

CODE OF CONDUCT AND CONFLICT OF INTEREST GUIDELINES

1. INTRODUCTION

The fundamental relationship between each Director and BCLC must be one of trust; essential to trust is a commitment to honesty and integrity. Ethical conduct within this relationship imposes certain obligations which are set out in this Code of Conduct and Conflict of Interest Guidelines (the “Code”).

2. COMPLIANCE

- a. British Columbia Lottery Corporation (BCLC) Directors must act at all times in full compliance with both the letter and the spirit of all applicable laws and policies.
- b. Directors are expected to be sufficiently familiar with any legislation that applies to their service to BCLC and to know when to seek legal advice. If in doubt, Directors are expected to ask for clarification.
- c. BCLC is under public scrutiny and subject to public interest. Therefore, Directors must not only comply fully with the law, but must also avoid any situations including those giving rise to a real or apparent conflict of interest.
- d. Directors also share the responsibility of maintaining the integrity and high standards of the gaming industry regulated by Gaming Policy and Enforcement (GPE) or any successor. Directors are required to be registered with GPE and comply with the conditions of their registration with GPE.
- e. In his or her relationship with BCLC, no Director shall commit or condone an unethical or illegal act or instruct or encourage another Director, employee, or supplier to do so.

3. GAMING

The policy on participation in gaming is intended to manage security, integrity and perception expectations with respect to Directors participating in gaming conducted, managed or operated by BCLC.

Directors are permitted to participate in BCLC gaming within the guidelines of this policy. All Directors who choose to play BCLC games are encouraged to play responsibly.

Directors and anyone residing with a Director are disqualified from participating in commercial contests and promotions associated to BCLC.

- a. Officers and Directors are allowed to purchase BCLC lottery products. The purchase of lottery products is possible because of the integrity and security controls that are in place. This guideline is standard practice within the Canadian lottery industry.

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- b. For reasons of public perception, Directors and Officers of BCLC are not allowed to play in casinos, community gaming centers or commercial bingo facilities that are operated by BCLC's service providers in British Columbia.
- c. For reasons of public perception, Directors and Officers of BCLC are not to play games on PlayNow.com or participate in contests and promotions associated to PlayNow.com.
- d. A Director must declare his or her status as a BCLC Director when claiming a prize of \$1,000 or greater at any BCLC Prize Payout Office or BCLC Regional Prize Payout Centre. A prize claim by a Director may be subject to additional procedures and further review.
- e. Any prize claim presented by a Director's family member¹ may be subject to additional procedures and further review by BCLC.
- f. Because of the special relationships BCLC has with lottery retailers, service providers and its major vendors and to maintain integrity and public confidence, Directors may not be lottery retailers or gaming facility service providers. Further, Directors may not have a material involvement with a major vendor to BCLC. Any involvement by a Director, family member, or close associate with lottery retailers, service providers or major vendors which could give rise to a real or apparent conflict of interest must be disclosed.

4. CONFLICTS OF INTEREST

- a. A real conflict of interest denotes a situation in which a Director has knowledge of a private economic interest that is sufficient to influence the exercise of his or her duties and responsibilities as a Director.
- b. An apparent conflict of interest exists when there is a reasonable apprehension, which reasonably well-informed persons could properly have, that a conflict of interest exists. The preceding definition applies even when no conflict is found to actually exist
- c. The principles underlying conflict of interest rules are impartiality and integrity. A Director cannot be perceived by the public as being impartial and acting with integrity if he or she could derive a personal benefit from a decision.

¹ Family Member" means a person who is:

- A grandparent, grandchild, aunt, uncle, nephew, niece, cousin, parent, child or sibling of a Director (whether related biologically or through remarriage); or
- A spouse (including common law) of a Director; or
- Anyone living at the same residence of a Director.

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- d. Directors must avoid any situation or decision-making in which there is a real or apparent conflict of interest or an apprehension of bias.
- e. A Director must not use his or her directorship to pursue or advance the Director's personal interests, the interests of a family member, business associate, corporation, union or partnership, or the interests of a person to whom the Director owes an obligation.
- f. A Director must not directly or indirectly benefit from a transaction with BCLC over which a Director can directly or indirectly influence a decision relating to the transaction.
- g. A Director must not take personal advantage of an opportunity available to BCLC unless BCLC has clearly and irrevocably decided against pursuing the opportunity and the opportunity is also available to other Directors or the public.
- h. A Director must not use his or her directorship to solicit clients for the Director's business, or a business operated by a family member, close friend, business associate, corporation, union or partnership of the Director, or a person to whom the Director owes an obligation.
- i. There are several situations that could give rise to a conflict of interest, or apparent conflict of interest or an apprehension of bias. The most common are accepting gifts, favours or financial benefits from suppliers, close or family relationships with suppliers, disclosing confidential information or using confidential information inappropriately. The following are examples of these types of situations:

Examples

- i) Influencing BCLC to lease equipment from a business owned by a close associate or family member.
- ii) Influencing BCLC to direct funds to an institution where the Director is involved or works.
- iii) Participating in a decision or influencing a decision to hire or promote a family member or friend of the Director.
- iv) Influencing BCLC to make its travel arrangements through a travel agency owned by a close associate or family member of the Director.
- v) Acting as a lottery retailer or a gaming facility service provider.
- vi) Situations where you or someone you know would personally benefit from unauthorized disclosure or inappropriate use of information acquired through a BCLC Directorship.
- vii) Situations in which a Director or close associate could personally benefit from the Director's influence in BCLC decisions, such as

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through investments, loans, purchases, sales, contracts, grants and regulatory or discretionary approvals and appointments.

- j. Directors must disclose any circumstances which could be perceived as real or apparent conflict of interest.

5. DISCLOSURE

- a. A statement of disclosure (the “**Disclosure**”) must be completed semi-annually and provided to the Board Chair who will make it available to all other Board members. The Disclosure will be filed with the Corporate Secretary for access by the Director of Legal Services or the Director of Corporate Procurement only as required.
- b. In addition to the annual Disclosure, Directors are required to disclose real or apparent conflicts of interest as the circumstances occur and become known.
- c. Disclosure allows relevant personal interests to become public knowledge and inhibit Directors from acting for their personal benefit. Disclosure also informs the Director’s colleagues of a situation so that they can consider its implications. Disclosure enables Directors to address ambiguous situations and to avoid adverse consequences from real or apparent conflicts of interest.
- d. A Director must, immediately upon becoming aware of a conflict or apparent conflict of interest situation, disclose the conflict in writing to the Board Chair or Governance Committee if the Chair is not available. This requirement exists even if the Director does not become aware of the conflict until after a transaction is complete.
- e. If a Director is in doubt whether a situation involves a conflict, the Director must immediately seek the advice of the Board Chair or Governance Committee if the Chair is not available. It may also be appropriate to seek legal advice.
- f. Unless a Director is otherwise instructed, a Director must immediately take steps to resolve the conflict or remove the perception that it could exist.
- g. If a Director is concerned that another Director is in a conflict of interest situation, the Director must immediately bring his or her concern to the other Director's attention and request that the conflict be declared. If the other Director refuses to declare the conflict, the Director must immediately bring his or her concern to the attention of the Board Chair. If there is a concern with the Board Chair, it should be referred to the Governance Committee.
- h. A Director is required to disclose the nature and extent of any conflict or apparent conflict at the first meeting of the Board after which the facts

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leading to the conflict have come to that Director's attention or understanding. After disclosing the conflict, the Director:

- i) must not take part in the discussion of the matter or vote on any questions in respect of the matter at a Board or committee meeting. However, the Director may be counted in the quorum present at the meeting.
- ii) if the meeting is open to the public, may remain in the room, but shall not take part in that portion of the meeting during which the matter giving rise to the conflict is under discussion, and shall leave the room prior to any vote on the matter giving rise to the conflict.
- iii) must, if the meeting is not open to the public, immediately leave the meeting and not return until all discussion and voting with respect to the matter giving rise to the conflict is completed.
- iv) must not attempt, in any way or at any time, to influence the discussion or the voting of the Board or any committee regarding any question relating to the matter giving rise to the conflict.

6. OUTSIDE BUSINESS INTERESTS

- a. Directors must disclose outside business activities at the time of appointment. Notwithstanding any outside activities, Directors are required to act in the best interest of BCLC.
- b. No Director may hold a significant financial interest, either directly or through a family member or associate, or hold or accept a position as an officer or director in an organization that has a relationship with BCLC, where by virtue of his or her directorship, the Director could in any way benefit the other organization by influencing the purchasing, selling or other decisions of BCLC, unless that interest has been fully disclosed.
- c. A "significant financial interest" in this context is any interest substantial enough to be perceived to influence the decisions of BCLC or be perceived to result in a personal gain for the Director.
- d. These requirements apply equally to interests in companies that may compete with BCLC in all of its areas of activity.

7. CONFIDENTIAL INFORMATION

- a. Confidential information includes proprietary technical, business, financial, legal, or any other information that BCLC treats as confidential or by its nature is confidential.

Directors may not disclose confidential information to any outside person unless authorized.

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- b. Similarly, Directors may never disclose or use BCLC confidential information for personal gain, or to benefit friends, family members or associates.
- c. Directors are advised to seek guidance from the Board Chair or the CEO with respect to what is considered confidential.

8. INVESTMENTS

- a. A Director may be party to or have influence over decisions which involve information that is not publicly available or become aware of such information. A Director must always ensure that he or she is not providing, or being perceived to be providing a unique investment advantage for personal benefit or in favour of another person arising out of access to BCLC information.
- b. Directors may not, either directly or through family members or associates, acquire or dispose of any interest, including publicly traded shares, in any company while having undisclosed confidential information obtained during their directorship which could reasonably affect the value of such securities.
- c. Any previous or current involvement in the gaming industry in any capacity by a Director, close associate or family member must be disclosed to GPE and the Board Chair. This includes any interest, financial or otherwise, in a registered gaming service provider business.

9. OUTSIDE EMPLOYMENT OR ASSOCIATION

A Director, who accepts a position with any organization that could lead to a real or apparent conflict of interest or situation prejudicial to BCLC's interests, shall discuss the implications of accepting such a position with the Board Chair recognizing that acceptance of such a position may require the Director's resignation from the BCLC Board.

10. ENTERTAINMENT, GIFTS AND FAVOURS

- a. It is important to efficient business practices that suppliers and contractors have similar and equal access to BCLC.
- b. To ensure that impartiality with any supplier, customer or other third party is maintained and no implied obligation is created, a Director may not accept or offer gifts, gratuities, entertainment, or favours unless they are less than \$200.00 in value and are normal and customary given the business circumstances. Entertainment and gifts accepted by Directors related to their service to BCLC must not exceed a total annual value of \$1,000.00.
- c. Donations must not be solicited by Directors in their capacity as BCLC Directors.

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- d. A Director may accept modest discounts on a personal purchase of a supplier's or customer's products only if such discounts do not affect the BCLC's purchase or selling price and are generally offered to others having a similar business relationship with the supplier or customer.
 - e. Under no circumstances may Directors offer or receive cash, preferred loans, securities, or hidden commissions in exchange for preferential treatment of a BCLC vendor. Any Director experiencing or becoming aware of such an offer must immediately report the incident to the Board Chair or Governance Committee.
 - f. Inappropriate gifts received by a Director should be returned and may be accompanied by a copy of this Code.
 - g. Full and immediate disclosure to the Board Chair of uncertain cases, ambiguous situations or questionable circumstances will be presumed as good faith compliance with this Code.
- 11. USE OF BCLC'S PROPERTY**
- a. A Director requires BCLC's approval to use property owned by BCLC for personal purposes, or to purchase property from the BCLC unless the purchase is made through the usual channels also available to the public.
 - b. A Director must not purchase property owned by BCLC if that Director is involved in an official capacity in some aspect of the sale or purchase.
 - c. Directors may be entrusted with the care, management and cost-effective use of BCLC property and should not make significant use of these resources for their own personal benefit or purposes. Clarification on this issue should be sought from the Board Chair.
 - d. Directors should ensure all BCLC property that may be assigned to them is maintained in good condition and should be able to account for such property.
 - e. Directors may not dispose of BCLC property except in accordance with the guidelines established by the Corporation.
- 12. RESPONSIBILITY**
- a. BCLC is determined to act, and to be perceived, as an ethical organization.
 - b. Each Director must adhere to the standards described in this Code and to the standards set out in applicable policies, guidelines or legislation.
 - c. Integrity, honesty, and trust are essential elements of BCLC's success. Any Director who knows or suspects a breach of this Code has a responsibility to report it to the Board Chair or Governance Committee.

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- d. To demonstrate determination and commitment, each Director is required to review and sign the Code semi-annually.

13. BREACH OF CODE

A Director found to have breached his/her duty by violating the Code will be liable to censure or a recommendation for dismissal to the Government.

14. WHERE TO SEEK CLARIFICATION

The Board Chair or the Governance Committee will provide guidance on any question pertaining to this Code. The Board Chair may at his/her discretion or at the request of a Director, seek the advice of outside legal counsel.



**BOARD OF DIRECTORS
DISCLOSURE OF REAL OR APPARENT
OR POTENTIAL CONFLICTS OF INTEREST**

Name: _____

SECTION I – Please check the appropriate boxes:

1. I am directly or indirectly involved in another enterprise or occupation that is or could be perceived as being in conflict with the interests of BCLC. (Fill in 'Details' section below.)
2. I have direct or indirect investments or business relations that are or could be perceived as being in conflict with the interests of BCLC. (Fill in 'Details' section below.)
3. I have a personal relationship with a BCLC or Service Provider employee that is or could be perceived as being in conflict with the interests of BCLC. (Fill in 'Details' section below.)
4. I have and/or a family member has a previous or current involvement, financial or otherwise in the gaming industry in any capacity. (Fill in 'Details' section below.)
5. I have a family member whose circumstance places me or could be perceived as placing me in conflict with the interests of BCLC. (Fill in 'Details' section below.)
6. I currently hold, or have been offered, a board appointment for a 'for-profit' organization or for a society that is or could be perceived as being in conflict with the interests of BCLC. (Fill in 'Details' section below.)
7. I have been elected to a federal, provincial or municipal political position and/or I have a family member who has been elected to a federal, provincial or municipal position. (Fill in 'Details' section below.)
8. Other. (Fill in 'Details' section below.)

Details: (Use separate page and attach if additional space required)

- OR -

9. To the best of my knowledge and belief I do not have an actual, perceived or potential conflict of interest.

Signature:

Board Member

Date: _____



**BOARD OF DIRECTORS
DISCLOSURE OF REAL OR APPARENT
OR POTENTIAL CONFLICTS OF INTEREST**

SECTION II – Conditions set out by the Board Chair and/or Governance Committee to mitigate or eliminate any disclosed potential or perceived conflict of interest situation: (Use separate page and attach if additional space required)

Signatures:

_____ Date: _____
Board Member

_____ Date: _____
Board Chair

_____ Date: _____
Governance Committee Chair

Disclosure forms must be completed semi-annually and provided to the Board Chair. The Disclosure Forms will be filed with the Corporate Secretary