



Risk Management Policy

1. CLC MANDATE

The mandate of Canada Lands Company CLC Limited (CLC), a non-agent federal Crown corporation is to ensure the commercially oriented, orderly disposition of surplus strategic real properties, optimizing financial and community value, and the holding of certain properties. It accomplishes this by purchasing strategic surplus properties from federal departments and agencies at fair market value, then improving, managing or selling them in order to produce the optimal benefits for the company's shareholder, the Government of Canada, and local communities.

2. POLICY OBJECTIVE

The objective of this policy is to ensure that CLC systematically identifies, analyzes and evaluates, cost effectively controls and monitors risk, which could threaten our people, property, reputation and the financial stability. Furthermore, it is the company's objective to seek to transfer those operational risks for which the fixed cost of transferring the risk (premium) is less than the perceived but uncertain cost to retain the risk, subject to reasonable deductibles or self-insured retentions.

3. DEFINITION OF RISK MANAGEMENT

Risk management is the systematic identification of opportunity and threats to the company's assets and resources, and the development of strategies, which maximizes opportunities and minimizes threats and other adverse effects. It covers the following three broad risk categories impacting CLC:

- business/strategic risks (changes in legislation, regulations, organizational structure and business processes);
- operational risks (business continuity, people risks, project management, documentation, security and IS); and
- financial risks (financial targets, budgets, financial monitoring and controls).

4. POLICY PRINCIPLES

Risk management protects and adds value to the company and its stakeholders through supporting the Policy Objective by:

- providing the framework that enables future activities to take place in a consistent and controlled manner;
- improving decision-making, planning and prioritization by a comprehensive understanding of business activity, project opportunity and threat;
- protecting and enhancing CLC assets and image; and
- developing and supporting business unit management and staff and the company's knowledge base.



The Policy Objective will be achieved by the following guiding principles:

- establishing clear roles and responsibilities and reporting lines within the company for risk management;
- incorporating risk management in the company's decision-making, business planning and performance management processes;
- monitoring risk management and related internal control measures on a regular basis;
- reinforcing the importance of effective risk management through training, general guidance and providing opportunities for shared learning for CLC staff; and
- determining and providing suitable insurance coverage to manage the impact of unavoidable risks.

The risk management process will be well integrated with other corporate planning and management activities.

5. RISK TRANSFER AND INSURANCE

Not all types of risks can be transferred to conventional insurers, and it may be determined by CLC that it is preferable to manage certain risks in-house.

Wherever feasible and viable, risk transfer must be used to address all potential catastrophic events. The price of a particular risk transfer mechanism such as insurance will play a key role in determining the extent to which operational risk will be transferred. This risk transfer will only be undertaken by CLC with highly reputable and solvent insurers with a better than average A.M. Best Property & Casualty insurance rating or its equivalent. (Note: A.M. Best is an internationally recognized rating agency reporting on the financial condition of insurance companies).

6. AUTHORITY

The implementation of this policy is primarily the responsibility of those management and staff responsible for the assets of the corporation.

The Director, Risk Management & Internal Controls is responsible for arranging and managing all of CLC's corporate insurance coverages in a cost-effective manner as well as directly conferring and negotiating terms and conditions with the company's appointed insurance broker, claims adjusters and various insurance companies.

7. TRAINING

All CLC operational staff involved in the acquisition or management of real property assets, and CN Tower operational managers will receive the appropriate training in order to fulfill their responsibilities under this policy.



8. POLICY APPLICATION

This policy will apply to all areas and entities within CLC.

Original Board Approval Date: 9 June 2005