

Indivior PLC

Terms of Reference of the Remuneration Committee

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 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.
- 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

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

- 4 Set and regularly review the Company's overall remuneration strategy;
- 5 In respect of the Chair of the Board, the executive directors and members of Senior Management¹ set, review and approve:
 - 5.1 Remuneration policies, including annual and long-term incentive plans;
 - 5.2 Individual remuneration and compensation arrangements;
 - 5.3 Individual benefits including pension and superannuation arrangements;
 - 5.4 Terms and conditions of employment including the executive directors' service agreements;
 - 5.5 Participation in any of the Company's annual and long-term incentive plans; and
 - 5.6 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.

- 6 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.

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 Chair of the Board may be a member of, but not Chair,

¹ 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.

the Committee if he or she was considered independent on appointment as Chair 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. The Chair shall have served on a remuneration committee for at least 12 months prior to appointment. 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 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 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 or individual directors, 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. 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

- 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 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;
- 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 reward is linked to corporate performance and is designed to promote the long-term success of the Company;
- 23 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;
- 24 Set the level of remuneration of the Chair of the Board, the executive directors and members of Senior Management;
- 25 Consult with the Chair of the Board and the CEO 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);
- 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 and to members of Senior Management, review and approve recommended grants to 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 Senior Management whilst ensuring that no individual is directly involved in setting his or her own remuneration;

- 29 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. 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;
- 30 Oversee any major changes in employee benefits structures throughout the Group;
- 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.