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Bud Smith
Board of Directors
British Columbia Lottery Corporation
74 Seymour Street
West Kamloops BC V2C 1E2

Dear Mr. Smith:

This Mandate Letter confirms your organization's mandate, provides government's annual strategic direction and sets out key performance expectations for the 2017/18 fiscal year. On behalf of the Province of British Columbia, thank you for your leadership and the contributions made by the British Columbia Lottery Corporation over the past year in support of government's objective of providing legal gaming in a safe and responsible manner benefiting all British Columbians. In particular, congratulations on the efforts made towards the following contributions and achievements:

- Contributing to the integrity of gambling through the conduct and management of gambling in a social responsible manner, while exceeding the 2015/16 net income target of \$1.216 billion by \$97.5 million;
- Working with government to combat illegal gaming and advancing government's Anti-Money Laundering strategy, including enhancing Customer Due Diligence, and by providing funding for the Joint Illegal Gaming Investigation Team (JIGIT);
- Working with government to implement commitments from the Plan for Public Health and Gambling (February 2015), including completing three and making significant progress on four of the commitments that pertain to the Corporation;
- Attaining a Comprehensive Cost Ratio of 42% and surpassing the 2015/16 target of 43.3%; and,
- Substantially completing the recommendations made by Internal Audit & Advisory Services (IAAS).

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B.C.'s Corporate Governance Framework takes a principles-based approach in providing direction for effective governance of ministries and Public Sector Organizations (PSOs). Since June 2014, the Taxpayer Accountability Principles (TAP) have provided guidance to ensure that the actions taken and services provided strengthen accountability and promote cost control while meeting the public policy objectives established by government on behalf of the citizens of B.C. I would also like to recognize the contributions BCLC makes to local and regional economies in British Columbia, and in particular the importance of the corporation's head office to the Kamloops area.

It is critical that public sector organizations operate as efficiently as possible, in order to ensure British Columbians are provided with effective services at the lowest cost possible. This requires constant focus on maintaining a cost-conscious and principled culture through the efficient delivery of services that stand the test of public scrutiny and help develop a prosperous economy in an environmentally sustainable manner. This is critical to government's commitment to control spending and balance the budget. For this reason, it is essential that BCLC contains costs and meets its projected revenue targets.

Government is making open information a priority across the public sector to enhance government transparency and accountability in the use of public resources, the delivery of programs and public services. With that in mind, it is government's expectation that BCLC will foster a culture of transparency and information sharing with government.

Government seeks to deliver legal gaming in a sound and responsible manner that promotes the integrity of gaming and public safety. Under the *Gaming Control Act*, the Lottery Corporation is responsible for the conduct and management of gaming on behalf of government.

The Lottery Corporation is directed to conduct its business in a manner that meets government's expectations for social responsibility, public safety, gaming integrity, and projected financial targets. This is achieved through a culture of innovation and cost containment as well as commitment to responsible gambling and anti-money laundering efforts.

To achieve this mandate, the British Columbia Lottery Corporation is specifically directed to take the following strategic actions:

1. BCLC will optimize the Corporation's financial performance and sustain net return to the Province in accordance with government direction on cost containment, responsible gambling, and anti-money laundering, and in alignment with the Taxpayer Accountability Principles by:
 - a) Continuing to seek business opportunities such as new gambling facilities and eGaming from a social responsible perspective with particular attention to impacts on problem gambling, money laundering, public safety, and subsequently developing strategies to mitigate risk;
 - b) Providing a long term Capital Plan to the Ministry of Finance setting out the corporation's capital and spending and management plans, including significant IT and Kamloops head office facility development projects, over the next five years;

- c) Reviewing its approach to commissions paid to gaming service providers and implementing changes subject to the approval of its board of directors;
 - d) Achieving financial targets as approved by Treasury Board;
 - e) Reporting on the implementation of the new PlayNow subsidiary, which will be managed by the same controls and accountabilities to BCLC's Board; and
 - f) Providing quarterly reports to the Ministry of Finance that provide financial forecasts, and discuss and identify issues and risks.
2. Continue to support government in the implementation of its Anti-Money Laundering (AML) Strategy and mitigation of related illegal activities, including but not limited to:
 - a) Undertaking activities to ensure the Corporation's compliance regime is focused on preserving the integrity and reputation of B.C.'s gaming industry in the public interest;
 - b) Working collaboratively with GPEB to determine and implement measures that effectively combat money laundering and illegal activities in B.C. gambling facilities;
 - c) Funding, in accordance with government's announced direction, the Joint Illegal Gaming Investigation Team (JIGIT), a dedicated, coordinated, multi-jurisdictional investigative and enforcement response to unlawful activities within B.C. gaming facilities and illegal gambling in B.C.;
 - d) Collecting and sharing information and data with GPEB that supports measures to address money laundering in B.C. gaming facilities, illegal gaming in the province, and JIGIT operations; and
 - e) Enhancing AML best practices with appropriate consideration of evaluating source of funds prior to cash acceptance within a risk-based framework; and
 - f) Providing a quarterly report to the Minister of Finance on BCLC's activities related to the above.
3. Implement the five remaining commitments that BCLC is responsible for in the *Plan for Public Health and Gambling (February 2015)*. This includes offering time and money budgeting tools to Encore Rewards members and PlayNow.com customers and implementing customized responsible gambling messaging on PlayNow.com. BCLC will continue to partner with GPEB in the implementation of the four remaining commitments for which they are jointly responsible, including implementing a GameSense Advisor presence in Community Gaming Centres and undertaking key research projects related to online problem gambling and high-risk features of Electronic Gaming Machines. BCLC will submit bi-annual progress reports to the Minister of Finance and the General Manager, GPEB on the implementation of commitments under the Plan.
4. BCLC will report out on the completion of implementation of the recommendations from the *Review of the British Columbia Lottery Corporation (December 2014)* by Internal Audit and Advisory Services by June 30, 2017.

The ongoing culture shift to principled public sector governance remains a priority for government. PSOs are expected to undertake more comprehensive professional development to enhance orientation of their board members and senior executives. Government will be providing programming and resources designed to complement components of orientation to ensure understanding of the accountabilities and expectations of public sector boards and organizations. For detailed information about TAP directives, please refer to the following link, [Taxpayer Accountability Principles](#).

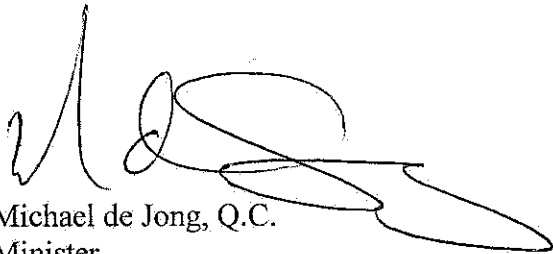
Government is committed to continue to revitalize the relationship between Government and PSOs. This strong focus on increased two-way communication supports and ensures a common understanding of Government's expectations. Timely communication of emerging issues which may affect the business of the British Columbia Lottery Corporation and/or the interests of government is critical to building trust and the effective delivery of public services, including information on any risks to achieving financial forecasts and performance targets. With the TAP embedded in the Annual Service Plans and Reports, this will support board chairs in assessing and communicating the organization's overall performance.

In addition, it is expected that your organization will continue to be diligent in ensuring familiarity with and adherence to statutory obligations and policies that have broad application across the public sector. Please refer to the following link for a summary of these accountabilities, [link to Crown Accountabilities](#).

Each board member is required to acknowledge the direction provided in the Mandate Letter by signing this letter. The Mandate Letter is to be posted publicly on your organization's website, and a copy signed by all board members provided to the ministry and made available to the public upon request.


I look forward to our regular meetings focusing on strategic priorities, performance against TAP, and working together to protect the public interest at all times.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael de Jong', with a large, sweeping flourish extending to the right.


Michael de Jong, Q.C.
Minister

Signed by:



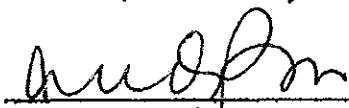
Bud Smith, Chair
British Columbia Lottery Corporation

December 5, 2016
Date




Christina Anthony, Director
British Columbia Lottery Corporation

Dec 5, 2016
Date



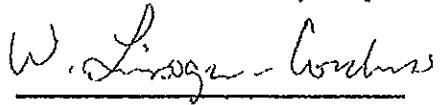
Trudi Brown, Director
British Columbia Lottery Corporation

December 5, 2016
Date



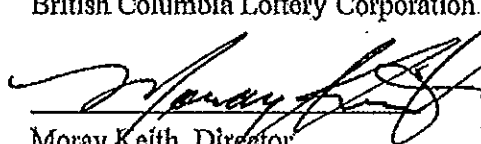
Robert Holden, Director
British Columbia Lottery Corporation

dec 5, 2016
Date



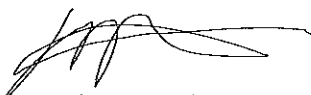
Wendy Lisogar-Cochia, Director
British Columbia Lottery Corporation

Dec 5/16
Date




Moray Keith, Director
British Columbia Lottery Corporation

Dec. 5/16
Date



Matthew Watson, Director
British Columbia Lottery Corporation

Dec 5, 2016
Date



Andrew Brown, Director
British Columbia Lottery Corporation

Dec 5 116
Date

cc: Honourable Christy Clark
Premier

Kim Henderson
Deputy Minister to the Premier and Cabinet Secretary

Athana Mentzelopoulos
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Cheryl Wenezenki-Yolland
Associate Deputy Minister
Ministry of Finance

Christina Anthony
Trudi Brown
Robert Holden
Wendy Lisogar-Cocchia,
Moray Keith
Matthew Watson
Andrew Brown

Board Members
Public Sector Organization

Jim Lightbody
Chief Executive Officer
British Columbia Lottery Corporation

John Mazure
Assistant Deputy Minister
Gaming Policy and Enforcement Branch

Attachment: Taxpayer Accountability Principles

B.C. Taxpayer Accountability Principles / B.C. Taxpayer Accountability Principles

Further information available at: <http://gov.bc.ca/crownaccountabilities>

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| 1 Cost Consciousness (Efficiency) | Strengthen cost management capabilities and foster a culture of cost-consciousness at all levels of public sector organizations. Provide public services and programs as efficiently and effectively as possible to “bend the cost curve” and support sustainable public policies and programs as a lasting legacy for generations to come. |
| 2 Accountability | Transparently manage responsibilities according to a set of common public sector principles in the best interest of the citizens of the province. By enhancing organizational efficiency and effectiveness in the planning, reporting and decision making, public sector organizations will ensure actions are aligned with government’s strategic mandate. |
| 3 Appropriate Compensation | Comply with a rigorous, standardized approach to performance management and employee compensation, which reflects appropriate compensation for work across the public sector that is consistent with government’s taxpayer accountability principles and respectful of the taxpayer. |
| 4 Service | Maintain a clear focus on positive outcomes for citizens of British Columbia by delivering cost-efficient, effective, value-for-money public services and programs. |
| 5 Respect | Engage in equitable, compassionate, respectful and effective communications that ensure all parties are properly informed or consulted on actions, decisions and public communications in a timely manner. Proactively collaborate in a spirit of partnership that respects the use of taxpayers’ monies. |

6 Integrity

Make decisions and take actions that are transparent, ethical and free from conflict of interest. Require the establishment of a strong ethical code of conduct for all employees and executives. Serve the citizens of British Columbia by respecting the shared public trust and acting in accordance with the taxpayer accountability principles.