

Ethical Conduct Policy for the Board of Directors



Connecticut Lottery Corporation

The Connecticut Lottery Corporation (“CLC” or “Corporation”) Board of Directors has adopted this Ethical Conduct Policy (the “Policy”) for Board Members. The Policy is intended to: require the highest ethical standards, integrity and accountability in the conduct and performance of the Corporation’s business; focus the Board and each Board Member on areas of potential ethical risk, conflict of interest, and the appearance of impropriety; guide and help Board Members recognize and deal with ethical issues; and establish reporting and enforcement mechanisms.

Each Board Member shall discharge his/her duties as a director, including his/her duties as a member of an established committee: (1) in good faith; (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (3) in a manner in which the Board Member reasonably believes to be in the best interests of the Corporation. Board Members recognize that all Board and established committee discussions, decisions and actions are to be based on integrity, honesty, impartiality, fairness, competence, independent judgment on the merits and benefits to the Corporation, and the avoidance of an appearance of impropriety.

No code or policy can anticipate every situation that may arise. This Policy is intended to serve as a source of guiding principles for the Board and its members. It is intended to supplement the Code of Ethics for Public Officials set forth in Chapter 10 of the Connecticut General Statutes and the regulations of the Office of State Ethics (collectively, the “Code”), and other applicable law. Board Members are encouraged to bring questions about particular circumstances that may bear on one or more of the provisions of this Policy or the Code to the attention of the Board Chair and the Corporation’s General Counsel. In appropriate circumstances, the guidance of the Office of State Ethics may be requested.

1. Definitions

The following terms have the following meanings in this Policy:

“Board of Directors” or “Board”

The multi-member governing body of the Corporation, pursuant to § 12-802(b) of the Connecticut General Statutes.

“Board Members”

Individuals appointed to the Corporation’s Board of Directors, pursuant to § 12-802(b) of the Connecticut General Statutes.

“Associated Business”

Any sole proprietorship, partnership, firm, corporation, trust or other entity through which business for profit or not for profit is conducted and in which a Board Member or Board Member’s Immediate Family is a director, officer, owner, limited or general partner, beneficiary of a trust, or holder of stock constituting five percent (5%) or more of the total outstanding stock of any class. A Board Member and his/her

Immediate Family shall not be deemed to be affiliated with or part of an Associated Business solely by virtue of such individual's service as an unpaid director or officer of a not for profit entity.

"Code"

The Code of Ethics for Public Officials set forth in Chapter 10 of the Connecticut General Statutes and the regulations of the Office of State Ethics promulgated under the Code.

"Confidential Information"

Any information not available to the public, whether prepared by the Corporation or received by the Corporation from third parties shall be considered Confidential Information. Confidential Information includes, but is not limited to, personal information that is capable of being associated with a particular individual or entity through one or more identifiers such as a social security number, driver's license number, federal employer's identification number, medical information, tax registration number, or health insurance identification number. It also includes trade secrets and proprietary information related to the Corporation's business and operations, such as but not limited to strategic goals and related implementation plans; sales, marketing and advertising plans; intellectual property; and ticket validation and other security protocols or plans. Confidential Information may be contained in any form (e.g., written, electronic, digital, photographic, tape recorded, or orally transmitted (e.g., conversations or negotiations)).

"Financial Interest"

Any interest that yields or has the potential for yielding, directly or indirectly, a monetary or other financial gain, advantage, benefit, loss or detriment.

"Immediate Family"

Individuals residing in the Board Member's household related by blood, adoption, marriage, domestic partnership, or civil union.

"Personal Interest"

Any interest that is incompatible with the proper discharge of one's official duties or that would impair one's independence of judgment or action in the performance of such duties. Such interest imperils or reasonably appears to imperil the open-mindedness and sense of fairness that a Board Member is required to possess because it is either an interest in the subject matter or in a relationship, or a personal bias, interest or prejudice.

2. Confidential Information

In the course of their association with the Corporation, Board Members may have access to Confidential Information. No Board Member shall disclose, for any reason, any Confidential Information acquired by the Board Member in connection with the Board Member's official duties or association with the Corporation. No Board Member shall use or permit the use of Confidential Information to advance the Personal Interests or Financial Interests of the Board Member, an Immediate

Family member, an Associated Business, or any other individual or entity. These prohibitions apply even after membership on the Board has ended.

3. Gifts

The Code generally prohibits Board Members from soliciting or accepting gifts from certain donors, including but not limited to individuals or entities doing or seeking to do business with the CLC, and registered lobbyists or their representatives. A “gift” is anything of value that a Board Member (or, in certain circumstances, his/her Immediate Family) receives and for which the Board Member or Immediate Family Member has not given consideration of equal or greater value (i.e., pay for the item/service). The Code contains certain dollar limits and also sets forth certain exceptions to the definition of “gift,” including for major life events such as, but not limited to, the birth or adoption of a child, a wedding, and retirement from State service.

4. Influence and Ex Parte Communications Regarding Procurement Solicitations

The Corporation will provide Board Members with written notice when the Corporation both issues and concludes a public procurement solicitation (i.e., a Request for Proposals, an Invitation to Bid, a Request for Qualifications, or similar competitive bidding solicitation).

From notice of the issuance of the solicitation until notice of the conclusion of the solicitation process, Board Members must:

- avoid and refrain from all non-essential contact with any vendor except (a) such contacts as may be necessary during the solicitation process if the Board Member also serves as a member of the solicitation Evaluation Committee, and (b) routine contact as may be required in connection with existing contracts; and
- avoid and refrain from any ex parte communication pertaining to the solicitation and selection with any individual or entity involved, or reasonably expected to be involved, in the procurement solicitation, except if such ex parte communication is in the normal course of such Board Member’s outside business or professional responsibilities and, in that event, such ex parte communication shall be strictly limited to the Board Member’s outside business or professional responsibilities and shall not include any discussion related to the procurement solicitation.

For purpose of this section, a “vendor” includes all management and staff of persons or entities expected to submit a response to the procurement solicitation, as well as any consultant, lobbyist, agent or advisor to any such vendor; and “entity” includes all directors, officers, employees, agents and representatives working for or on behalf of the entity.

These prohibitions do not diminish the Board's rights or obligations under the CLC's Purchasing Policy or affect the Board's right to contract directly on the Board's behalf.

5. Conflicts of Interest

The confidence of the public and other stakeholders in the discussions, recommendations and other actions of the Board and its established committees requires that Board Members avoid both actual and potential conflicts of interest and situations that might give the appearance of a conflict of interest. In determining whether an actual or potential conflict of interest exists, a Board Member must evaluate the facts and effect of the particular action on the Financial Interest or Personal Interest of the Board Member, Immediate Family member, or Associated Business.

6. Disclosure of Conflicts of Interest

A Board Member must disclose promptly and fully his/her actual or potential conflict of interest.

A Board Member having an actual conflict of interest shall promptly disclose such conflict to (a) the Board Chairperson or, in the event of his/her conflict or unavailability, the Vice-Chairperson, and (b) the Corporation's President and Chief Executive Officer. A Board Member who has an actual conflict of interest shall recuse himself/herself and shall not discuss, participate in, deliberate on, vote on, or take any other action as a member of the Board or an established committee with respect to such matter. The fact of such recusal shall be noted in the minutes of each Board or established committee meeting concerning such matter.

A Board Member who has a potential conflict of interest shall promptly either (a) recuse himself/herself from discussing, participating in, deliberating on, voting on, or taking any other action as a member of the Board or an established committee concerning the matter, which recusal shall be noted in the minutes of each Board or established committee meeting concerning such matter; or (b) submit to (i) the Board Chairperson or, in the event of his/her conflict or unavailability, the Vice-Chairperson, and (ii) the Corporation's President and Chief Executive Officer a detailed written statement describing the matter requiring action and the nature of the potential conflict and explaining why, despite the potential conflict, such Board Member is able to vote and otherwise participate in the matter fairly, objectively, and in the Corporation's best interest. Nothing in this Policy shall prohibit a Board member who has a potential conflict of interest from stating his/her position or answering questions regarding such matter upon the request of another Board Member, unless the Board Member has recused himself/herself.

A Board Member who has recused himself/herself shall leave the room during any discussion and vote on the matter at hand, shall not participate in such discussion

and vote, and shall not have access to non-public or otherwise confidential information related to the matter at hand.

The Board Chairperson or, in the event of his/her conflict or unavailability, the Vice-Chairperson may seek an opinion from the CLC's General Counsel, outside legal counsel and/or, as applicable, the Office of State Ethics in connection with any actual or potential conflict of interest or other potential violation of the Code or this Policy.

7. Enforcement

The Board Chairperson, in his/her sole discretion, may refer any potential violation of this Policy or the Code to the appropriate authority, including but not limited to the Office of State Ethics.

8. Gaming Participation

To avoid the appearance of impropriety and in accordance with Connecticut General Statutes § 12-811(b), all Board Members and their Immediate Family members are prohibited from participating in or sharing in the winnings from any CLC lottery game. Because of this prohibition, no such individual shall purchase or redeem in Connecticut or in any other state or jurisdiction tickets for any CLC or multi-jurisdictional lottery game in which the CLC participates.

Board Members and their Immediate Family members may participate in the other forms of legalized gambling regulated by the Department of Consumer Protection (i.e., Off-track Betting, Foxwood's Casino, Mohegan Sun Casino, charitable games and charitable raffles, bingo and sealed tickets).

9. Statement of Financial Interest

Each Board Member and, as applicable, former Board Member shall timely file a statement of financial interest with the Office of State Ethics as required by § 1-83 of the Connecticut General Statutes.

10. Training

The Corporation shall provide ethics training at no expense to its Board Members. Such training may be given in concert with the Office of State Ethics.

The Corporation shall also provide guidance to its Board Members on the Freedom of Information Act and their duty to retain public records.

11. Dissemination and Posting of the Ethical Conduct Policy

This Policy as well as the current Guide to the Code of Ethics for Public Officials and State Employees will be provided to Board Members and to all new Board

Members upon appointment in accordance with § 12-802(b) of the Connecticut General Statutes. This Policy shall be posted on the CLC's website.

Date Issued: Approved by the Board of Directors on 02-28-2013 with an effective date of 02-28-2013

Distribution: All CLC Board Members

ACKNOWLEDGEMENT

I, _____, have received a copy of the CLC's Ethical Conduct Policy for the Board of Directors, effective _____ (the "Policy"). I understand and agree to comply with the standards set forth in the Policy.

Signature

Date