

## **Indivior PLC**

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### **Terms of Reference of the Remuneration Committee**

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## REMUNERATION COMMITTEE TERMS OF REFERENCE

### A. PURPOSE AND DELEGATED AUTHORITY

- 1 The purpose of the Remuneration Committee (the 'Committee') is to assist the Board of Directors (the 'Board') of Indivior PLC (the 'Company') in fulfilling its oversight responsibility by ensuring that its remuneration policy and practices reward fairly and responsibly, are linked to corporate performance, and that they take account of the generally accepted principles of good governance.
- 2 The Board has delegated the authority set out in these terms of reference to the Committee. The Committee may sub-delegate any of its powers and authority as it thinks fit including instructing employees or creating sub-committees to review and report to it on specific issues.
- 3 The members of the Committee must, in fulfilling their responsibilities as set out hereunder, comply with their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, whilst having regard to the interests of employees, stakeholders and other matters as required by section 172.

### B. SCOPE

- 4 On behalf of the Board and subject to Board approval, the Committee shall primarily:
  - 4.1 set and regularly review the Company's overall remuneration strategy;
  - 4.2 in respect of the Chair of the Board, the executive directors and members of Senior Management<sup>1</sup> set, review and approve:
    - (i) remuneration policies, including annual and long-term incentive plans;
    - (ii) individual remuneration and compensation arrangements;
    - (iii) individual benefits including pension and superannuation arrangements;
    - (iv) terms and conditions of employment including the executive directors' service agreements;
    - (v) participation in any of the Company's annual and long-term incentive plans; and
    - (vi) the targets for any of the Company's annual and long-term incentive plans.

provided, however, that no director nor any other member of Senior Management may be present during the voting or deliberations regarding his or her own remuneration.
- 5 The remuneration of the non-executive directors shall be a matter for the Board. The Chief Human Resources Officer shall make the initial recommendations to the Chief Executive Officer (the 'CEO') taking into account good governance practices including the time commitment and responsibilities of the role. The Chair of the Board and the CEO are responsible for evaluating and making recommendations to the Board. Remuneration for the non-executive directors should not include share options or other performance-related elements.

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<sup>1</sup> For the purpose of these terms of reference and in accordance with the Code, the term 'Senior Management' shall include members of the Executive Committee and the Company Secretary.

## **C. MEMBERSHIP**

- 1 Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least three non-executive directors each of whom shall satisfy the independence requirements of the UK Corporate Governance Code (the 'Code') and Rule 5605(a)(2) of the NASDAQ Stock Exchange ('NASDAQ') listing standards. The Chair of the Board may be a member of, but not Chair, the Committee if he or she was considered independent on appointment as Chair and satisfies all other applicable independence requirements.
- 2 In affirmatively determining the independence of any director who will serve on the Committee, the Board must consider all factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a member of the Committee, including, but not limited to: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director; and (ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.
- 3 The Board shall appoint the Committee Chair who shall be an independent non-executive director. The Chair shall have served on a remuneration committee for at least 12 months prior to appointment. In the absence of the Committee Chair (or an appointed deputy), the members present shall elect one of their number to chair the meeting.
- 4 Appointments to the Committee shall be for an initial period of three years, which may be extended for two further periods of up to three years, provided that the member still meets the criteria for independence under the Code.

## **D. ADMINISTRATION**

### **Quorum and Attendees**

- 5 The quorum for the Committee shall be any two Committee members.
- 6 Only members of the Committee have the right to attend Committee meetings. Other individuals such as the Chief Executive Officer and the Chief Human Resources Officer and external advisers may be invited to attend for all or part of any meeting as and when appropriate. The Committee may exclude from its meetings anyone with a personal interest in the matters to be discussed. The Committee should exercise independent judgement when evaluating the advice of external third parties and when receiving the views from executive directors and Senior Management. The CEO will normally be invited to attend meetings, except that, as described above, the CEO may not be present during the voting or deliberations regarding his or her own remuneration.

### **Secretary**

- 7 The Company Secretary or his or her nominee shall act as secretary to the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **Meetings**

- 8 The Committee shall meet no less than quarterly and otherwise as required.

## **E. DUTIES AND RESPONSIBILITIES**

On behalf of and subject to Board approval, the Committee shall:

- 9 Have delegated responsibility for determining the policy for directors' remuneration and setting remuneration for the Chair of the Board and executive directors and Senior Management in accordance with the Principles and Provisions of the Code.
- 10 Have regard to the provisions relating to the remuneration of directors in the Code, the requirements of the UK Listing Authority's Listing Rules and Disclosure Guidance and Transparency Rules as well as guidelines published by the Investment Association and other applicable guidance, as appropriate.
- 11 Ensure that remuneration policies and practices are designed to support strategy and promote long-term sustainable success and that the objective of the remuneration policy is to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders, the risk appetite of the Company and alignment to the Company's purpose and values and clearly linked to the successful delivery of the Company's long-term strategic goals.
- 12 Keep abreast of external remuneration trends and market conditions and ensure that the Company maintains a competitive level of executive reward whilst ensuring that each individual package encourages maximum performance and is structured so that a significant proportion of reward is linked to corporate performance and is designed to promote the long-term success of the Company.
- 13 Review workforce remuneration and related policies and the alignment of incentives and rewards with culture. The Committee should take these into account when setting the policy for executive director remuneration.
- 14 Consult with the Chair of the Board and the CEO, as appropriate, in formulating the executive directors' remuneration policy and when determining specific remuneration packages (other than to the extent that the determination is in respect of his/her own remuneration package).
- 15 Review and determine the specific remuneration packages (including pension rights) and compensation packages on employment or early termination of office for each of the executive directors and members of Senior Management whilst ensuring that no individual is directly involved in setting his or her own remuneration.
- 16 Approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- 17 Review the design of all share incentive plans for approval by the Board and, where required, shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall level of such awards and the performance targets to be used.
- 18 Ensure that notice or contractual periods are one year or less unless it is necessary to offer a longer period to a new executive director recruited from outside the Company, in which case the period should reduce to one year or less after the initial period. Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that poor performance is not rewarded and that the duty to mitigate loss is fully recognized and robustly enforced.
- 19 Promote long-term shareholdings by executive directors that support alignment with long-term shareholder interests.
- 20 Oversee any major changes in employee benefits structures throughout the Group.
- 21 Consider the pension consequences and associated costs to the Company of basic salary increases and other changes in pensionable remuneration.
- 22 Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company. However, the

Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

## **REPORTING**

- 23 The Chair of the Committee shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken. Minutes of meetings of the Committee shall be circulated to other members of the Board except where a conflict of interest exists or where, in the opinion of the Chair of the Committee, it would not be appropriate to do so.
- 24 The Committee shall report to the Board on its work in discharging its responsibilities during the year and the outcomes of its formal performance evaluation.
- 25 The Committee shall provide a description of its work in the Annual Report in line with the requirements of the Code.
- 26 The Committee shall also ensure that provisions regarding disclosure of information as set out in the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and in the Code are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Annual Report and put to shareholders for approval at the Annual General Meeting ('AGM') as necessary.
- 27 The Chair of the Committee shall maintain contact on remuneration issues as required with the Company's principal shareholders and shall attend the AGM to answer questions on the Committee's activities and on the Remuneration Report. The Remuneration Report should set out what engagement has taken place with shareholders and the impact this has had on remuneration policies and outcomes.

## **F. RESOURCES**

- 28 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for advice and assistance as required.
- 29 The Committee may, in its sole discretion, obtain directly at the Group's expense any outside professional advice, including any remuneration consultant, legal counsel or other adviser, on matters within its terms of reference and shall be responsible for the selection criteria, appointment, setting terms of reference for and compensation of such advisers.
- 30 The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any remuneration consultant, legal counsel and other adviser retained by the Committee.
- 31 The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any remuneration consultant, legal counsel or any other adviser retained by the Committee.
- 32 The Committee may select, or receive advice from, any remuneration consultant, legal counsel or other adviser to the Committee, other than in-house legal counsel, only after taking into consideration the following factors:
  - 32.1 the provision of other services to the Company by the person that employs the remuneration consultant, legal counsel or other adviser;
  - 32.2 the amount of fees received from the Company by the person that employs the remuneration consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the remuneration consultant, legal counsel or other adviser;

- 32.3 the policies and procedures of the person that employs the remuneration consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
  - 32.4 any business or personal relationship of the remuneration consultant, legal counsel or other adviser with a member of the Committee;
  - 32.5 any stock of the Company owned by the remuneration consultant, legal counsel or other adviser; and
  - 32.6 any business or personal relationship of the remuneration consultant, legal counsel, other adviser or the person employing the adviser with members of enior management.
- 33 The Committee shall not be required to conduct the independence analysis in item 24 above for a remuneration adviser that only (i) consults on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of the Chair of the Board, the executive directors or members of Senior Management, and that is available generally to all salaried employees; or (ii) provides information that either is not customized for a particular company or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

**G. TRAINING, REVIEW AND EVALUATION**

- 34 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 35 To maintain maximum effectiveness, the Committee shall at least once a year undertake a review of its own performance, its membership and organisation and these terms of reference and it shall make appropriate recommendations to the Board for approval.