# ANNUAL MIFIDPRU DISCLOSURES REPORT
# – FOR THE YEAR ENDED 30 NOVEMBER 2024

**JEFFERIES INTERNATIONAL LIMITED**

**CONTENTS**

# 1 OVERVIEW AND BASIS OF PREPARATION

## 1.1 BUSINESS BACKGROUND

Jefferies International Limited (hereinafter also referred to as 'JIL' or 'the firm') is the UK incorporated subsidiary of Jefferies Financial Group Inc. ('Jefferies'). Jefferies is a full-service investment banking firm listed on the New York Stock Exchange.

The firm provides clients with capital markets and financial advisory services, institutional brokerage and securities research services. The firm provides research and trade execution in equities and fixed income products and a full range of investment banking services including underwriting, merger and acquisition, restructuring and recapitalisation advisory services.

## 1.2 SCOPE

This Annual MIFIDPRU Disclosures report ('report') has been prepared to fulfil the regulatory disclosure requirements set out by the Financial Conduct Authority ('FCA') in the Prudential Sourcebook for MIFID Investment ('MIFIDPRU') Chapter 8. This report relates to the activities and position of JIL for the year ended 30 November 2024, which represents the end of the relevant financial accounting period.

The scope of this report relates primarily to the firm's governance arrangements, own funds, own funds requirements, remuneration policy and practices and investment policy for the year ended 30 November 2024. A high-level overview of the firm's Risk Management Framework is included in this report. Disclosures on risk management objectives and policies are covered in Section 3 of this report and also the Annual Report and Financial Statements published on Jefferies' corporate website https://ir.jefferies.com/resources/regulatory-information/default.aspx.

## 1.3 FREQUENCY OF PUBLICATION AND VERIFICATION

This report is published annually, concurrently with the Annual Report and Financial Statements, in accordance with the regulatory guidelines and is available on Jefferies' corporate website https://ir.jefferies.com/shareholder-resources/regulatory-information/default.aspx.

This report was validated, reviewed and approved internally by senior management and the Board of Directors. This report is not required to be subject to independent external audit, only the data also included in the Annual Report and Financial Statements has been subjected to external audit in line with the verification process of the Annual Report and Financial Statements process.

# 2 GOVERNANCE & RISK OVERSIGHT

## 2.1 BOARD OF DIRECTORS

### 2.1.1 BOARD AND DIRECTORSHIPS

The Board of Directors of the firm is responsible for the long-term success of the firm by creating sustainable value for the firm's sole shareholder, Jefferies Financial Group Inc., whilst safeguarding Jefferies' name, reputation and credit rating. Figure 1 shows the number of directorships held by members of the JIL Board ('the Board'). The Board sets the firm's strategy, in line with delegated authority from the shareholder, and oversees its implementation through the approved Business Plans ensuring that those are pursued within the Board-approved Risk Appetite.

**Figure 1: JIL Number of Directorships Held by Members of the JIL Board for the year ended 30 November 2024**

| | Directorships | |
|---|---|---|
| **Name** | **Executive** | **Non-Executive** |
| Huw Tucker * | - | 1 |
| Evie Vanezi ** | 1 | - |
| Joel Maryles | - | 1 |
| Jacob Katz | - | 1 |
| Linda Adamany | - | 4 |
| Mahnaz Akbary-Safa | - | 3 |
| Nicholas Williams | - | 2 |

*Huw Tucker was the JIL CEO until he retired effective 30 June 2024, he remains on the JIL Board as a Non-Executive Director.

**Evie Vanezi was appointed JIL CEO effective 1 July 2024

In accordance with the FCA Handbook (SYSC): (1) Directorships within the firm and its parent undertakings are counted as a single directorship; and (2) Directorships in organisations which do not pursue predominantly commercial objectives are not included.

### 2.1.2 Board Recruitment

Recruitment for, and appointment of, a member of the Board combines an assessment of technical capability and knowledge base as well as competency skills. The JIL Nominations Committee formalises the process for the appointment of new Board members by identifying and recommending for approval, by the Board, candidates to fill Board vacancies having evaluated the balance of knowledge, skills, diversity (including gender) and experience of the Board. When recruiting members to the Board, the Committee considers a broad set of qualities and competencies and assesses the time commitment required.

Board recruitment is subject to the approval of the Board. As part of the formal Director appointment process, the firm undertakes a number of additional checks, coordinated through JIL's Human Resources Department, which include but are not limited to criminal record searches; a financial probity search; a UK directorship check; a sanction list check; an electoral register check; FCA/PRA Register search; and employment reference checks. Regulatory approval is co-ordinated through the JIL's Chief Compliance Officer for EMEA and Asia. The Nominations Committee has oversight of the induction process for new Directors and the on-going training and development of all Board members.

### 2.1.3 Board Diversity

JIL is committed to promoting a diverse workplace, and approaches diversity in the broadest sense, recognising that successful businesses embrace diversity at all levels. Diversity, Equity and Inclusion (DEI) principles are a foundation of our firmwide culture, and we also believe that companies with a diverse Board of Directors are better positioned for stronger performance and improved governance. As part of its duties detailed above, the JIL Nominations Committee is responsible for considering a broad set of qualities, skills and competencies when recruiting members to the Board and those considerations include the diversity of the Board. The JIL Nominations Committee will also periodically assess the structure, size and composition, including diversity, of the Board, and make recommendations to the Board with regard to any changes. The Board is 43% gender diverse and its independent directors are 40% gender diverse.

DEI considerations are a top priority for Jefferies as evidenced by the establishment of a dedicated Jefferies Environment, Social, and Governance (ESG) and DEI Committee of the Jefferies Board. The firm is well represented in the discussions and planning in this area with two of its independent non-executive directors being members of the Jefferies ESG and DEI Committee. In addition, the Board has appointed an independent non-executive director to act as the JIL DEI Champion.

Refer to Jefferies' corporate website for information on DEI https://jefferies.com/DiversityAndInclusion/Diversity-and-Inclusion/2/2797.

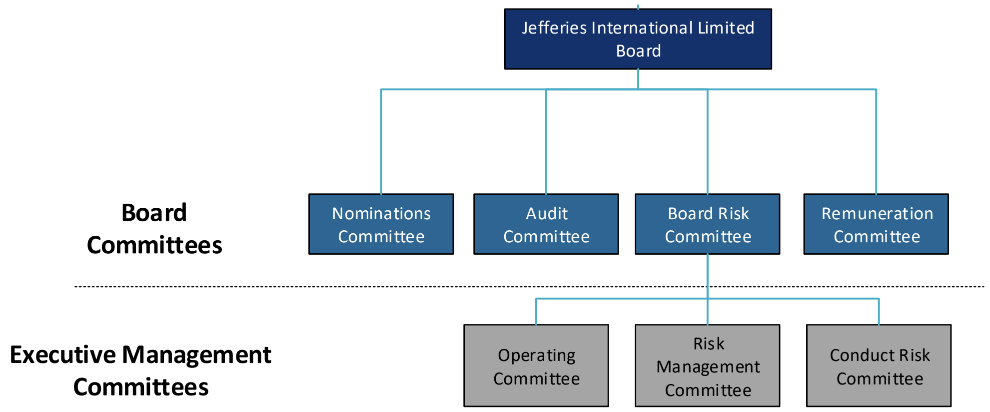
## 2.2 RISK OVERSIGHT COMMITTEES AND INFORMATION FLOWS

The Board requires that Senior Management including the JIL CEO, business heads and heads of control functions, take an active role in the risk management process and require business and support functions to assist in the identification, assessment and control of all risks.

The Board has set up a hierarchy of Board Committees, Executive Management Committees and Sub-Committees, collectively the 'Risk Oversight Committees', with the objective of ensuring an effective risk governance structure. The Board approves the Terms of Reference of each of the Board Committees and Executive Management Committees. In addition to delegating, the Board reserve certain matters to themselves as set out in the Board Charter. This arrangement enables the Board to:

- Interact effectively with the executive team charged with delivering Jefferies' agreed strategy whilst effectively managing the risks;
- Establish a robust control framework to manage risk effectively across the businesses, whilst allowing effective challenge, oversight and decision making;
- Benefit from the work of dedicated committees focused on important risk areas;
- Receive management information on compliance with Risk Appetite; and
- Ensure clear escalation procedures are in place to enable effective decision making and risk management.

**Figure 2: Board and Executive Management Committees**




Through the Risk Management Framework, the Board requires a comprehensive and integrated view of risk and risk management and the use of a common risk language and taxonomy across the firm. They also approve the standardised form, frequency and content of the risk information they require to be presented at Board meetings.

### 2.2.1 Board Committees

The members of each of the Board Committees are all non-executive directors. In 2024 the Board Risk Committee, the Audit Committee and the Remuneration Committee each met 5 times and the Nominations Committee met 2 times.

- **Board Risk Committee** –The Committee reviews management information on the risk profile of the firm, together with the ICARA and Risk Management Framework, and recommends the risk appetite statements to the Board.
- **Audit Committee** –The Committee assesses and provides oversight on regulatory matters, reviews the annual financial statements and disclosures, any significant financial reporting issues and judgments together with material information in the annual reports. It evaluates the external and internal auditors, reviews the management letter and response, approves the annual audit plan and reviews the adequacy of internal controls.
- **Nominations Committee –** The Committee is responsible for identifying and recommending for approval, by the Board, candidates to fill Board vacancies, having evaluated the balance of knowledge, skills, diversity and experience of the Board.
- **Remuneration Committee** – The Committee is responsible for ensuring the firm's remuneration policy Statement and remuneration structures comply with the relevant regulations *(see Section 6 for more details).*

### 2.2.2 Executive Management Committees

Executive Management Committees meet more frequently, typically at least monthly. The Committees oversee specialised areas and escalate significant issues to the Board Committees and the Board accordingly.

The firm's Executive Management Committees include:

- **Risk Management Committee** - supports the Board in the development of the Risk Management Framework together with the Risk Appetite Statements and Policies for Principal Risks (excluding Conduct Risk). Responsible for oversight of the risk profile and limit framework across the firm, including all business lines in accordance with the Board-approved risk appetite, and the review / recommendation of the ICARA to the Board.
- **Operating Committee** - is the key forum for coordination and communication between the corporate/control functions together with the management of operational risk across the business and it reviews operational risk events, key risk indicators and any other operating issues.
- **Conduct Risk Committee** - supports the Board in the development of the Conduct Risk Appetite Statements and oversees the Conduct Risk profile. Reviews significant Conduct Risk matters as they arise (both business and employee related).

## 3 RISK MANAGEMENT

The firm has clear risk management objectives and a well-established approach to delivering them through a core Risk Management Process. At a strategic level, the risk management objectives are to:

- Identify inherent and emerging sources of risk and define the Principal Risks that the firm is exposed to.
- Articulate qualitative and quantitative Risk Appetite Statements, including setting limits to manage the business in line with the firm's risk appetite.
- Ensure the firm has sufficient financial resources to support its business growth plan and to meet all applicable regulatory requirements under both normal and stressed periods.
- Help business management control and coordinate risk-taking across the firm and enable business lines to make decisions within a solid risk framework, with transparency on risk-return considerations, and within strong governance structures.

The Board believes that risks and uncertainties faced by the firm are satisfactorily mitigated through the comprehensive systems of controls, senior management oversight and its Risk Management Framework that has been implemented through the firm.

Moreover, some risks cut across all businesses and Principal Risks. They can stem from a variety of idiosyncratic and systemic events, including ESG risks. The Enterprise Risk Function within the Risk Management Department defines the relevant risk management frameworks and provides guidelines for recognizing and managing the resulting risks and opportunities. Disclosures on risk management policies and processes, including ESG are covered in the Annual Report and Financial Statements published on Jefferies' corporate website https://ir.jefferies.com/resources/regulatory-information/.

## 4 OWN FUNDS

JIL's own funds (i.e. capital resources) comprises of Common Equity Tier 1 (CET 1) and Tier 2 capital. The firm does not hold any Additional Tier 1 capital.

The below tables comply with MIFIDPRU disclosure requirements:

- Figure 3 details the composition of regulatory own funds for the year ended 30 November 2024.
- Figure 4 details a reconciliation of own funds to the capital in the balance sheet per the audited financial statements of the firm.
- Figure 5 provides a description of the main features of the CET1 capital issued by the firm for the year ended 30 November 2024.

**Figure 3: Composition of regulatory own funds for the year ended 30 November 2024**

| Composition of regulatory own funds | | Amounts £000 | Source based on reference numbers/letters of the balance sheet in the audited financial statements |
|---|---|---|---|
| **1** | **OWN FUNDS** | 1,366,658 | |
| **2** | **TIER 1 CAPITAL** | 1,140,973 | |
| **3** | **COMMON EQUITY TIER 1 CAPITAL** | 1,140,973 | |
| 4 | Fully paid up capital instruments | 573,843 | Statement of Changes in Equity |
| 5 | Share premium | 61,620 | Statement of Changes in Equity |
| 6 | Retained earnings | 449,015 | Statement of Changes in Equity |
| 7 | Accumulated other comprehensive income | - | |
| 8 | Other reserves | 102,655 | Statement of Changes in Equity |
| 9 | Adjustments to CET1 due to prudential filters | (8,947) | Figure 4: CET 1 Deductions |
| 10 | Other funds | - | |
| 11 | (-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1 | (37,214) | |
| 19 | CET1: Other capital elements, deductions and adjustments | (37,214) | Figure 4: CET 1 Deductions |
| **20** | **ADDITIONAL TIER 1 CAPITAL** | - | |
| 21 | Fully paid up, directly issued capital instruments | - | |
| 22 | Share premium | - | |
| 23 | (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1 | - | |
| 24 | Additional Tier 1: Other capital elements, deductions and adjustments | - | |
| **25** | **TIER 2 CAPITAL** | 225,685 | |
| 26 | Fully paid up, directly issued capital instruments | 225,685 | Note 25 Creditors: amounts falling due after more than one year |
| 27 | Share premium | - | |
| 28 | (-) TOTAL DEDUCTIONS FROM TIER 2 | - | |
| 29 | T2 instruments 2: Other capital elements, deductions and adjustments | - | |

**Own funds include 2024 profit after tax of £65,257,316*
***Refer to Figure 4 for a reconciliation of total CET 1 capital deductions in the Audited Financial Statements.*

## Figure 4: Own Funds: Reconciliation of Regulatory Funds to Balance Sheet in the Audited Financial Statements

| | | Balance sheet as in audited financial statements | Balance sheet under regulatory scope | Adjustments to CET 1 and Capital Deductions from CET 1 | Cross reference to Figure 3 |
|---|---|---|---|---|---|
| | | £000 | £000 | £000 | £000 |
| 1 | Cash and cash equivalents | 613,820 | 613,820 | | |
| 2 | Trading assets | 5,881,082 | 5,881,082 | (17,592) | 9 & 19 |
| 3 | Secured financing | 3,451,326 | 3,451,326 | | |
| 4 | Trade and other receivables | 1,017,489 | 1,017,489 | | |
| 5 | Investments | 121,604 | 121,604 | (10,000) | 19 |
| 6 | Deferred tax asset | 8,792 | 8,792 | (8,792) | 19 |
| 7 | Property, plant and equipment | 110,219 | 110,219 | | |
| 8 | Intangible assets | 6,700 | 6,700 | (6,700) | 19 |
| | **Total Assets** | **11,211,032** | **11,211,032** | | |
| 1 | Trading liabilities | 3,065,996 | 3,065,996 | (3,066) | 9 |
| 2 | Secured borrowing | 4,336,733 | 4,336,733 | | |
| 3 | Trade and other payables | 2,289,593 | 2,289,593 | | |
| 4 | Provisions | 3,760 | 3,760 | | |
| 5 | Long-term borrowings | 225,685 | 225,685 | | 26 |
| 6 | Lease liabilities | 102,132 | 102,132 | | |
| | **Total Liabilities** | **10,023,899** | **10,023,899** | | |
| 1 | Ordinary shares | 573,843 | 573,843 | | 4 |
| 2 | Capital contribution | 99,429 | 99,429 | | 8 |
| 3 | Share premium | 61,620 | 61,620 | | 5 |
| 4 | Foreign exchange translation | 3,226 | 3,226 | | 8 |
| 5 | Retained earnings | 449,015 | 449,015 | | 6 |
| | **Total Shareholders' equity** | **1,187,133** | **1,187,133** | | |

### Figure 5: Own funds instruments for the year ended 30 November 2024

| | Capital instruments main features | | | | | |
|---|---|---|---|---|---|---|
| 1 | Issuer | Jefferies International Ltd. | Jefferies International Ltd. | Jefferies International Ltd. | Jefferies International Ltd. | Jefferies International Ltd. |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | N/A | N/A | N/A | N/A | N/A |
| 3 | Governing law(s) of the instrument | English Law | English Law | English Law | English Law | English Law |
| | **Regulatory treatment** | | | | | |
| 4 | Transitional CRR rules | N/A | N/A | N/A | N/A | N/A |
| 5 | Post-transitional CRR rules | CET1 | T2 | T2 | T2 | T2 |
| 6 | Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated | Solo | Solo | Solo | Solo | Solo |
| 7 | Instrument type (types to be specified by each jurisdiction) | Ordinary share | Subordinated loan notes | Subordinated loan notes | Subordinated loan | Subordinated loan notes |
| 8 | Amount recognised in regulatory capital (in millions) | £573.8 | £109.9 | £19.6 | £58.9 | £37.3 |
| 9 | Nominal amount of instrument | £573.8 | $140m (£110.9m) | $25m (£19.8m) | $75m (£59.4m) | $47.5m (£37.6m) |
| 9a | Issue price | N/A | $140m (£110.9m) | $25m (£19.8m) | $75m (£59.4m) | $47.5m (£37.6m) |
| 9b | Redemption price | N/A | $140m (£110.9m) | $25m (£19.8m) | $75m (£59.4m) | $47.5m (£37.6m) |
| 10 | Accounting classification | Shareholders' equity | Liability-Amortised cost | Liability-Amortised cost | Liability-Amortised cost | Liability-Amortised cost |
| 11 | Original date of issuance | N/A | 25-Apr-13 | 27-May-14 | 14-Dec-15 | 21-Nov-16 |
| 12 | Perpetual or dated | N/A | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | N/A | 30-Apr-33 | 31-May-34 | 31-Dec-30 | 30-Nov-36 |
| 14 | Issuer call subject to prior supervisory approval | N/A | Yes | Yes | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | N/A | N/A | N/A | N/A | N/A |
| 16 | Subsequent call dates, if applicable | N/A | N/A | N/A | N/A | N/A |
| | **Coupons / dividends** | | | | | |
| 17 | Fixed or floating dividend/coupon | N/A | Fixed | Fixed | Fixed | Fixed |
| 18 | Coupon rate and any related index | N/A | 7.50% | 7.50% | 7.50% | 7.50% |
| 19 | Existence of a dividend stopper | No | N/A | N/A | N/A | N/A |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | N/A | No discretion | No discretion | No discretion | No discretion |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | N/A | No discretion | No discretion | No discretion | No discretion |
| 21 | Existence of step up or other incentive to redeem | N/A | No | No | No | No |
| 22 | Noncumulative or cumulative | N/A | Non cumulative | Non cumulative | Non cumulative | Non cumulative |
| 23 | Convertible or non-convertible | N/A | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 24 | If convertible, conversion trigger(s) | N/A | N/A | N/A | N/A | N/A |
| 25 | If convertible, fully or partially | N/A | N/A | N/A | N/A | N/A |
| 26 | If convertible, conversion rate | N/A | N/A | N/A | N/A | N/A |
| 27 | If convertible, mandatory or optional conversion | N/A | N/A | N/A | N/A | N/A |
| 28 | If convertible, specify instrument type convertible into | N/A | N/A | N/A | N/A | N/A |
| 29 | If convertible, specify issuer of instrument it converts into | N/A | N/A | N/A | N/A | N/A |
| 30 | Write-down features | No | No | No | No | No |
| 31 | If write-down, write-down trigger(s) | N/A | N/A | N/A | N/A | N/A |
| 32 | If write-down, full or partial | N/A | N/A | N/A | N/A | N/A |
| 33 | If write-down, permanent or temporary | N/A | N/A | N/A | N/A | N/A |
| 34 | If temporary write-down, description of write-up mechanism | N/A | N/A | N/A | N/A | N/A |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | N/A | Non-Subordinated Creditors | Non-Subordinated Creditors | Non-Subordinated Creditors | Non-Subordinated Creditors |
| 36 | Non-compliant transitioned features | No | No | No | No | No |
| 37 | If yes, specify non-compliant features | N/A | N/A | N/A | N/A | N/A |

# 5 OWN FUNDS REQUIREMENTS

## 5.1 OWN FUNDS REQUIREMENTS

JIL's own funds requirements is calculated in accordance with MIFIDPRU 4.3, being the highest of:

- its permanent minimum capital requirement under MIFIDPRU 4.4.
- its fixed overheads requirement under MIFIDPRU 4.5.
- its K-factor requirement under MIFIDPRU 4.6.

Figure 6 provides a summary of the firm's own funds requirements, K-factor requirement and fixed overheads requirement for the year ended 30 November 2024. The firm held capital, above its own funds' requirements, at all times throughout the financial year.

**Figure 6: Own Funds Requirements**

| As at 30 November 2024 | £000 | £000 |
|---|---|---|
| **Permanent Minimum Capital Requirement (PMR)** | | **750** |
| **Fixed Overheads Requirement (FOR)** | | **192,381** |
| *K-AUM, K-CMH and K-ASA* | 152 | |
| *K-COH and K-DTF* | 8,573 | |
| *K-NPR, K-CMG, K-TCD and K-CON* | 521,328 | |
| **Sum of K-factor Requirements** | | **530,053** |
| **Own Funds Requirements*** | | **530,053** |

**Maximum of K-Factor Requirement, FOR and PMR*

### 5.2 OVERALL FINANCIAL ADEQUACY RULE

In line with the overall financial adequacy rule (OFAR) set out in MIFIDPRU 7.4.7R, JIL must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential risks from its ongoing activities; and
- The firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The firm undertakes its own capital and liquidity assessment under its ICARA process in line with MIFIDPRU 7.9.5. The ICARA is designed to be an ongoing process that continuously ensures the firm's financial resources adequacy. The process has been embedded within the firm's Risk Management Framework. It represents a primary governance tool to manage the firm's risks and identify potential vulnerabilities. The ICARA sets out the stress testing and scenario analysis which the firm undertakes to assess these risks and how the firm uses this information to determine the amount of capital and liquidity required to sustain the business during periods of stress.

JIL has a solvent wind-down plan ('SWDP') which sets out how the firm would undertake an orderly wind down of its business while ensuring minimal adverse impact to clients, markets or its counterparties under a range of potential scenarios. The SWDP enables the Board and Senior Management to focus on key actions and critical decisions in the event of a wind down and supports timely decision-making. The SWDP also sets out a granular, bottom-up analysis of the costs, timeframe, estimated liquid assets and capital required to ensure an orderly wind down.

For the year ended 30 November 2024, the firm has been in compliance with the OFAR at all times, including the FCA early warning indicator. The firm did not have to notify the FCA under MIFIDPRU 7.6.11 during the year.

## 6 REMUNERATION

The following remuneration disclosures are made in accordance with FCA's Handbook, MIFIDPRU 8.6 and SYSC 19G (MIFIDPRU Remuneration Code, 'the Code') for the year ended 30 November 2024 in respect of JIL. There were no substantive changes to JIL's remuneration systems from the prior year (i.e. year ended 30 November 2023).

### 6.1 REMUNERATION POLICY AND THE DECISION-MAKING PROCESS

The firm's business strategy is to provide quality services to the firm's clients, to increase revenues and profitability, and to provide a return to shareholders and other stakeholders. As such, the compensation policies and practices are designed to be flexible to support these objectives in a highly competitive market, and to improve individual and corporate performance and contribution while managing risk effectively and taking into account relevant conduct issues.

#### 6.1.1 GOVERNANCE

The Board, through the Risk Management Framework, controls the taking and managing of enterprise-wide risks within the Risk Appetite Framework. The Risk Appetite Framework provides a robust control framework to manage risk effectively across the businesses whilst allowing for effective challenge, oversight and decision making. Management information is provided to the Board and Risk Oversight Committees to assist in assessing issues relating to remuneration policies, practices and appropriate incentives.

The Board has established a Remuneration Committee whose members are the Non-Executive Directors of the JIL Board. The Remuneration Committee met 3 times in the year ended 30 November 2024 and is supported by the JIL Remuneration Working Group (RWG), which provides information and guidance to the Remuneration Committee on Remuneration Code issues and practices. The RWG is constituted of representatives from Legal, Compliance, Risk, and Human Resources.

The remit of the Remuneration Committee is set out in the Committee's charter. Principally, the Committee is responsible for:

- Annual review and approval of the Remuneration Policy Statement for JIL;
- Annual review of the firm's policies and practices for remuneration and incentives created by its remuneration system for staff generally and Material Risk Takers ('MRTs') (as defined in Section 6.3); and
- Ensuring that the firm's remuneration policy complies with the Remuneration Code and other legal and regulatory requirements and industry guidance as considered relevant.

## 6.2 DESIGN CHARACTERISTICS OF THE REMUNERATION SYSTEM

JIL rewards employees with fixed and variable remuneration. Fixed pay includes principally base salaries, and for certain roles an additional role-based allowance, that is decided by reference to a variety of factors including seniority of the role within the organisation, experience of the person in that role and competitive market data for that role.

As regards to variable remuneration, JIL operates a general discretionary year-end bonus scheme, the purpose of which is to reward and incentivise employees of JIL, including MRTs (see Section 6.2.1 below regarding the link between pay and performance). Year-end performance awards are made from annual bonus pools for the relevant financial year, calculated on a business unit basis as follows.

JIL employs a combination of 'bottom-up' and 'top-down' processes to determine the distribution of the discretionary component of the compensation programme for Equities, Fixed Income, Investment Banking, Research and Corporate divisions and ensure that the final compensation pool is aligned with Jefferies' overall financial and non-financial strategic objectives.

As part of the 'bottom up' process the senior management teams of each division consider:

- employee performance during the relevant year (against financial and non-financial metrics);
- divisional and business unit performance and profitability;
- the importance of the sector/business unit and the need to retain the individual;
- overall JIL financial results (as appropriate) and the wider results of Jefferies; and
- competitive market data and performance of the financial markets generally.

The 'top down' process assesses JIL's and the divisions' performances to allocate a discretionary bonus pool by division. The primary considerations include:

- forecasts submitted by the divisional heads as part of the 'bottom up' process;
- financial performance of Jefferies and other relevant financial metrics and the respective contributions of the individual divisions;
- ensuring all risk factors, including conduct risk, have been appropriately addressed; and
- marketplace position on compensation rates and ratios.

JIL will consider offering guarantee payments and/or buying out deferred variable remuneration for prospective hires where the hire is of particular importance to the firm in achieving its business objectives. Guarantees and buy-outs are subject to senior management approval.

Depending on the level of an employee's total compensation, variable remuneration may either be paid in unrestricted or restricted cash (guaranteed or buy-out awards are always restricted). The restricted awards are subject to vesting and clawback terms.

Additionally, for staff designated as MRTs, variable compensation awards for the year ended 30 November 2024 are subject to deferral, part paid in shares of Jefferies and incorporate malus and clawback provisions required by the Code (as described further below). Malus and clawback terms for MRTs provide a further measure in ensuring remuneration outcomes support JIL's overall approach to risk management.

Similar to the year ended 30 November 2023, JIL was required to set a pay ratio between fixed and variable compensation under the Code for year ended 30 November 2024. The maximum ratio was approved by the JIL Remuneration Committee which was set to take into account the business activities of the firm (Fixed Income, Equities and Investment Banking) and associated risks and opportunities. The ratio approved provides flexibility to ensure the firm can adjust compensation and reward staff appropriately, including in case of exceptional or adverse market performance and more bespoke circumstances where it is business critical to attract or retain key staff. JIL currently applies one ratio for all categories of staff.

JIL considers that its remuneration practices are appropriate, taking into account the size, internal organisation and the nature, scope and complexity of its activities. Such practices:

- align with the firm's business strategy (stated above); and
- encourage behaviour that supports long term financial soundness and risk management framework.

### 6.2.1 Link between Pay and Performance

JIL produces an annual Business and Strategy Plan for JIL (the 'Plan') which is reviewed and approved by the Board in January each year. The Plan incorporates performance targets, budgets and remuneration costs for each of the businesses which are regularly reviewed by the Board against the Plan. In the event of the firm's performance being weaker than expected, the bonus pool and any dividend distributions will be reduced at the discretion of senior management.

The discretionary nature of the bonus scheme enables management to review individual employee performance against financial and non-financial measures and to take appropriate action to reduce or otherwise extinguish any entitlement to bonus awards on the grounds of failure to comply with risk, conduct and/or compliance policies even where performance against financial targets would otherwise have led to a bonus being awarded. For example, Conduct Risk breaches (including breaches of risk limits) may result in the imposition of financial penalties which potentially reduce or eliminate bonus awards. For the year ended 30 November 2024, additional awards were made for positive conduct contributions rewarding staff who have made a significant contribution to promoting the firm's values, including supporting the firm's initiatives on DEI as well leading by example in demonstrating and supporting good compliance culture and putting clients first, always. Any such reductions or additional awards are expressly shown on the individual's compensation sheet ensuring transparency.

When determining employee performance awards, the factors considered include, but are not limited to:

- an employee's performance during the year, against financial and non-financial metrics, with specific attention to stand-out performance, active contribution and adherence to expected risk, conduct and compliance requirements;
- performance and profitability of the business unit, the relevant legal entity, and the wider Jefferies group;
- overall contribution of the individual to the business unit performance;
- importance of the sector / business unit and the need to retain the individual; and
- competitive market data and performance of the financial markets in general.

### 6.2.2 Vesting

The performance awards are announced and paid in the fiscal quarter immediately following the end of the financial year to which the bonus relates, provided the individual is a JIL employee on the date that the award is paid and is not under notice, whether given by JIL or the employee, to terminate their employment. Further, individuals will not be eligible to receive bonus awards where they are suspended or under investigation for conduct that could result in termination for misconduct.

JIL's current practice is to pay end-of-year performance bonuses for non-MRTs in cash up-front. The vesting periods applicable to 2024 restricted awards range between one and four years to encourage employees to take a long-term perspective.

For MRTs, variable compensation awarded for the year ended 30 November 2024 was subject to deferral. The amount deferred and length of deferral depends on the level of compensation awarded, and seniority of the MRT. In summary, between 40-60% of the variable award will be deferred for between 3 and 5 years and at least 50% of the variable compensation award will be paid in shares of Jefferies. Deferred compensation will vest no quicker than pro-rata over the relevant deferral period; stock elements will be subject to a further holding period of between 6 and 12 months depending on the MRT's role.

The deferral periods align with JIL's business plans which are projected on a three-year basis, with the most senior staff (Board Members and Business Heads) having a longer deferral period to incentivise a longer-term view beyond the current year's business plan. JIL considers the deferral periods plus holding periods to be appropriate in balancing reward and retention with risk management and take into account the nature of JIL's products and business (the vast majority of Jefferies' products are marked to market so no long-dated tail risk).

For the year ended 30 November 2024, all variable compensation awarded to MRTs is subject to malus and clawback provisions required by the Code.

Application of malus/clawback terms are considered on a case-by-case basis, initially by the firm's conduct risk committee, and ultimately the Remuneration Committee including (but not limited to) circumstances where:

- The MRT participated in or was responsible for conduct which resulted in significant losses to JIL or the relevant JIL entity (as appropriate).

- The MRT failed to meet appropriate standards of fitness and propriety.
- There is reasonable evidence of misbehaviour or material error by the MRT.
- JIL or the relevant JIL entity or the relevant business unit suffers a material downturn in its financial performance or a material failure of risk management.

### 6.3 AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION

Figure 7 presents the aggregate quantitative remuneration by business area for MRTs in the firm for the year ended 30 November 2024. JIL's MRTs were identified in accordance with SYSC19G.5 and broken down into:

- 'Senior Management': includes all employees who are registered with the FCA as performing Senior Management Functions (SMF), and all employees who (whether or not performing SMFs) have responsibility for the management and supervision of a significant business line or who head a business line that has a material impact on the firm's risk profile; and,
- 'Other MRTs' include all other employees (other than Senior Management) whose professional activities could have a material impact on the firm's risk profile.

**Figure 7: Aggregate Remuneration for the year ended 2024**

| £m | Senior management | Other MRTs | Other staff | Total |
|---|---|---|---|---|
| Fixed remuneration | 14.6 | 20.3 | 165.7 | 200.7 |
| Variable remuneration | 19.4 | 16.0 | 215.8 | 251.2 |

The firm identified 47 MRTs for the year ended 30 November 2024. £1.0 million of guaranteed variable remunerations were made for the year ended 30 November 2024 to 5 MRTs.

Severance payments amounting to £979 thousand were awarded to 3 MRTs during the year ended 30 November 2024, this amount is subject to deferral and will not be paid or vested to the individuals until future years. The highest severance payment awarded to a departing MRT was £485 thousand.

Figure 8 presents the breakdown of variable payments to Senior Management and Other MRTs for the year ended 30 November 2024.

Figure 9 presents the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year in which the disclosure is made, and the amount due to vest in subsequent years. No awards to MRTs were reduced or withheld as a result of a performance adjustment in the year ended 30 November 2024.

Figure 10 presents information in relation to JIL MRTs who have been identified as 'de minimis' i.e. those whose bonus (i) does not exceed £167,000; and (ii) bonus does not represent more than one third of the MRT's total compensation (i.e. fixed pay PLUS variable pay).

**Figure 8: Breakdown of variable payments in 2024**

| | Senior management | | Other MRTs | |
|---|---|---|---|---|
| £m | Deferred | Non-deferred | Deferred | Non-deferred |
| Cash | 2.4 | 5.3 | 1.1 | 6.6 |
| Shares | 6.2 | 0.1 | 6.6 | 0.3 |
| Share-linked instruments | - | - | - | - |
| Other forms of remuneration | - | - | - | - |

**Figure 9: Deferred remuneration awarded for previous performance periods**

| £m | Senior management | Other MRTs |
|---|---|---|
| Due to vest in 2024 | 3.8 | 2.6 |
| Due to vest in 2025 onwards | 21.3 | 9.5 |

**Figure 10: Breakdown of payments to MRTs identified as 'de minimis'**

| | £m | Number of 'de minimis' MRTs |
|---|---|---|
| Total Fixed pay paid to 'de minimis' MRTs | 11.8 | 26 |
| Total variable pay paid to 'de minimis' MRTs | 1.2 | 12 |

## 7 INVESTMENT POLICY

MIFIDPRU 8.7 mandates JIL to provide specific disclosures concerning its investments in each company whose shares are traded on a regulated market. This requirement applies solely to shares with associated voting rights attached, where the proportion of voting rights that JIL, directly or indirectly, holds exceeds the threshold of 5% of all voting rights attached to the shares issued by the company at the time of its general meeting.

JIL does not use proxy advisors when exercising its right to vote. When JIL is connected to a UK Takeover Panel deal, it is not permitted to vote or tender shares until the deal has gone unconditional. Majority of JIL's holdings are the result of facilitating client demand on swap and/or delta one hedging of that client demand.

Figure 11 presents a list of shares that JIL's directly or indirectly held, which exceed the threshold of 5% of all its voting rights during the year ending 30 November 2024.

**Figure 11: Proportion of Voting rights**

| Company name | LEI | Proportion of voting rights attached to shares held directly or indirectly in accordance with MIFIDPRU 8.74R | Position held as of 30 November 2024 exceeding 5% of voting rights |
|---|---|---|---|
| Totally Plc | 213800C2NOWOH14F5J30 | 6.50% | Yes |
| The European Smaller Companies Trust Plc | 213800N1B1HCQG2W4V90 | 5.37% | |
| Network International Holdings Plc | 213800XVRNKWENNLKK60 | 5.15% | |
| Montanaro UK Smaller Companies Investment Trust | 213800UDDXXTXIF29P85 | 6.47% | |
| Middlefield Canadian Income PCC | 2138007ENW3JEJXC8658 | 6.12% | |
| Keystone Positive Change Investment Trust Plc | 5493002H3JXLXLIGC563 | 6.10% | |
| Johnson Matthey Plc | 2138001AVBSD1HSC6Z10 | 7.38% | Yes |
| Herald Investment Trust Plc | 213800U7G1ROCTJYRR70 | 5.09% | |
| Henderson Opportunities Trust Plc | 2138005D884NPGHFQS77 | 5.17% | |
| FD Technologies Plc | 213800MKQAJ5R7WIU633 | 9.22% | |
| Edinburgh Worldwide Investment Trust Plc | 213800JUA8RKIDDLH380 | 5.91% | |
| Ecofin Global Utilities and Infrastructure Trust Plc | 2138005JQTYKU92QOF30 | 5.00% | Yes |
| Dechra Pharmaceuticals Plc | 213800J4UVB5OWG8VX82 | 5.45% | |
| CQS Natural Resources Growth and Income plc | 549300ES8CNIK2CQR054 | 5.40% | Yes |
| Brown Adisory US Smaller Co | 635400BKUIHWLUKZJT82 | 5.00% | |
| Bellevue Healthcare Trust Plc | 213800HQ3J3H9YF2UI82 | 5.12% | Yes |
| Baillie Gifford US Growth Trust PLC | 213800UM1OUWXZPKE539 | 5.18% | |

The remaining templates stipulated in MIFIDPRU 8 Annex 2R are not applicable as JIL did not vote in respect of any of the holdings listed above.