



**Shareholder Proposal  
(Co-Filed with the British Columbia Investment Management Corporation – (bcIMC))**

**Sino-Forest Corporation  
Majority Voting Policy**

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**Resolved:**

That the shareholders of Sino-Forest Corporation hereby request that the board of directors adopt a majority voting policy for uncontested director elections which provides that directors shall be elected individually and must receive an affirmative vote of the majority of votes cast. If a director does not receive a majority affirmative vote, that director shall tender a resignation.

**Supporting Statement:**

This proposal is being submitted by the British Columbia Investment Management Corporation and Northwest and Ethical Investments L.P. to strengthen director accountability and to enhance shareholder rights.

One of the principal rights of voting shareholders is to elect the directors who oversee their company. Each individual director should be accountable to shareholders and have their confidence and support.

Although in Canada, directors can be elected as a group on a “slate”, most leading corporations provide for individual elections. Under a slate vote, shareholders are forced to vote on the board as one unit as opposed to each member individually, which results in limited individual accountability.

Also under Canadian corporate statutes, directors are elected under a plurality vote standard. Shareholders can only vote “for” a director or “withhold” their vote. This means that a director may be elected by one single vote in their favour, even if a majority of votes cast are “withheld”.

A majority vote policy, which has been adopted by many leading Canadian corporations (130 of the S&P/TSX Composite Companies have a majority vote policy and, of non-controlled S&P/TSX 60 companies, only one has yet to introduce a policy, according to the Canadian Coalition for Good Governance), provides shareholders the opportunity to cast their votes on director nominees separately. Any director who fails to obtain more than 50% of the shareholder votes cast “for” their election must tender their resignation and that resignation must be accepted by the board within 90 days, barring exceptional circumstances. The board must use its discretion in a manner consistent with its fiduciary duties and the spirit of shareholder accountability. The detailed vote results should be disclosed publicly, as should any reasons for not accepting a resignation.

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We urge your support for the proposed director election reform which we believe will provide directors with a strong incentive to pursue their responsibilities with enhanced vigor and diligence.