ENGAGEMENT AT A GLANCE

Engagement Themes

- Disclosure & Transparency
- Human Rights
- Labour Footprint
- Corporate Governance
- Environment

S&P/TSX Composite Index

Engaged this Quarter: 4%

S&P/TSX 60 Index

Engaged this Quarter: 18%

Sectors Engaged this Quarter

- Financials: 5
- Retail: 3
- Mining & Materials: 2
- Real Estate: 1
- Information Technology: 1
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Executive Summary

This report details SHARE’s Shareholder Engagement Activities for first quarter of 2008. SHARE conducts focused and constructive engagement dialogues with public corporations on behalf of institutional shareholders. The goal of our program is to improve the environmental, social and governance (ESG) performance of the companies in our clients' investment portfolios. For more information on SHARE’s Shareholder Engagement Services, please visit www.share.ca/shareholder_engagement.

The first quarter of 2008 was an exciting time for SHARE and our clients as we headed into this year’s annual meeting and proxy season. This quarter, investors voted on Canada’s first 'say on pay' shareholder proposals submitted by Meritas Mutual Funds at Bank of Montreal, Bank of Nova Scotia, CIBC, Royal Bank and TD Bank. The average vote result for Meritas’ proposal at the banks was over 40%, indicating that the issue of CEO pay continues to resonate with shareholders, and that an advisory vote on this issue is a viable way to enable shareholders to participate in a dialogue with corporate boards.

We continue to challenge companies to improve transparency and disclosure by reporting on their social and environmental performance using the Global Reporting Initiative (GRI) framework. A shareholder proposal filed by Meritas Mutual Funds at Shoppers Drug Mart Corporation asking the company to produce a GRI report was withdrawn, and SHARE met with representative from Shoppers, which is taking steps to improve its reporting. We also met with Kinross Gold regarding improvements the company is making to its social and environmental disclosure, and discussed the merits of the GRI with Nortel Networks Corporation.

In February 2008, a representative of SHARE travelled to Guatemala with a delegation of nine other investors and investment advisors to conduct field research and interviews at Goldcorp Inc.’s Marlin Mine. We also assisted the Public Service Alliance of Canada (PSAC) Staff Pension Fund in filing a shareholder proposal requesting Goldcorp to conduct a human rights impact assessment of its Guatemala operations.

Our exciting work with the Atkinson Charitable Foundation on responsible contracting in commercial property management continued this quarter. Brookfield Properties, a subsidiary of Brookfield Asset Management, agreed to participate in a multi-stakeholder working group, which will discuss the merits of drafting a model labour code of conduct for the property management sector.

SHARE arranged a meeting with representatives of Harry Winston Diamond Corporation regarding the shareholder proposal submitted by Meritas Mutual Funds on disclosure of supply chain management policies, and we continue to seek a meeting with Canadian Tire Corporation to discuss concerns about supply chain labour standards, monitoring and auditing.
# Activity Snapshot

<table>
<thead>
<tr>
<th>Category</th>
<th>Companies</th>
<th>Number</th>
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<tr>
<td>Disclosure &amp; Transparency</td>
<td>Kinross Gold, Shoppers Drug Mart, Nortel Networks</td>
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<tr>
<td>Human Rights</td>
<td>Kinross Gold, Shoppers Drug Mart, Nortel Networks</td>
<td>1</td>
</tr>
<tr>
<td>Extractive Industry</td>
<td>Goldcorp Inc.</td>
<td>3</td>
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<tr>
<td>Labour Footprint</td>
<td>Brookingfield Asset Management</td>
<td>3</td>
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<tr>
<td>Supply Chain Management</td>
<td>Harry Winston, Canadian Tire</td>
<td></td>
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<tr>
<td>Corporate Governance</td>
<td>Bank of Montreal, Bank of Nova Scotia, CIBC, Royal Bank, TD Bank</td>
<td>5</td>
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<tr>
<td>Total</td>
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</table>
Disclosure & Transparency

Global Reporting Initiative

SHARE has made some notable progress on our engagement with companies regarding disclosure and transparency. This quarter we met with Kinross Gold Corporation, which will be producing its first corporate responsibility report using the Reporting Guidelines of the Global Reporting Initiative (GRI), an international initiative focused on improving the quality and comparability of sustainability reporting (www.globalreporting.org). Kinross has recently taken a number of steps to incorporate sustainability into its business plan and corporate values, and to align executive pay with sustainability criteria.

Shoppers Drug Mart agreed to a meeting after SHARE’s client, Meritas Mutual Funds, filed a shareholder proposal requesting that Shoppers publish a GRI report. While Shoppers has not agreed to publish a GRI report, the company’s 2007 Annual Report will contain a section devoted to sustainability information. SHARE spoke at length with the company about the importance of consistently disclosing sustainability performance data, and we continue to encourage the company to consider using the GRI framework in future reports.

Finally, SHARE was in contact with Nortel Networks Corporation regarding its environmental and social disclosure. Currently Nortel does not use the GRI Guidelines for its corporate responsibility report. SHARE will be reviewing the company’s 2007 report and providing feedback in the next quarter.

Active owners examine human rights in Guatemala

In February 2008, SHARE was one of ten participants that travelled to Guatemala to gain a greater understanding of the complexities and controversies at Goldcorp’s Marlin mine. The investors and investment advisors from Canada and Sweden that participated in the delegation were interested in learning more about the mine and the communities surrounding it, in order to better understand and assess its impacts and to determine the steps Goldcorp can take to improve relations with communities. The Guatemala field trip and the request of the company to conduct an HRIA is an exciting and powerful example of truly ‘Active Ownership’ – where assets owners take an interest in, and a responsibility for, the social and environmental impact of their investments.

Human Rights

Extractive Industry

In February, a representative of SHARE travelled to Guatemala to conduct field research on Goldcorp’s Marlin Mine in the department of San Marcos (see box). The mine has drawn criticism from local and international NGOs because of the impacts of the mine on human rights as well as health, access to water, housing and traditional Mayan culture. SHARE has been engaging with Goldcorp on behalf of the Public Service Alliance of Canada (PSAC) Staff Pension Plan and Meritas Mutual Funds, to encourage the company to improve its social and environmental record.

After returning from Guatemala, four investors, including the PSAC Staff Fund, filed a shareholder proposal requesting that the company conduct an independent human rights assessment (HRIA). Given ongoing strained relations between the company and indigenous people living near the mine, shareholders believe that an independent assessment of the company’s policies, procedures and impacts will be beneficial. It is SHARE’s hope that the assessment will provide concrete and credible recommendations regarding how Goldcorp can conduct its operations in a responsive and responsible manner, improve relations
with communities, and ensure it secures and maintains a social license to operate. A key component of this process is ensuring the company recognizes and respects the rights of indigenous people in Guatemala.

The PSAC Staff Plan and its co-filers withdrew the shareholder proposal after Goldcorp agreed to commission an independent HRIA. SHARE is now working with the company and other shareholders to establish a process that ensures the HRIA is inclusive, transparent and credible.

Global Labour Footprint

Precarious Employment
After hosting a multi-stakeholder roundtable in October 2007 regarding precarious employment practices in the property service industry, SHARE and the Atkinson Charitable Foundation have formed a working group to review and provide recommendations about a draft labour code of conduct for the commercial property management sector. Brookfield Properties has agreed to participate in drafting a policy, alongside shareholders, unions and civil society groups, which have expressed concern about the ongoing problem of temporary, low-wage working conditions for many commercial property service workers. The first meeting of the working group was held on April 10th and a draft model policy is currently being devised.

Supply Chain Management
SHARE has been working with Meritas Mutual Funds to encourage companies in their portfolio to improve supply chain management practices. Child labour, forced labour, unpaid overtime and unsafe working conditions often plague the long, complex supply chains of corporations, therefore proactive engagement with companies regarding these important supply chain issues is an important part of our mandate.

Last quarter, Meritas filed a shareholder proposal with Harry Winston Diamond Corporation, asking the company to develop a supplier code of conduct and disclose to shareholders how the company monitors and assesses whether diamond or gem suppliers have ties to military or repressive regimes, such as Burma. SHARE met with company officials in Toronto to discuss the proposal and the company’s supply chain policies and procedures. After meeting with SHARE, the company agreed to develop a supplier code of conduct, which it will post on its website. As a result, Meritas withdrew the shareholder proposal, and will work with the company over the next twelve months to ensure the new policy is comprehensive and meets the needs of shareholders.

SHARE contacted Canadian Tire executives but was unable to arrange a meeting to discuss the company’s non-apparel supply chain management practices. We will continue to engage with Canadian Tire on this issue in the next quarter.
Corporate Governance

Advisory Vote on Executive Compensation

This quarter, shareholders got to vote on their first advisory vote, or ‘say on pay,’ proposals in Canada. SHARE assisted Meritas in filing five resolutions at the Bank of Montreal, Bank of Nova Scotia, CIBC, Royal Bank, and TD Bank. The resolutions ask shareholders to support the adoption of an advisory shareholder vote on executive compensation – a mechanism designed to give shareholders a vehicle for voicing their approval or disapproval of executive pay packages.

Meritas’ proposals received tremendous support (see vote results below), demonstrating investors’ appetite for more responsible executive pay. While none of the banks have agreed to implement an advisory vote on executive compensation, all have signalled that the issue will continue to be seriously discussed at board level in the months ahead. SHARE will continue to engage the banks and other Canadian companies on this issue.

Shareholder Resolutions

This quarter, the PSAC Staff Pension Fund filed one shareholder resolution. Meritas Mutual Funds withdrew two resolutions, while Meritas’ advisory vote proposals were on the ballot at the annual meetings of Canada’s five major banks.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Company</th>
<th>Filed by</th>
<th>Vote result</th>
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<tbody>
<tr>
<td>Human Rights Impact Assessment</td>
<td>Goldcorp Inc.</td>
<td>PSAC Staff Pension Fund</td>
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<tr>
<td>Disclosure &amp; GRI Reporting</td>
<td>Shoppers Drug Mart</td>
<td>Meritas Mutual Funds</td>
<td>Withdrawn</td>
</tr>
<tr>
<td>Supply Chain Management</td>
<td>Harry Winston Diamond Corporation</td>
<td>Meritas Mutual Funds</td>
<td>Withdrawn</td>
</tr>
</tbody>
</table>
| Advisory Vote on Executive Compensation | Bank of Montreal  
                                      | Bank of Nova Scotia  
                                      | CIBC  
                                      | Royal Bank  
                                      | TD Bank | Meritas Mutual Funds | 34.70%  
                                      | 39.24%  
                                      | 44.96%  
                                      | 42.13%  
                                      | 41.50%   |
## Company Progress Summary

<table>
<thead>
<tr>
<th>Company</th>
<th>Topic</th>
<th>Progress</th>
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<tr>
<td>Bank of Montreal</td>
<td>Advisory Vote on Compensation</td>
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<tr>
<td>Bank of Nova Scotia</td>
<td>Advisory Vote on Compensation</td>
<td>▶️</td>
</tr>
<tr>
<td>Brookfield Asset Management/ Brookfield Properties</td>
<td>Precarious Employment</td>
<td>▶️</td>
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<tr>
<td>Canadian Tire Corporation</td>
<td>Supply Chain Management</td>
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<tr>
<td>CIBC</td>
<td>Advisory Vote on Compensation</td>
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<tr>
<td>Goldcorp Inc.</td>
<td>Human Rights</td>
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<tr>
<td>Harry Winston Diamond Corporation</td>
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<td>Kinross Gold</td>
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<tr>
<td>Nortel Networks Corporation</td>
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<td>Royal Bank</td>
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<td>Shoppers Drug Mart</td>
<td>GRI Reporting</td>
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<tr>
<td>TD Bank</td>
<td>Advisory Vote on Compensation</td>
<td>▶️</td>
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</tbody>
</table>

**Total: 12 companies**

- ▶️ Positive
- ▶️ On Track/Neutral
- ▼ Negative/ No Response
- ↔ Response Pending
The Shareholder Association for Research and Education (SHARE) is a social enterprise that coordinates and implements responsible investment practices. Since its creation in 2000, SHARE has carried out this mandate by providing active ownership services, including:

- Proxy Voting & Advisory Services
- Shareholder Engagement
- Responsible Investment Advisory Services
- Pension Investment & Governance Education