

## 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 Remuneration Committee's (the 'Committee') purpose 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 and individual performance; and 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.

### **B: SCOPE**

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

- 3 Set and regularly review the Company's overall remuneration strategy;
- 4 In respect of the Chairman, the executive directors and members of the Executive Committee set, review and approve:
  - 4.1 Remuneration policies, including annual bonuses and long-term incentives;
  - 4.2 Individual remuneration and compensation arrangements;
  - 4.3 Individual benefits including pension and superannuation arrangements;
  - 4.4 Terms and conditions of employment including the executive directors' service agreement;
  - 4.5 Participation in any of the Company's bonus and long-term incentive plans; and
  - 4.6 The targets for any of the Company's performance related bonus and long-term incentive plans.

provided, however, that neither the Chief Executive Officer (the "CEO") nor any other member of the Executive Committee may be present during the voting or deliberations regarding his or her own remuneration.

- 5 Determine the general remuneration policy and recommend and monitor the level and structure of remuneration for senior executives.
- 6 The remuneration of non-executive directors shall be a matter for the Board. The Chief Human Resources Officer shall make the initial recommendations to the CEO taking into account good governance practices. The Chairman of the Board and the CEO are responsible for evaluating and making recommendations to the Board.

### **C: MEMBERSHIP**

- 7 On the recommendation of the Nomination and Governance Committee and in consultation with the Chair of the Committee, the Board shall appoint at least three directors as members. Each of the members of the Committee shall satisfy the independence requirements of the UK Corporate Governance Code (the "Code"). In addition, the Chairman of the Board may be a member of, but not Chair, the Committee if he or she was considered independent on appointment as Chairman and satisfies all other applicable independence requirements.
- 8 The Chair of the Committee shall be an independent non-executive director and shall be appointed by the Board. If the Chair is absent, one of the other Committee members will be elected to act as Chair.

- 9 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**

- 10 The quorum for the Committee shall be any two Committee members.
- 11 Only members of the Committee have the right to attend Committee meetings. However, the Committee may invite members of management and external advisers to attend their meetings as and when appropriate and necessary. 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 and Minutes**

- 12 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. The agenda of items to be discussed shall be sent to Committee members and to other attendees, as appropriate.
- 13 Once approved, minutes shall be circulated to all Committee members and all other members of the Board unless, in the opinion of the Chair of the Committee, it would be inappropriate to do so.

**Meetings**

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

**E: REPORTING**

- 15 The Committee shall regularly report to the Board on the matters discussed and the minutes shall be circulated to other members of the Board except where a conflict of interest exists.
- 16 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. The Committee will also include a report on these matters and on the Company's compliance with the provisions regarding the disclosure of information (including pensions), as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and in the Code, together with the details of any remuneration consultants appointed by the Committee and whether they have any connection with the Company, in its Remuneration Report to shareholders.
- 17 The Committee shall produce a report of the Company's remuneration policy and practices for inclusion in the Remuneration Report and ensure that it is put to shareholders for approval at the Annual General Meeting (the "AGM") at least every three years.
- 18 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.

**F: RESOURCES**

- 19 The Committee may obtain directly and at the Company's expense any outside independent professional advice including from external remuneration consultants and it shall be responsible for the selection criteria, appointing, setting terms of reference for and compensation of such remuneration consultants.

## **G: DUTIES AND RESPONSIBILITIES**

In fulfilling these terms of reference, the Committee shall:

- 20 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;
- 21 Ensure that the objective of any 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 long-term strategic goals;
- 22 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 rewards is linked to corporate and individual performance and is designed to promote the long-term success of the Company;
- 23 Ensure that the remuneration policies and levels for senior executives are sensitive to employment conditions elsewhere in the Company especially when determining annual salary increases;
- 24 Review and make recommendations to the Board on the Company's framework for the remuneration of the Chairman of the Board, executive Directors and members of the Executive Committee;
- 25 Consult with the Chairman of the Board and the CEO in formulating the Committee's remuneration policy and when determining specific remuneration packages (other than in respect of the Chairman of the Board and CEO);
- 26 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;
- 27 Operate the Company's Long Term Incentive schemes (as defined in the Listing Rules), determine grants of options and restricted shares to be made to executive directors, review and approve recommended grants to the members of the Executive Committee and other employees and determine any performance conditions to apply to the vesting of awards;
- 28 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 the Executive Committee whilst ensuring that no individual is directly involved in setting his or her own remuneration;
- 29 Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- 30 Oversee any major changes in employee benefits structures throughout the Company;
- 31 Work and liaise as necessary with all other Board committees; and
- 32 Consider the pension consequences and associated costs to the Company of basic salary increases and other changes in pensionable remuneration.

## **H: TRAINING, REVIEW AND EVALUATION**

- 33 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.
- 34 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.