annual \$1.6 million pension, up nearly \$300,000. The increase is clearly not linked to performance given CIBC’s history of excessive risk-taking, asset write-downs and poor share price performance.
Hudbay Minerals (Canada)	CEO and director replacement (dissident slate)	At the conclusion of several discussions with incumbent and proposed company officers and directors, we expressed direct support for the dissident slate of directors and opposed the current slate because the company suffers from (a) poor corporate governance, (b) poor share price performance, (c) poor operational execution, accountability and financial performance, and (d) lack of investor confidence. We believe that a whole scale change of the board and executive management was necessary to enhance the company’s long-term shareholder value.

Investor Coalition Activity

Coalition	Activity
<p>Asian Corporate Governance Association (ACGA)</p>	<p>bcIMC and 17 ACGA members from around the world formed an investor delegation to Tokyo in mid-March to directly discuss corporate governance reform with organizations such as the Japan Independent Directors Network, the Japan Investor Relations Association, a group of major Japanese pension funds and asset managers, government bodies and regulators, namely METI, the Financial Services Agency, the Tokyo Stock Exchange, and the Nippon Keidanren (Japan Business Federation). A presentation given by bcIMC’s CEO/CIO, Doug Pearce in Japan is posted as a “What’s New” item on bcIMC’s website at www.bcimc.com/responsibleinvesting.</p>
<p>International Corporate Governance Network (ICGN)</p>	<p>In March, following several months of member consultation, the ICGN issued a “Statement and Guidance on Anti-Corruption Practices.” The aim of the paper (which is currently posted as a “What’s New” item on bcIMC’s website at www.bcimc.com/responsibleinvesting) is to provide investors with a toolkit of questions to assist in our engagement with companies on anti-bribery and corruption. As bcIMC expressed in our comments to the ICGN, we endorse the Statement and are pleased that it seems to interplay well with/reinforce the OECD Convention on Combating Bribery (considered the “gold standard” in advancing international understanding and cooperation re: bribery in business transactions).</p> <p>bcIMC also submitted comments on an ICGN “Statement of the Global Financial Crisis” published ahead of the G20 Leaders Summit held in April in London. We shared our view that law and regulation are necessary, but not sufficient to restore market stability and trust. Engaged and responsible shareholders are vital to a functioning market, so the focus must also be on the fiduciary duties of institutional investors. We also believe that there is no substitute for integrity, trust and ethics in all quarters of the financial world and global economy, and regulatory oversight is no replacement for boards that lead with integrity. For more information, please read the ICGN Statement on the “What’s New – Responsible Investing” section of our website.</p>
<p>Principles of Responsible Investment (PRI)</p>	<p>In February, bcIMC joined a PRI coalition consisting of 28 of the world’s largest institutional investors and asset owners, representing assets of more than \$1.3 trillion, in writing to U.S. President Barack Obama, urging him to implement legal reforms to improve corporate governance practices and restore investor confidence in U.S. financial markets. Our proposed reforms include:</p> <ol style="list-style-type: none"> 1. Majority voting for the election of corporate directors. 2. Repeal of the authority for brokers to vote on uninstructed shares. 3. Restrictions on severance payments rewarding poor performance.

Public Policy Engagement

Issue	Activity
<p>Canadian Securities Administrators (CSA)</p>	<p>In late January, bcIMC’s CEO/CIO, Doug Pearce signed correspondence as Chair of the Canadian Coalition for Good Governance (CCGG) to the CSA setting out a number of shareholder democracy concerns. The CCGG encouraged regulatory progress on issues such as:</p> <ol style="list-style-type: none"> 1. The ability for shareholders to cast votes “for” or “against” each nominee director 2. Majority voting for the election of corporate directors 3. Shareholder approval for transformational transactions 4. Shareholder access to the proxy 5. Shareholder voting system improvements <p>A link to the CCGG website and the shareholder democracy letter are currently posted as a “What’s New” item on bcIMC’s website at www.bcimc.com/responsibleinvesting.</p>
<p>Securities & Exchange Commission (SEC)</p>	<p>During the quarter, bcIMC corresponded with the SEC to urge the agency to amend a current New York Stock Exchange (NYSE) rule that permits brokers to vote on the uncontested election of directors if the beneficial owner has not communicated voting instructions. Brokers are afforded this voting ability because director elections are currently viewed as “routine” under the NYSE rule. However, active shareowners like bcIMC are increasingly recognizing the critical role of directors, and we have concluded that the election of directors should not be viewed as a “routine” event in the life of the corporation. Quite to the contrary, the election of directors is one of the most important decisions shareholders make. bcIMC submitted similar comments in July 2006 directly to NYSE regulation services.</p>
<p>Ontario Securities Commission (OSC)</p>	<p>bcIMC wrote to the OSC to applaud the Commission’s ruling in February that Research in Motion’s (RIM) top executives and directors acted inappropriately in the pricing of stock option awards. Several company officers and certain directors were heavily sanctioned for their role in stock option backdating that occurred at RIM over the past ten years. In addition to violating Toronto Stock Exchange rules, the backdating conduct at RIM showed a clear lack of business ethics that should not be tolerated in any Canadian corporation, and bcIMC supported the OSC decision.</p>
<p>Hong Kong Stock Exchange (HKSE)</p>	<p>In January 2008, the HKSE published proposals on 18 substantive policy items and in our submission to the HKSE, bcIMC particularly noted our agreement with the proposal to extend the "black out" period. This period would cover the time during which a director is prohibited from dealing in securities of the listed issuer - from the end of the listed issuer's financial period to the date that it publishes the relevant financial results. The existing blackout period only covers one month prior to results publication. In January 2009, we wrote again to the HKSE to strongly encourage the HKSE to continue with the proposed amendment and not delay implementation because, in our view, the new rule would:</p> <ol style="list-style-type: none"> 1. Avoid giving the 'appearance of insider trading' from directors who trade after the period end, but prior to the blackout 2. Encourage listed issuers to publish their financial results earlier <p>Unfortunately, because of local opposition to the extension, for example, from Hong Kong business leaders, the HKSE decided in February 2009 to extend the current blackout period to only 60 days. Though this is not the desired outcome, it is a step in the right direction.</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 presents a complete Q1-09 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	2	2	1	1
Social Responsibility	11	11	4	7

Vote Highlights
<ul style="list-style-type: none"> • Bank of Montreal, CIBC, TD Bank, RBC, ScotiaBank, Laurentian Bank, BCE (Canada) – voted against a shareholder resolution asking each board to adopt a policy of parity of men and women directors. bcIMC supports companies making a firm commitment to board diversity but mandating a certain percentage of women directors on a board may not ensure the nomination of the most qualified directors. • Apple (U.S.) – voted for a shareholder proposal requesting preparation of a sustainability report describing corporate strategies regarding climate change, reducing greenhouse gas emissions and addressing other environmental and social impacts such as toxics and recycling, as well as employee and product safety. • Novartis (Switzerland) – voted for a proposal to amend the Corporate Purpose section of the company's articles of association to state that the company would strive to achieve sustainable value when pursuing its corporate purpose.

Direct Company Engagement

Company	Issue	Best Practice Standard
Teck Cominco (Canada)	Sustainability reporting	In a meeting with the Senior VP, Environment and Corporate Affairs, bcIMC discussed including targets and explicit performance benchmarks in the company's next sustainability report to enable Teck and its stakeholders to measure progress on sustainability. bcIMC asked to be included in a stakeholder panel reviewing and providing feedback on Teck's draft sustainability reports in the future.
West Fraser Timber (Canada)	Sustainable forestry practices	bcIMC discussed with the CEO and CFO the features, merits and disadvantages of two leading sustainable forestry certifications in Canada – the Sustainable Forestry Initiative (SFI), which West Fraser supports, and the Forest Stewardship Council (FSC).
Canadian Natural Resources (Canada)	Tailings management plan	In direct discussions with the Vice Chair, bcIMC noted that new Alberta government regulations require companies to have a tailings management plan and we questioned whether CNQ has such a plan. We were advised that the plan is under development and the non-proprietary elements of the plan will be publicly available in the Fall.
20 Emerging Markets Companies (Israel, Russia, Philippines, Indonesia, and Egypt)	ESG policies and performance	bcIMC wrote to each company to inquire about their policies and performance on incorporating (ESG) factors into their business practices. Each company is headquartered in an emerging economy, so we questioned their unique business risks and approach to managing these risks, focusing specifically on actions the company is taking to ensure that operations and corporate behavior make a positive contribution to social well-being and human rights.

Investor Coalition Activity

Coalition	Activity
Principles of Responsible Investment (PRI)	bcIMC and seven other global investor signatories to the PRI joined in a collaboration to improve the corporate responsibility action and disclosure by 19 companies listed in Hong Kong and Singapore. Of the 19 target companies, eight have responded to the letters, of which four have presented additional ESG performance information to meet the FTSE4Good standards of corporate responsibility.
	bcIMC also joined a PRI coalition consisting of 38 of the world's largest institutional investors, managing assets of \$3 trillion. We wrote to over 100 companies in more than 30 different countries, encouraging them to produce an annual corporate responsibility report in-line with their stated commitment to the UN Global Compact. The Compact holds companies accountable to ten corporate standards ranging from environmental protection to the abolition of child labour. Investors like bcIMC use corporate adherence to the Compact as a basic guideline of good environmental, social and governance practice. It is the second year running that we have grouped together on this issue – last year, over 32% of the companies identified as laggards subsequently submitted disclosure on their ESG progress/performance and improved their engagement with the UN Global Compact.
The Prince of Wales P8 Group	In March, bcIMC's CEO/CIO, Doug Pearce participated in a summit of the "Pensions 8 (P8) Group" in Washington, D.C., hosted by the World Bank Group. The Group included pension funds from Australia, Sweden, Netherlands, U.S., China, Singapore, Korea, Norway, U.K. and bcIMC represented Canada. The purpose of the meeting was to share thinking and ideas on climate change solutions and to discuss/promote energy efficient investment vehicles. Further information about the P8 Group and presentations from the Washington Summit can be found as a "What's New" item on bcIMC's website, or at http://www.cpsl.cam.ac.uk/programmes/energy_and_climate_change/p8_summit_2007.aspx .

Public Policy Engagement

Issue	Activity
Federal Ministry of the Environment (Canada)	In February, bcIMC wrote to the Honourable Jim Prentice, Minister of the Environment, to encourage the Government of Canada to develop policies to reduce Canada's greenhouse gas emissions, and promote energy efficiency throughout our economy. We expressed our view that the subject of climate change is a core social, environmental and economic challenge that successful political leaders must quickly examine and address through comprehensive, credible long-term policy signals. It is essential, for example, for Canada to set clear and meaningful long-term emission reduction targets that will enable investors to more confidently integrate climate change considerations into our decisions and to support investment flows into a low-carbon economy.
National Association of Insurance Commissioners (U.S.)	During the quarter, the National Association of Insurance Commissioners (NAIC), the organization of U.S. state officials that regulates the insurance industry, made a ground-breaking decision to require insurance companies to provide disclosure to regulators on the financial risks they face from climate change, starting in 2010. bcIMC participated in a campaign in early 2008, led by the Investor Network on Climate Risk (INCR), encouraging the NAIC to take steps to promote insurers to actively address the risks of climate change. We are pleased that investors will be seeing greater oversight and disclosure because the insurance sector is uniquely exposed to climate risk, yet U.S. insurer disclosure on the issue has been poor, with Carbon Disclosure Project response rates well below those of other sectors.
ESG risks and opportunities	We try to further public awareness and discussion on environmental, social and governance issues by speaking at conferences about our investor standpoint and approach to responsible investing. In January, bcIMC's Manager Shareholder Engagement, Susan Enefer, spoke at the B.C. Teachers' Federation Representative Assembly on the "Responsible Investment of the B.C. Teachers' Pension Plan." Slides from this event are posted as a "What's New" item on bcIMC's website at www.bcimc.com/responsibleinvesting .

REAL ESTATE CASE STUDY—THE SOCIAL SIDE OF RESPONSIBLE REAL ESTATE INVESTING

bcIMC, our clients and the managers of our commercial real estate properties have a growing interest in Responsible Property Investment (RPI).

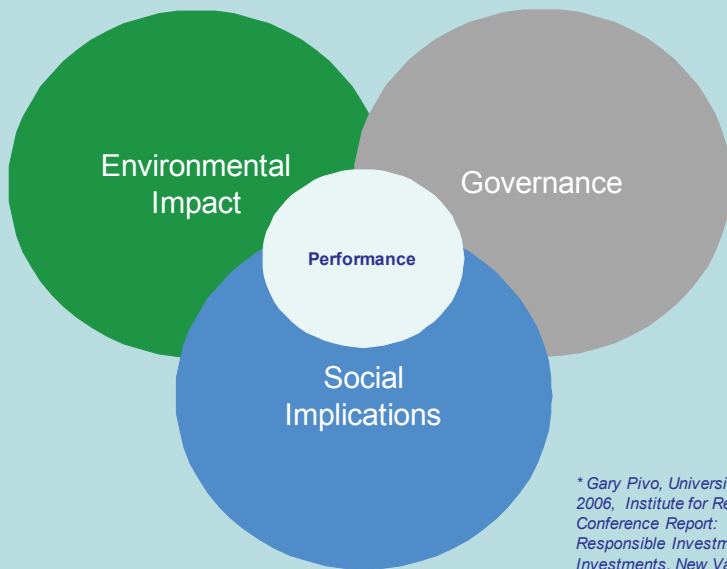
“Green” initiatives (i.e., real estate investment and management that seeks to reduce the environmental impacts of building construction and operations) have received special attention to date in our portfolio, but good labour and employment practices (referred to in the chart below as “social implications”) are also important aspects of RPI.

In January 2009, an interesting research report was published called, “Responsible Property Investing and Property Management – Exploring the Impacts of Good Labour Practices on Property Performance”, authored by representatives from SHARE, Carlton University and the Institute for Responsible Investment at Boston College. The report, which is posted as a “What’s New” item on bcIMC’s website at www.bcimc.com/responsibleinvesting, examines the labour and human capital aspects of responsible real estate. It assesses the applicability and use of fair labour practices and responsible contractor policies in Canada’s property sector.

Responsible Property Investment (RPI)

bcIMC endorses the definition of RPI put forward by Gary Pivo and Paul McNamara:*

“Voluntary actions by property owners, managers and insurers that go beyond minimum legal requirements to increase the positive and reduce the negative social and environmental effects of real property, consistent with their fiduciary responsibilities.”



* Gary Pivo, University of Arizona, February 2006, Institute for Responsible Investment Conference Report: Real Estate and Socially Responsible Investment: New Products, New Investments, New Value.

bcIMC’s property managers, Bentall LP and Great West Life Realty Advisors, were interviewed for the project and we are pleased that they were both recognized in the report as being leaders in Canada for their approach to labour relations and building service worker employment practices. For example:

- Bentall LP was praised for recently adopting a responsible contracting policy (RCP), the first of its kind in Canada. It is also notable that, since developing its RCP in February 2008, Bentall has not experienced any negative impact on their financial performance.
- Great West Life Realty Advisors was described as, “starting to address labour practices by monitoring the professional conduct of contracting companies through regular contract reviews and meetings with service suppliers.”

As stated by the Real Property Association of Canada, “... failing to take leadership in social and environmental accountability, could pose significant risks to Canada’s commercial real property industry.”

Therefore, bcIMC supports the efforts made by our real estate property managers to reduce risk and enhance asset value through their effective management of environmental, social and governance (ESG) issues, including labour, employment and human capital issues.