ordinary shares with the SEC. These persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. As a matter of practice, our legal team assists our officers and directors in preparing initial reports of ownership and reports of changes in ownership and files those reports on their behalf. Based on our review of the copies of such forms we have received, as well as information provided and representations made by the reporting persons, we believe that all required Section 16(a) reports were timely filed during our fiscal year ended December 31, 2021.

Code of Business Conduct and Ethics

We have adopted the Mallinckrodt Guide to Business Conduct, which meets the requirements of a “code of ethics” as defined in Item 406 of Regulation S-K, as well as the requirements of a code of business conduct and ethics under the listing standards of the New York Stock Exchange. Although our ordinary shares ceased to be listed on the NYSE following our voluntary filing of the Chapter 11 Cases, we have elected to continue to comply with the NYSE listing standards. Our Guide to Business Conduct applies to all employees, officers and directors of Mallinckrodt, including, without limitation, our CEO, CFO and other senior financial officers. Our Guide to Business Conduct is posted on our website at mallinckrodt.com under the heading “Investor Relations - Corporate Governance.” We will also provide a copy of our Guide to Business Conduct to shareholders upon request. We intend to disclose any amendments to our Guide to Business Conduct, as well as any waivers for executive officers or directors, on our website.

Audit Committee and Audit Committee Financial Experts

The Board has a separately designated Audit Committee established in accordance with the Exchange Act. The Audit Committee monitors the integrity of our financial statements, the independence and qualifications of the independent auditors, the performance of our internal auditors and independent auditors, our compliance with certain legal and regulatory requirements and the effectiveness of our internal controls. The Audit Committee is responsible for selecting, retaining, evaluating, setting the remuneration of and, if appropriate, recommending the termination of our independent auditors. The current members of the Audit Committee are Ms. Reed, Mr. Carter, and Mr. Russell. Each of them is independent under SEC rules and NYSE listing standards applicable to audit committee members. Ms. Reed is the Chair of the Audit Committee. The Board has determined that Ms. Reed is an audit committee financial expert. The Audit Committee operates under a charter approved by the Board, which is posted on our website at mallinckrodt.com.

Item 11. Executive Compensation.

Our Named Executive Officers

For purposes of the executive compensation disclosures, the individuals listed below are referred to collectively as our named executive officers (“NEOs”).

- Mark C. Trudeau, President and Chief Executive Officer.
- Hugh M. O’Neill, Executive Vice President and Chief Commercial and Operations Officer.
- Steven J. Romano, M.D., Executive Vice President and Chief Scientific Officer.

Fiscal 2021 Compensation Program

The following table summarizes the three major elements of our fiscal 2021 executive compensation program and the objective of each element. They are designed to work together, and the HRCC views the executive compensation program as an integrated total compensation program. The overall value of compensation is competitively benchmarked to the pharmaceutical industry and with peer companies. The mix of compensation elements varies based on an executive’s position and responsibilities.

During fiscal 2021, each NEO participated in the 2021 Key Employee Incentive Plan ("2021 KEIP") which is a component of our Stock and Incentive Plan. The HRCC approved the 2021 KEIP on March 8, 2021 followed by the Bankruptcy Court approval on April 5, 2021. The 2021 KEIP was put in place for similar reasons to the 2020 Key Employee Incentive Plan ("2020 KEIP"), which was implemented in the time leading up to the filing of the Chapter 11 Cases in October 2020 in order to replace the annual incentive plan and long-term incentive plan for the Company's NEOs for fiscal 2020. Due to the timing of the commencement of the Chapter 11 Case, the 2020 KEIP contained three separate stand-alone performance periods (First Half, Third Quarter, and Forth Quarter). Since the Chapter 11 proceedings continued into 2021, the 2021 KEIP was structured with the input of various creditor constituencies to include two separate stand-alone performance periods (First Half and Second Half) and added in two additional performance measures, adjusted EBITDA and a multi-faceted pipeline metric. Additional details of the 2021 KEIP can be found under the section “Fiscal 2021 KEIP Awards”. After emergence from the Chapter 11 proceedings, the Board of Directors and management of the Company at that time will review and establish the compensation philosophy and program elements appropriate for the business strategy of the emerged organization.

Element	Key Features	Objective
Base salary	Fixed cash compensation	Offer a stable income, intended to reflect the market value of the executive's role, with differentiation for strategic significance, individual capability and experience.
2021 KEIP	Market-competitive, performance-based cash bonus opportunity tied to achievement of Company goals. Calculation for each executive's cash incentive is based on performance versus pre-determined goals tied to financial and operational performance measures. Two separate standalone performance periods and payout schedule (First Half and Second Half).	Focus executives on pre-set patient, employee and stakeholder value objectives and drive specific behaviors that foster short- and long-term growth and profitability.
Retention bonus	Cash-based retention bonus awarded to executives in September 2020 Subject to repayment prior to the earlier of May 15, 2022 or the date the Company emerges from the Chapter 11 Cases in the event the award recipient resigns, retires, voluntarily terminates employment or is terminated by the company for cause	Designed to stabilize the executive leadership team and reduce the possibility of turnover, which could result in the loss of expert knowledge, slow momentum and could impair the Company's ability to navigate its critical challenges, including the Chapter 11 Cases.

Summary Compensation Table

Our NEOs, like our employees generally and our shareholders and other stakeholders, have been significantly impacted by the Chapter 11 Cases. The information presented in the Summary Compensation Table reflects compensation for our NEOs for fiscal year 2021. The impact of the Chapter 11 Cases is not reflected in the Summary Compensation Table. Under the plan of reorganization, each existing equity interest in Mallinckrodt, including our ordinary shares and existing equity-based awards, will be cancelled and extinguished, and our shareholders will not receive any recovery upon our emergence from the Chapter 11 proceedings. Accordingly, upon our emergence from the Chapter 11 proceedings, our NEOs will not receive any value for their RSUs, stock options or any other equity interest in Mallinckrodt.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($) (1)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($) (2)	All Other Compensation ($) (3)	Total ($)
Mark C. Trudeau President and Chief Executive Officer	2021	1,090,385	—	—	—	7,148,280	737,318	8,975,983
	2020	1,050,000	1,575,000	—	—	11,407,814	854,724	14,887,538
Hugh M. O'Neill Executive Vice President and Chief Commercial Officer	2021	643,846	—	—	—	2,486,775	159,060	3,289,681
	2020	607,885	930,000	—	—	2,943,675	249,666	4,731,226
Steven J. Romano, M.D. Executive Vice President and Chief Science Officer	2021	643,846	—	—	—	2,486,775	238,439	3,369,060
	2020	620,000	930,000	—	—	2,943,675	283,990	4,777,665

(1) The amounts reported represent cash retention awards paid in 2020 but will not be earned until 2022 for Mr. Trudeau, Mr. O'Neill and Dr. Romano. The terms of the retention payments include repayment of the full amount if the executive voluntarily terminates employment or is terminated for cause earlier of May 15, 2022 or the date the Company emerges from the Chapter 11 proceedings.

(2) The amounts reported for fiscal year 2021 represent incentive cash awards paid to the NEOs under our 2021 KEIP. For information regarding the calculation of these awards, see the Narrative to the Summary Compensation Table.

(3) The amounts reported represent the aggregate dollar amount for each NEO for employer contributions to the Retirement Savings Plan, employer credits to the Supplemental Savings Plan, international assignment benefits for fiscal 2021 and 2020, executive physicals, executive financial planning and tax reimbursements, and tax preparation fees. We also have Company-purchased tickets to athletic or other events which are generally used for business purposes. In limited instances our named executive officers may have personal use of Company-purchased event tickets when they are not being used for business purposes. No amounts are included because there is no incremental cost to us of such personal use. The following table shows the specific amounts included in the All Other Compensation column of the Summary Compensation Table for fiscal 2021.

ALL OTHER COMPENSATION IN 2021

Name	Contributions to Retirement Savings Plan ($)	Credits to Supplemental Savings Plan ($)	Tax Reimbursement Payments ($) (1)	Director Fees ($) (2)	Other ($) (3)	Total ($)
Mark C. Trudeau	18,450	396,842	303,861	—	18,165	737,318
Hugh M. O'Neill	18,450	130,697	9,913	—	—	159,060
Steven J. Romano, M.D.	17,400	130,697	—	74,377	15,965	238,439

(1) Mr. Trudeau is entitled to certain benefits as part of our Tax Equalization Policy due to his service on the Board of Directors and amounts shown represent payments under our Tax Equalization Policy during fiscal 2021. Following the filing of all tax returns, a tax equalization calculation will be prepared to

determine the ultimate amount owed either to the Company or Mr. Trudeau under our Tax Equalization Policy. Mr. O'Neill received tax reimbursement related to spousal travel to the Mallinckrodt's President's Club.

(2) The Company has appointed Mr. Romano as its representative on the Board of Directors of Silence Therapeutics plc. Mr. Romano received director fees of £55,000 from Silence Therapeutics plc for this service in 2021. For purposes of this table, the exchange rate as of December 31, 2021 of one British Pound to 1.35231 U.S. dollars was used.

(3) Includes amounts for executive physicals and executive financial planning and tax preparation fees.

Narrative to Summary Compensation Table

Fiscal 2021 KEIP Awards

For fiscal 2021, the HRCC determined the amount payable to our NEOs under the 2021 KEIP by multiplying the NEO's individual incentive target by the funding based on Company performance for two separate standalone performance periods (First Half and Second Half, the two performance periods together are referred to as the "Full Year").

The HRCC in partnership with independent advisors established award target amounts for each of our NEOs under the 2021 KEIP, detailed in the table below. Based on the assessment of the Company's performance, the HRCC may adjust the bonus funding factor up or down under the maximum determined by our plan.

The 2021 KEIP Full Year target amounts for the NEOs are equal to the sum of their previously approved target annual incentive opportunity for fiscal 2021 and approximately 54% of the CEO's and 77% of the other NEOs previously approved target long-term equity incentive opportunity for fiscal 2021 (a 46% reduction was applied to the CEO and a 23% reduction was applied to the other NEOs to reduce the total cost of the 2021 KEIP, reflect the shorter-term nature of this component of the award and that the award was payable in cash).

Name	2021 KEIP Full Year Target	2020 KEIP Full Year Target	Previously Approved Combined Annual and Long-Term Incentive Target
Mark C. Trudeau	$6,712,000	$9,312,500	$11,312,500
Hugh M. O'Neill	$2,335,000	$2,403,000	$2,903,000
Steven J. Romano, M.D.	$2,335,000	$2,403,000	$2,903,000

Performance Periods and Measures. The 2021 KEIP consisted of two separate standalone performance periods: the first half of fiscal 2021 (50% of award) and the second half of fiscal 2021 (50% of award). The two semi-annual performance periods and semi-annual goals placed a greater emphasis on the results we needed to achieve throughout the year. In addition, this type of incentive plan structure is aligned with market practice for companies operating under similar circumstances to us. The Company's achievement against the following performance measures was assessed for each performance period separately and resulted in two separate award payouts: adjusted EBITDA, adjusted operating cash flow, adjusted net sales, and a pipeline metric. These performance measures were set in relation to our annual budget for the entire enterprise as approved by the Board of Directors.

The HRCC believes these measures are key drivers to preserve and maximize enterprise value and maximize cash generation during a time of significant bankruptcy and litigation overhang.

- Adjusted EBITDA is defined as earnings for the fiscal year before interest, taxes, depreciation and amortization, adjusted (with limitations and governors in place related to research and development expense) to exclude certain non-recurring items considered not a direct reflection of our core operations and our ongoing performance.
- Adjusted operating cash flow represents operating cash flow prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") adjusted for separation costs, reorganization advisor fees, working capital impacts related to the CARES Act, significant legal and environmental charges and working capital impacts resulting from the Company's Chapter 11 bankruptcy filing, with certain limitations and governors related to research and development expense, days payable outstanding ("DPO"), severance costs and interest payments.
- Adjusted net sales represents net sales calculated in accordance with GAAP, as adjusted for certain items. Net sales is an important measure because it is a leading indicator of performance and value creation and provides a clear focus on top-line growth. For purposes of the 2021 KEIP, adjusted net sales excludes foreign exchange impacts.
- Pipeline metric focused on long-term success with targets related to achievements of operational milestones in the development, execution, and commercialization of key products.

The weighted average funding for the 2021 KEIP could range from 0% to 150% of target based upon performance against these measures for each standalone performance period, which is a reduction to the approved range of 0% to 200% from years prior to 2020. The HRCC maintains discretionary authority to further modify the funding, both negatively and positively.

Fiscal 2021 First Half performance resulted in an overall weighted average funding of 112% and the Second Half performance resulted in an overall weighted average funding of 101%. The following charts summarize the 2021 KEIP design based on the two separate performance periods with respect to the Company performance measures, including the relative weighting, performance targets, actual results and weighted average funding for our NEOs:

Fiscal 2021 First Half Company Performance Measures
(Applicable to all NEOs)

Measure	Weighting	Threshold (50% Payout)	Target (100% Payout)	Maximum (150% Payout)	Fiscal 2021 First Half Results [1]	Weighted Average Funding
Adjusted EBITDA (in millions)	40%	$355	$418	$481	$404	36%
Adjusted Operating Cash Flow (in millions)	40%	$342	$402	$463	$477	60%
Adjusted Net Sales (in millions)	10%	$1,067	$1,186	$1,305	$1,102	6%
Pipeline Metric	10%					10%
						112%

Fiscal 2021 Second Half Company Performance Measures
(Applicable to all NEOs)

Measure	Weighting	Threshold (50% Payout)	Target (100% Payout)	Maximum (150% Payout)	Fiscal 2021 Second Half Results [1]	Weighted Average Funding
Adjusted EBITDA (in millions)	40%	$358	$422	$485	$396	32%
Adjusted Operating Cash Flow (in millions)	40%	$263	$310	$356	$352	58%
Adjusted Net Sales (in millions)	10%	$1,081	$1,201	$1,321	$1,103	6%
Pipeline Metric	10%					5%
						101%

The performance measures used for compensation purposes include non-GAAP financial measures which exclude the effects of certain items which the HRCC believes do not represent ongoing operating results and/or business trends.

Strategic Imperatives. In addition to performance against financial and operational measures, the HRCC also considers performance that supported the accomplishment of strategic imperatives, and has the ability to adjust the overall size of the executive bonuses, both negatively and positively. This allows the HRCC to decrease the size of the executive bonuses if, in the HRCC's opinion, such amounts are not appropriately earned or should not be paid.

The HRCC took into account the progress on the strategic imperatives and challenges that faced the business in 2021 when determining the 2021 KEIP award payouts for each of the two performance periods. The following charts show the HRCC approved multipliers for each of the two performance periods.

	Target Performance Multiplier				**Payout**
	First Half Target KEIP Opportunity	x	Multiplier		First Half KEIP Payout
Mark C. Trudeau	$3,356,000	x	112%	=	$3,758,720
Hugh M. O'Neill	$1,167,500		112%		$1,307,600
Steven J. Romano, M.D.	$1,167,500		112%		$1,307,600

	Target Performance Multiplier				**Payout**
	Second Half Target KEIP Opportunity	x	Multiplier		Second Half KEIP Payout
Mark C. Trudeau	$3,356,000	x	101%	=	$3,389,560
Hugh M. O'Neill	$1,167,500		101%		$1,179,175
Steven J. Romano, M.D.	$1,167,500		101%		$1,179,175

Executive Retention Bonus Program

In November 2019, the HRCC approved a key executive retention plan, also known as the Executive Retention Bonus Program ("ERBP") for specified employees including the NEOs, and the Board approved an ERBP for the CEO. The ERBP provided a cash-based retention bonus award to specified employees of the Company. In August 2020, the HRCC approved an extension of the ERBP for a small number of employees including the NEOs, and the Board approved an extension for the CEO. The HRCC considered the challenges facing the Company including the opioid litigation, and both the Board and the HRCC believed it critical to continue to stabilize the executive leadership team and reduce the possibility of further turnover during a critical time at the Company. Further turnover would have resulted in the loss of expert knowledge, slowed momentum and could have impaired the Company's ability to continue to navigate the challenges, including the opioid litigation, and bring pipeline products to market. The HRCC consulted independent advisors on the extension of the program and approaches utilized by other companies facing similar uncertainties for retention of executives in determining the value of the extended ERBP. The HRCC (and the Board with regard to the CEO) approved awards under the extended ERBP for the NEOs in the following amounts.

2020 Executive Retention Bonuses	
Mark C. Trudeau	$1,575,000
Hugh M. O'Neill	$930,000
Steven J. Romano, M.D.	$930,000

Awards under the 2019 ERBP, are subject to repayment prior to the 18-month anniversary of the grant date in the event the award recipient resigns, retires, voluntarily terminates employment or is terminated by the Company for cause. Awards under the extended 2020 ERBP, are subject to repayment in the event the award recipient resigns, retires, voluntarily terminates employments or is terminated by the Company for cause until the earlier of May 15, 2022 or the date the Company emerges from bankruptcy proceedings.

Other Benefits

We provide NEOs the same benefits that are provided to all employees, including defined contribution retirement benefits and health and welfare benefits. In addition, our executive officers are provided with certain additional benefits, intended to be competitive with the practices of our peer companies.

Retirement Benefits. The NEOs are eligible to participate in our Retirement Savings and Investment Plan ("Mallinckrodt Retirement Savings Plan"), which is our 401(k) plan available to all eligible U.S. employees, and our Supplemental Savings and Retirement Plan ("Mallinckrodt Supplemental Savings Plan"), our non-qualified deferred compensation plan in which executive officers and other senior employees may participate. The Mallinckrodt Supplemental Savings Plan is a so-called "excess" plan that extends the 401(k) benefits beyond the Internal Revenue Code (the "Code") limitations.

Mallinckrodt Supplemental Savings Plan. Under the Mallinckrodt Supplemental Savings Plan, participants, including NEOs, may defer up to 50% of their base salary and 75% of their annual bonus. We provide matching credits based on the participant's deferred base salary and bonus at the same rate that such participant is eligible to receive matching contributions under the Mallinckrodt Retirement Savings Plan and Company credits on any cash compensation (i.e., base and bonus) that the participant earns during a calendar year in excess of applicable IRS limits ($290,000 for 2021). Participants are fully vested in matching and Company credits (including earnings on such credits) upon completion of two years of service. The Mallinckrodt Supplemental Savings Plan is a non-qualified deferred compensation plan that is maintained as an unfunded "top-hat" plan and is designed to comply with Section 409A of the Code. Amounts credited to the Mallinckrodt Supplemental Savings Plan as participant deferrals or Company credits may also be credited with earnings (or losses) based upon investment selections made by each participant from investments that generally mirror investments offered under the Mallinckrodt Retirement Savings Plan. Participants may elect whether they will receive a distribution of their Mallinckrodt Supplemental Savings Plan account balances upon termination of employment or at a specified date. Distributions can be made in a lump sum or in up to 15 annual installments.

Under the Mallinckrodt Retirement Savings Plan, we make an automatic contribution of three percent (3%) of an employee's eligible pay, irrespective of whether the employee contributes to such plan. Additionally, we match fifty cents ($0.50) for every one dollar ($1.00) employees contribute, up to the first eight percent (8%) of eligible pay. Elective deferrals of compensation were suspended for 2021.

International Assignment Benefits. We ensure that employees who are sent on an assignment outside of their home country are subject to substantially the same income tax liability as they would have paid in the U.S. pursuant to our tax equalization program. Each such employee is responsible for a theoretical U.S. income tax liability based on an estimate of his or her anticipated U.S. income tax liability, and we are responsible for any home country and assignment country taxes in excess of that amount. We deduct hypothetical income taxes from the employee's compensation during the tax year and pay any assignment country taxes on his or her behalf.

Health and Welfare Benefits. The health and welfare benefits we provide to the NEOs are offered to all eligible U.S. based employees and include medical, dental, prescription drug, vision, life insurance, accidental death and dismemberment, business travel accident, personal and family accident, flexible spending accounts, short- and long-term disability coverage and an employee assistance program.

Additional Benefits. We maintain an executive physical examination program and an executive financial and tax planning program for executive officers. These programs are intended to encourage executives to proactively manage their health and complex financial/tax situations, thereby enabling them to focus on the business. The benefits are periodically benchmarked versus comparable companies and intended to be competitive for our industry. In addition, when we request a spouse or partner to attend a business meeting, such as our annual national sales recognition program for top performers, we reimburse executive officers for expenses related to this travel. In these circumstances, we reimburse executive officers for the income taxes associated with these travel expenses. In addition, certain executives whose permanent residences are located more than 50 miles from our New Jersey executive offices, are reimbursed for commuting expenses and we pay for their lodging when they are working at our New Jersey executive offices.

Severance Benefits. We maintain an executive severance plan that provides benefits to certain senior executives upon an involuntary termination of employment for any reason other than cause, permanent disability or death. We provide this plan to enable our executives to devote their full attention to our business by ensuring they will have some financial security in the event of an involuntary termination of employment without cause. Severance benefits, in the form of a lump sum cash payment equal to 18 months base salary (24 months for our CEO), bonus and health benefits are generally payable following a qualifying termination of employment. Executives whose employment is involuntarily terminated without cause during the first twelve months of employment receive base salary and health benefits equivalent to 9 months (12 months for our CEO) in the form of a lump sum cash payment and do not receive a bonus. Receipt of these benefits is conditioned upon the executive signing a release of any claims against us.

Change in Control Benefits. We maintain a change in control plan that provides benefits to certain senior executives upon an involuntary termination of employment or good reason resignation that occurs during a period shortly before and continuing after a change in control (a double-trigger arrangement). We provide this plan to encourage our executives to remain neutral in the face of a potential transaction that may benefit shareholders but result in the loss of the executive’s employment. Benefits are generally payable following a qualifying termination of employment in a lump-sum cash payment equal to 1.5 times (two times for our CEO) the sum of the executive’s base salary and the average of the executive’s bonus for the previous three fiscal years. Additional benefits provided upon a change in control termination include full vesting of outstanding equity awards (double-trigger), continued subsidy for health plan premiums for an 18-month period (24 months for our CEO) and outplacement services. Receipt of change in control severance benefits is conditioned upon the executive signing a release of any claims against us. The plan does not provide excise tax gross-ups.

Employment Agreements. For our NEOs, we have entered into employment agreements which are intended to codify into a contractual arrangement the severance benefits that each executive officer was already entitled to under the executive severance plan. The term of the employment agreements is three years, with automatic one year renewals, absent notice of non-renewal.

Due to the commencement of the Chapter 11 Cases, the disbursement of severance pay and related benefits during the pendency of the Chapter 11 Cases is subject to, among other things, approval by the Bankruptcy Court and the restrictions regarding severance payments imposed by section 503(c) of the Bankruptcy Code.

Share Ownership Requirements

The Board established share ownership requirements under which executive officers have been expected to hold equity with a value expressed as a multiple of their base salary, with the CEO set at five times base salary and all other executive officers set at three times base salary, with certain allowances for including awarded but unvested equity grants in the calculations. However, as a result of the Chapter 11 Cases and related circumstances, on November 3, 2020, the Board of Directors waived compliance with the stock ownership requirements for the duration of the Chapter 11 Cases.

Anti-Hedging/Anti-Pledging Policy

Our Insider Trading Policy prohibits directors, officers and employees from entering into or trading in puts, calls, cashless collars, options or similar rights and obligations or any other hedging activity involving our securities, other than the exercise of a Company-issued stock option.

Our policy also prohibits directors, officers and employees from purchasing our securities on margin, borrowing against our securities held in a margin account or pledging our securities as collateral for a loan. However, an exception may be granted by our General Counsel if the individual clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities.

Executive Financial Recoupment Program (“Clawback”)

Since its separation from Covidien plc in 2013, the Corporate Governance Guidelines have mandated that the Company have a Board-approved policy for recoupment of incentive compensation. This policy was originally implemented by the Board in 2014, and was most recently amended in 2022 in connection with at the Company’s corporate integrity agreement entered into with the Office of Inspector General of the Department of Health and Human Services. Mallinckrodt’s policy states that in the event of an accounting restatement resulting from material non-compliance with financial reporting requirements under applicable law, the HRCC is authorized to recover any incentive compensation that was overpaid taking into account such factors as the HRCC deems appropriate. In addition, Mallinckrodt's policy states that in the event of certain events of significant misconduct, including a violation of law or regulation or a significant violation of a Company policy, to the extent permitted by law, the Company must seek to recoup cash awards and all or a portion of the realized value of equity awards for the three (3) year period prior to the recoupment determination.

Under Mallinckrodt's policy, the Company agreed to disclose annually whether, at any time during the last completed fiscal year, the Board required recoupment or forfeiture of any incentive compensation received by certain employees, including NEOs, (1) if required by law, and (2) if not required by law, so long as the disclosure (a) would not violate any individual's privacy rights, (b) is not likely to result in or exacerbate any existing or threatened employee, shareholder or other litigation, arbitration, investigation or proceeding against the Company and (c) is not otherwise prohibited. Subject to the exceptions described in the previous sentence, if any such recoupment or forfeiture under this policy occurred, the Company will disclose the general circumstances of the recoupment and/or forfeiture, and if no such recoupment or forfeiture occurred during the last completed fiscal year, the Company will disclose that no such event occurred.

In addition, the Company's Wage Motion which is effective during the Chapter 11 restructuring process, states all parties involved may seek disgorgement of payments from any member in a debtor entity, including the NEOs, if it is determined the member knowingly participated in criminal misconduct in connection with their employment with the Debtors or been aware of acts or omissions of others that such member knew at the time were fraudulent or criminal with respect to the Debtors' commercial practices in connection with the sale of opioids.

In 2021, there was no recoupment or forfeiture applied to the incentive compensation of any executive officer of the Company.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information regarding outstanding stock option awards and unvested restricted unit and performance unit awards held by each NEO as of December 31, 2021 and the corresponding market value based on our closing stock price as of December 31, 2021. For a more complete understanding of the table, please read the footnotes that follow the table.

OUTSTANDING EQUITY AWARDS AT 2021 FISCAL YEAR-END

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Mark C. Trudeau	17,904	— (1)	37.85	1/31/2022	—	—	—	—
	38,875	— (2)	41.73	12/2/2022	—	—	—	—
	234,437	— (3)	44.00	6/30/2023	—	—	—	—
	63,542	— (4)	51.35	1/1/2024	—	—	—	—
	108,014	— (5)	96.96	1/2/2025	—	—	—	—
	175,528	— (6)	72.61	1/4/2026	—	—	—	—
	249,785	— (7)	51.73	1/3/2027	—	—	—	—
	709,502	236,501 (8)	13.80	4/2/2028	—	—	—	—
	257,001	257,001 (9)	22.26	4/1/2029	—	—	—	—
Hugh M. O'Neill	15,062	— (4)	51.35	1/1/2024	—	—	—	—
	9,414	— (10)	51.35	1/1/2024	—	—	—	—
	16,551	— (5)	96.96	1/2/2025	—	—	—	—
	30,605	— (6)	72.61	1/4/2026	—	—	—	—
	40,726	— (7)	51.73	1/3/2027	—	—	—	—
	13,575	— (11)	51.73	1/3/2027	—	—	—	—
	54,301	— (12)	51.73	1/3/2027	—	—	—	—
	96,492	32,165 (8)	13.80	4/2/2028	6,160 (14)	770	—	—
	51,400	51,401 (9)	22.26	4/1/2029	11,231 (13)	1,404	—	—
Steven J. Romano, M.D.	11,275	— (15)	120.27	7/1/2025	—	—	—	—
	22,288	— (6)	72.61	1/4/2026	—	—	—	—
	44,798	— (7)	51.73	1/3/2027	—	—	—	—
	14,933	— (11)	51.73	1/3/2027	—	—	—	—
	59,731	— (12)	51.73	1/3/2027	—	—	—	—
	141,900	47,301 (8)	13.80	4/2/2028	9,058 (14)	1,132	—	—
	51,400	51,401 (9)	22.26	4/1/2029	11,231 (13)	1,404	—	—

(1) Represents stock options granted on February 1, 2012 to Mr. Trudeau in connection with his commencement of employment with Covidien as President of its Pharmaceuticals business, which vest 50% on each of the 3rd and 4th anniversaries of the grant date.

(2) Represents stock options granted on December 3, 2012, which vest one third on each of the 2nd, 3rd and 4th anniversaries of the grant date.

(3) Represents stock options granted on July 1, 2013 in connection with the separation from Covidien, which vest 50% on each of the 3rd and 4th anniversaries of the grant date.

(4) Represents stock options granted on January 2, 2014, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(5) Represents stock options granted on January 2, 2015, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(6) Represents stock options granted on January 4, 2016, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(7) Represents stock options granted on January 3, 2017, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(8) Represents stock options granted on April 2, 2018, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(9) Represents stock options granted on April 1, 2019, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(10) Represents stock options granted on January 2, 2014, which vest 50% each on the 3rd and 4th anniversaries of the grant date.

(11) Represents stock options granted on January 3, 2017 for the transition period, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(12) Represents stock options granted to certain NEOs on January 3, 2017, which fully vest on the 4th anniversary of the grant date.

(13) Represents RSUs granted on April 1, 2019, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(14) Represents RSUs granted on April 2, 2018, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

(15) Represents stock options granted on July 1, 2015, which vest 25% on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

Potential Payments upon Termination

Due to the commencement of the Chapter 11 Cases, the disbursement of severance pay and related benefits during the pendency of the Chapter 11 Cases is subject to, among other things, approval by the Bankruptcy Court and the restrictions regarding severance payments imposed by section 503(c) of the Bankruptcy Code. The table below does not take into account changes and restrictions that apply following the commencement of the Chapter 11 Cases.

Employment Agreements. For all of the NEOs, severance benefits are payable pursuant to employment agreements entered into between each of the NEOs and a subsidiary of the Company (the “Employment Agreements”), which were intended to codify into a contractual arrangement the severance benefits that each NEO was already entitled to under the Severance Plan. Under the Employment Agreements, benefits are payable to eligible executives, including NEOs, upon an involuntary termination of employment for any reason other than cause, permanent disability or death. Post-termination benefits consist of:

- Payment of 1.5 times (2x for our CEO) the executive’s annual base salary and the average annual bonus received for the previous three fiscal years excluding any amounts paid that were attributable to the component of the award intended to replace a NEOs previously approved target long-term incentive equity opportunity;
- A lump sum payment equal to the employer subsidized portion of the cost of health insurance for the applicable executive and his dependents for 18 months;
- Accelerated vesting of stock options, restricted stock and RSUs scheduled to vest during the 12 months following the date of termination, with vested options remaining exercisable until the one year anniversary of the date of termination, subject to the earlier expiration of the option term. PSUs scheduled to vest during the 12 months following employment termination remain eligible to vest based on actual results.
- If, during the twenty-four months following the date of termination, an executive would reach the age required for early retirement or normal retirement treatment and would otherwise meet the retirement treatment criteria, the executive will be entitled to any more favorable equity award vesting included in any applicable equity award agreement with the executive;
- Outplacement services for up to 12 months; and
- Payment of a pro-rata portion of the executive’s annual incentive cash award for the fiscal year in which such executive’s employment terminates.

In addition, change in control severance benefits are payable to eligible executives, including NEOs, only if the double-trigger requirements are satisfied, meaning that, in order to receive any of the following benefits, the executive must experience an involuntary termination of employment or good reason resignation during a period that begins upon, and ends two years after, a change in control. Post-termination benefits consist of:

- Payment of 1.5 times (2x for our CEO) the executive’s annual base salary and the average annual bonus received for the previous three fiscal years excluding any amounts paid that were attributable to the component of the award intended to replace a NEOs previously approved target long-term incentive equity opportunity;
- A lump sum payment equal to the employer subsidized portion of the cost of health insurance for the applicable executive and his dependents for 18 months;
- Accelerated vesting in full of all stock options, restricted stock, RSUs and PSUs (with vested options remaining exercisable until the one year anniversary of the date of termination), with the vesting level of PSUs to be determined in the sole discretion of the HRCC;
- Outplacement services for up to 12 months; and

- Payment of a pro-rata portion of the executive’s annual incentive cash award for the fiscal year in which such executive’s employment terminates.

The payment of benefits under the Employment Agreements is conditioned upon the executive executing a general release in favor of us and is subject to the terms of the Non-Competition, Non-Solicitation, and Confidentiality Agreement by and between the executive and us, under which the executive agreed not to disclose confidential Company information at any time and not to compete with us nor solicit our employees or customers, for a period of one year following termination of employment. We may cancel benefits that are payable or seek to recover benefits previously paid if the executive does not comply with these provisions or violates the release of claims. Payments may be delayed until six months after termination of employment if necessary to comply with Section 409A of the Code.

Upon a termination of employment for cause, executives, including NEOs, are not eligible for severance benefits under the Employment Agreements and forfeit all unvested stock options, RSUs and PSUs. In addition, the stock options, RSUs and PSUs include a “clawback” feature pursuant to which we may recover the amount of any profit the NEO realized upon the exercise of stock options, or the vesting of RSUs or PSUs, during the 12-month period that occurs immediately prior to the executive officer’s involuntary termination of employment for cause.

For purposes of the Employment Agreements, as well as the “clawback” feature discussed in the preceding sentence, “cause” means substantial failure or refusal of the NEO to perform the duties and responsibilities of his job at a satisfactory level as required by us other than due to permanent disability, a material violation of any fiduciary duty or duty of loyalty owed to us, conviction of misdemeanor (other than a traffic offense) or felony, fraud, embezzlement or theft, violation of a material rule or policy, including a violation of our Guide to Business Conduct, unauthorized disclosure of any of our trade secrets or confidential information or other egregious conduct that has or could have a serious and detrimental impact on us and our employees.

For purposes of the Employment Agreements, “good reason” means any retirement or termination of employment by the NEO that is not initiated by us and that is caused by any one or more of the following events, in each case, without the NEO’s written consent during the two-year period following a change in control: (i) assignment to the NEO of any duties inconsistent in any material respect with the NEO’s authority, duties or responsibilities as in effect immediately prior to the change in control; (ii) a material diminution in the authority, duties or responsibilities of the supervisor to whom the NEO is required to report as in effect immediately prior to the change in control; (iii) a material change in the geographic location at which the NEO must perform services to a location that is more than 50 miles from the NEO’s principal place of business immediately preceding the change in control; (iv) a material reduction in the NEO’s compensation and benefits, taken as a whole, as in effect immediately prior to the change in control; (v) our failure to obtain a satisfactory agreement from any successor to assume and agree to perform our obligations to the NEO under such Employment Agreement; or (vi) a material diminution in the budget over which the NEO retains authority. Additionally, “good reason” will only exist if the NEO provides written notice stating the good reason event, we do not cure such event, and the NEO terminates employment within a certain period of time after the end of the cure period.

Other Termination Benefits. The terms of our 2021 KEIP and equity plan provide for certain benefits upon a NEO’s termination of employment due to death, disability or retirement. For this purpose, normal retirement occurs where an executive officer terminates employment after attaining age 60 and the sum of the executive’s age and years of service equals at least 70. Under the 2021 KEIP, NEOs are eligible to receive a pro-rated annual incentive cash award based on the number of days that the executive officer was employed by us during the fiscal year upon death, disability or normal retirement. Under the equity plan, NEOs are eligible to receive full vesting of stock options, RSUs and PSUs upon death, disability or normal retirement.

Compensation of Non-Employee Directors

The Board of Directors has approved a compensation structure for non-employee directors consisting of an annual cash retainer and supplemental cash retainers. This compensation structure was determined in conjunction with the Governance and Compliance Committee, after reviewing data and analyses from the Governance and Compliance Committee’s independent compensation consultant, Willis Towers Watson ("WTW").

Cash Retainers

Board members. Each director receives an annual cash retainer of $336,000, paid in quarterly installments at the end of each quarter. Directors joining the Board other than on the first day of a quarter receive a cash retainer pro-rated for the number of days served during their initial quarter of service.

Committee Chairs. The Chair of the Audit Committee receives a supplemental annual cash retainer of $25,000. The Chair of the Human Resources and Compensation Committee receives a supplemental annual cash retainer of $20,000. The Chairs of the Governance and Compliance Committee and the Science and Technology Committee each receive a supplemental annual cash retainer of $15,000. The Chair of the Strategic Review Committee does not receive any additional retainer for this service.

Committee Members. Each member of a committee (excluding committee chairs) receives a supplemental annual cash retainer of $5,000.

Non-Executive Chairman of the Board. Our non-executive Chairman receives a supplemental annual cash retainer of $139,600.

Equity Awards

RSUs. Historically, at the time of our Annual General Meeting, each non-employee director received an annual grant of RSUs with a value of $295,000. Additionally, our non-executive Chairman received, at the time of our Annual General Meeting, additional RSUs with a value of $112,000. The awards vested on the date of our next succeeding Annual General Meeting.

New directors received a pro-rated annual equity grant. A pro-rated annual equity grant would not be granted to any new director who commences service less than three months prior to the vesting date.

During fiscal 2020, the Board of Directors upon the recommendation of the Governance and Compliance Committee and the Human Resources and Compensation Committee, and with the advice of WTW, approved, in lieu of an annual equity award, an increase in the annual cash retainer for all directors by an amount equal to 80% of the annual equity award value, reflecting a 20% reduction to reflect the shorter-term nature of this component. This change was implemented due to the various uncertainties the Company was facing associated with outstanding legal issues related to opioids and Acthar Gel, and was benchmarked against similar changes implemented at other companies facing such uncertainties and is generally aligned with the approach taken by companies of comparable size to the Company. This compensation structure was again approved in fiscal 2021, as the Company's circumstances had not materially changed.

Other

Pursuant to our company-wide Matching Gift Program, we match employee and director contributions to charitable organizations up to $2,500. Directors are also reimbursed for reasonable out-of-pocket expenses incurred in attending Board meetings, committee meetings and shareholder meetings. Directors are provided with chartered private or commercial aircraft in order to travel to and from such meetings.

Director Share Retention and Ownership Guidelines

Our Corporate Governance Guidelines have provisions requiring all non-employee directors to hold Mallinckrodt ordinary shares with a market value of at least five times the annual cash retainer. Until the required ownership level is achieved, the non-employee directors would be required to retain net after tax shares received upon vesting of RSUs. However, as a result of the Chapter 11 Cases and related circumstances, on November 3, 2020, the Board of Directors waived compliance with the stock ownership guidelines for the duration of the Chapter 11 Cases.

The following table provides information concerning the compensation paid by us to each of our non-employee directors for the fiscal year ended December 31, 2021. Compensation for Mark C. Trudeau, our President and Chief Executive Officer, is shown in the Summary Compensation Table. Mr. Trudeau receives no additional compensation for his services as a director.

2021 Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	All Other Compensation ($)	Total ($)
David R. Carlucci	341,000	—	—	341,000
J. Martin Carroll	356,000	—	—	356,000
Paul R. Carter	351,000	—	—	351,000
David Y. Norton	356,000	—	—	356,000
Carlos V. Paya, M.D.	356,000	—	—	356,000
JoAnn A. Reed	361,000	—	—	361,000
Angus C. Russell	490,600	—	—	490,600
Anne C. Whitaker	346,000	—	—	346,000
Kneeland C. Youngblood, M.D.	346,000	—	—	346,000