

Conflicts of Interest Policy

1. Introduction

The Korea Development Bank London Branch (“KDB London”, “us” or “we”), provides a range of financial services which may, at certain times, give rise to situations where we have interests which conflict with the interest of its clients or counterparties, or where conflicts arise between KDB London clients.

KDB London, in accordance with Directive 2014/65/EU of Markets in Financial Instruments (MiFID), has established this Conflicts of Interest Policy (“Policy”) mandating that we take all appropriate steps to manage, identify and prevent any conflicts of interest that may arise in the course of providing product and services to clients. This Policy sets out the procedures and controls used to identify and appropriately deal with potential or actual conflicts of interest.

2. Identifying Conflicts of Interest

KDB London shall, in advance, identify or categorise the types of transactions that may cause conflicts of interest and shall review those on a regular basis. These types of transactions can be categorised into the following:

- (1) transactions where the interests of one client of KDB London conflict with the interests of another client;
- (2) transactions where the interests of a client of KDB London conflict with the interests of KDB London, an employee of KDB London, an Affiliate of KDB London or an employee of an Affiliate of KDB London (or vice versa);
- (3) transactions where the interests of an employee of KDB London or an Affiliate of KDB London conflict with the interests of KDB London or the Affiliate (as appropriate); and/or
- (4) transactions where the interests of a division of KDB London conflict with the interests of another division of KDB London and/or the interests of KDB London conflict the interests of an Affiliate (or vice versa).

As a minimum, when identifying conflicts we will consider situations where KDB London:

- (1) is likely to make a financial gain or avoid a financial loss at the expense of a client;
- (2) has an interest in the outcome of a service which is distinct from the client’s interest in that outcome;
- (3) has a financial or other incentive to favour the interest of one client over another client;
- (4) carries out the same business as a client;
- (5) receives or will receive from a person other than the client any inducement in relation to a service provided to the client (other than the standard commission or fee for that service).

Once a conflict has been identified, controls are implemented to ensure it is appropriately managed, including but not limited to those controls and measures stated at Section 4 of this Policy.

3. Potential Conflicts

KDB London is involved in a wide range of corporate finance business and investment banking activities. KDB London has identified a range of circumstances which may give rise to a conflict of interest (but not limited to) when:

- (1) we have an interest that is contrary to clients’ transaction (e.g., we may manage our own risk by hedging in the market which may affect market levels and thus affecting client levels including stop-loss levels. Also, we may profit from the hedging activity even though the client’s transaction declines in value);
- (2) we undergo proprietary trading and principal trading;
- (3) we undergo the granting of loans to others to perform investment services;
- (4) we undergo foreign currency transactions relating to investment services;
- (5) a client has an interest in financial instruments and any of our employees engage in personal account trading in respect of these financial instruments;
- (6) we receive gifts or other inducements that may influence our behaviour in any way that conflicts with the interests of any client;
- (7) our employees engage in external activities that may conflict with the interests of KDB London or its clients;
- (8) we structure our remuneration policy on the basis of sales targets that could provide an incentive for the sales staff to recommend or sell particular financial instruments to the clients that are not in the client’s best interest.

4. Managing conflicts of interest

KDB London's procedures to prevent and manage conflicts of interests include a number of organisational and administrative arrangements to safeguard the interests of clients and minimise the potential conflicts. Examples of arrangements put in place by KDB London to manage conflicts include (but are not limited to):

- (1) Information barriers
KDB London implements information barriers to help manage conflicts of interest and control the flow of non-public information. These include (but not limited to) segregation of data and computer systems, as well as separation of premises and reporting lines. Access to confidential information is restricted to those who have a clear need of the information in the legitimate interest of a client;
- (2) Procedures and arrangements
KDB London maintains conflicts of interest procedures and arrangements to prevent and to manage actual or potential conflicts of interest in order to prevent or mitigate any adverse impact to clients;
- (3) Training and monitoring
KDB London provides training and monitoring of all employees including promotion of internal awareness, guidance, internal reporting, monitoring of all transactions performed by the relevant employees, and monitoring of the effectiveness of the policies and procedures to handle conflicts of interest;
- (4) Best execution
KDB London monitors and ensures that the relevant employees execute orders in accordance with our Best Execution Policy or with client instructions;
- (5) Personal Account Trading
KDB London maintains an internal policy where all employees are subject to personal account dealing rules;
- (6) Gifts policy
Complying with regulations for accepting gifts and other benefits, which apply especially for the front-office/trading team;
- (7) Recording and monitoring of communication
KDB London records and monitors all communications including telephone and electronic communication of all employees;
- (8) Remuneration
KDB London's remuneration policy prevents remuneration structures that may give rise to conflicts of interests;
- (9) Declining to Act
KDB London may not be possible to avoid or manage a conflict of interest, where in that case we may have no choice but to decline to provide the service requested;
- (10) Oversight
KDB London oversees employees' responsibilities including (but not limited to) professional appointments, promotions, and tenure decisions, to avoid conflicts of interest.

5. Disclosure

Where KDB London's effective organisational and administrative arrangements to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of clients will be prevented, we must clearly disclose the nature and source of the conflict to the client concerned. Disclosure shall be used as a measure of last resort. We must do this prior to undertaking business for the client and set out our disclosure in such a way that enables the client to make an informed decision as to whether or not to enter into a relationship with KDB London.

KDB London monitors compliance with its conflicts of interest policies and procedures, and shall review its Policy at least annually to ensure conflicts of interest have been identified and appropriate controls implemented to manage those conflicts of interest.

KDB London will keep a record of conflicts of interest which have been identified as amounting to a current or potential material risk of damage to the interests of one or more of its clients.