COMPENSATION OF EXECUTIVE OFFICERS

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") for fiscal 2021.

- Mark C. Trudeau, *Former President, Chief Executive Officer and Director*.*
- 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.***

*Mr. Trudeau resigned from his roles as President, Chief Executive Officer and director on June 16, 2022, in connection with our emergence from Chapter 11 proceedings. Sigurdur O. Olafsson became President, Chief Executive Officer and a director effective June 25, 2022.

**On August 17, 2022, Mallinckrodt announced updates to its Executive Committee, pursuant to which several members of the Executive Committee, including Steven J. Romano, M.D., and Hugh M. O'Neill, would step down from their roles and depart Mallinckrodt. Mr. O'Neill and Dr. Romano departed the Executive Committee effective August 17, 2022 and intend to depart Mallinckrodt in September and December 2022, respectively.

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 was a component of our Stock and Incentive Plan. The HRCC approved the 2021 KEIP on March 8, 2021, followed by 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 Cases, 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". In light of our emergence from Chapter 11 proceedings, the Board and management of the Company are determining 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	Focus executives on pre-set patient, employee and stakeholder value objectives and drive specific behaviors that foster short-and long-term growth

Element	Key Features	Objective
	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).	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 emerged from the Chapter 11 Cases in the event the award recipient resigned, retired, voluntarily terminated employment or was 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.

Compensation Decision-Making

Role of the HRCC and Management.

The HRCC makes all decisions regarding senior management compensation, which includes our NEOs and certain other senior officers. The HRCC reviews our executive compensation policies, practices and plans on an ongoing basis to determine whether they are consistent with our compensation philosophy and objectives, and whether they need to be modified in light of changes in our business or the market in general. The HRCC meets periodically with management to review compensation policies and specific levels of compensation paid to officers and other key personnel and approves compensation and programs for executive officers other than our CEO. The HRCC reports to the Board on compensation paid to officers and other key personnel and makes recommendations to the Board regarding CEO compensation policies and programs. In addition, our CEO makes recommendations to the HRCC regarding salary adjustments and the setting of incentive targets and awards for executive officers other than himself, including the other NEOs.

In determining the compensation of an executive officer, the HRCC considers various factors, including:

- Company, business unit and individual performance, as well as business conditions and our business outlook;
- Market data on compensation opportunities of officers with similar responsibilities at comparable companies;
- The officer's current and future responsibilities and potential contribution to our performance;
- Retention considerations; and
- Compensation levels of our executives with similar levels of responsibility.

Role of the Compensation Consultant.

The HRCC utilizes the services of independent compensation consultants from time to time and has the sole authority to retain, compensate and terminate any such compensation consultants. During fiscal 2021, WTW served as independent compensation consultant to the HRCC, and compensation paid to WTW for these services totaled approximately $127,130. WTW reported directly to the HRCC, and within its scope of services, WTW reviewed HRCC materials, attended HRCC meetings, reviewed our peer group and competitive positioning of individual executives versus market, assisted the HRCC with program design, provided advice to the HRCC as compensation issues arose and provided recommendations on certain specific aspects of our compensation programs. The HRCC assessed the independence of WTW and determined that WTW was independent and that no conflicts of interest existed during fiscal 2021.

During fiscal 2021, in addition to the Board retaining WTW to provide services to the HRCC, Mallinckrodt management engaged WTW to provide services relating to the Company's Chapter 11 filing. Total fees in relation to the Chapter 11 filing during fiscal 2021 were approximately $441,280. In addition, we participate in a number of WTW general compensation surveys and purchase subsequent U.S. and international compensation reports. In fiscal 2021, our expenditure for these products was $26,216.

***Peer Group Determination*.**

When reviewing compensation programs for the executive officers, the HRCC considers the compensation practices of a group of companies of reasonably similar size and that may be in competition with us for talent. Given the rapidly changing business landscape of the pharmaceutical industry, including consolidations, it is important for us to maintain a current view of peer competitors. The HRCC periodically reviews the peer group and approves changes, based on an established set of criteria and the recommendation of independent compensation consultants. In September 2020, the HRCC approved a peer group that included the 16 companies listed below for fiscal 2021. The specific companies were selected using objective size criteria, in a range that we believe is appropriate for benchmarking executive compensation. We believe the peer group includes companies with which we compete for business, executive talent and/or investment dollars.

The following table sets forth the peer group companies approved by the HRCC for use in the fiscal 2021 competitive analysis of executive compensation:

Alexion Pharmaceuticals, Inc.

Alkermes plc

Amneal Pharmaceuticals

BioMarin Pharmaceutical Inc.

Bausch Health Companies

Catalent, Inc.

CSL Limited

Endo International plc

Horizon Pharma plc

Incyte Corp

Jazz Pharmaceuticals plc

Perrigo Company plc

Regeneron Pharmaceuticals, Inc.

United Therapeutics Corporation

Vertex Pharmaceuticals Inc.

Zoetis Inc.

In selecting the peer group, the HRCC considered revenue and market capitalization, in addition to business similarity and our market for executive talent. Summary information is provided below in terms of revenue and market capitalization for the fiscal 2021 peer group at the time the fiscal 2021 peer group was approved by the HRCC (which was based on publicly available information as of August 15, 2020):

	Revenue for the Last Twelve Months ($ Millions)	Market Capitalization ($ Millions)
75th Percentile	$5,738	$33,041
Median	$2,937	$15,105
25th Percentile	$1,820	$5,868
Mallinckrodt	$2,381	$140
Mallinckrodt Percentile	40%	Lowest

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, each existing equity interest in Mallinckrodt, including our ordinary shares and existing equity-based awards, was cancelled and extinguished, and our shareholders did not receive any recovery upon our emergence from Chapter 11 proceedings. Accordingly, upon our emergence from Chapter 11 proceedings, our NEOs did 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 and Operations 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 Scientific 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 not earned until 2022 for Mr. Trudeau, Mr. O'Neill and Dr. Romano. The terms of the retention payments included repayment of the full amount if the executive had voluntarily terminated employment or been terminated for cause prior to the earlier of May 15, 2022 or the date the Company emerged 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 was 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 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 were 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, reflecting 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 viewed these measures as key drivers to preserve and maximize enterprise value and maximize cash generation during a time of significant bankruptcy and litigation overhang.

- Adjusted EBITDA was 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 represented 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, severance costs and interest payments.
- Adjusted net sales represented 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 have ranged from 0% to 150% of target based upon performance against these measures for each standalone performance period, which was a reduction to the approved range of 0% to 200% from years prior to 2020. The HRCC maintained 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	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	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 that exclude the effects of certain items that 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 considered performance that supported the accomplishment of strategic imperatives, and had the ability to adjust the overall size of the executive bonuses, both negatively and positively. This discretion allows the HRCC to decrease the size of 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 were subject to repayment prior to the 18-month anniversary of the grant date in the event the award recipient resigned, retired, voluntarily terminated employment or was terminated by the Company for cause. Awards under the extended 2020 ERBP were subject to repayment in the event the award recipient resigned, retired, voluntarily terminated employment or was terminated by the Company for cause prior to the earlier of May 15, 2022 or the date the Company emerged from bankruptcy proceedings. The Company emerged from bankruptcy proceedings on June 16, 2022, so the awards ceased to be subject to repayment on May 15, 2022.

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 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, including our 2021 NEOs upon an involuntary termination of employment for any reason other than cause, permanent disability or death (Mr. Olafsson, our current Chief Executive Officer, entered into an employment agreement on June 16, 2022, the terms of which are separately summarized below, and does not participate in the executive severance plan). 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, including our 2021 NEOs, 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 (Mr. Olafsson, our current Chief Executive Officer, entered into an employment agreement on June 16, 2022, the terms of which are separately summarized below, and does not participate in the change in control plan). 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 2021 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.

The disbursement of severance pay and related benefits during the pendency of the Chapter 11 Cases was subject to, among other things, approval by the Bankruptcy Court and the restrictions regarding severance payments imposed by section 503(c) of Chapter 11 of the United States Code. For detailed information on the severance benefits provided under the employment agreements, see the section entitled “Potential Payments upon Termination” below.

Certain Updates for 2022

Resignation of Mr. Trudeau

Mr. Trudeau’s employment terminated upon his resignation from his roles as President, Chief Executive Officer and director on June 16, 2022, in connection with our emergence from Chapter 11 proceedings. The terms of his resignation were set forth in a separation agreement, which was disclosed on a Form 8-K filed by the Company on June 22, 2022.

Letter Agreements with Mr. O’Neill and Dr. Romano

The employment agreements with each of Mr. O’Neill and Dr. Romano were supplemented by a letter agreement entered into upon our emergence from Chapter 11 proceedings on June 16, 2022, which provides that the applicable officer agrees to remain continuously employed with us and our subsidiaries and affiliates through the 90-day anniversary of emergence. During such period, the officers continue to receive compensation and benefits in accordance with the terms of his employment agreement. Upon the expiration of such period and for fifteen days thereafter, each officer will have the option to terminate his employment and receive the severance benefits provided under his employment agreement upon an involuntary termination of employment, subject to conditions in his employment agreement, including his execution and nonrevocation of a release of claims. In consideration for his agreement to remain employed through the end of the 90-day period, each officer will be paid an additional amount equal to three times his monthly base salary, which amount will also be paid if his employment is terminated without cause by us prior to the end of the 90-day period.

Employment Agreement with New CEO

Upon our emergence from Chapter 11 proceedings on June 16, 2022, we entered into an employment agreement (the “New CEO Employment Agreement”) with Mr. Olafsson, pursuant to which Mr. Olafsson commenced service as our Chief Executive Officer effective as of June 25, 2022 (the “Start Date”), for an indefinite term.

Compensation. Pursuant to the New CEO Employment Agreement, Mr. Olafsson receives an annual base salary of $1,100,000. Mr. Olafsson will also be eligible to receive a performance-based annual bonus with a target amount of 135% of base salary and a maximum amount of 250% of base salary. For the 2022 annual bonus, Mr. Olafsson will receive a guaranteed amount of $742,500, which represents 50% of his target annual bonus. In addition, the New CEO Employment Agreement provided that on or within 30 calendar days following the Start Date, Mr. Olafsson would be granted a one-time equity award (the “Initial Grant”) covering 450,545 Ordinary Shares, 50% of which would consist of restricted stock units that vest ratably on each of the first three anniversaries of the Start Date, and the remaining 50% of which would consist of performance stock units (“PSUs”) that cliff vest at the end of a performance period beginning on the Effective Date and ending in December 2024 based on our total shareholder return relative to peers during such performance period. As of the date of this Proxy Statement, the Initial Grant has not been made, but it is anticipated to be made later in 2022. Beginning in fiscal year 2023 and for each subsequent fiscal year, Mr. Olafsson will be eligible to receive equity awards (the “Annual Grant”) under our equity compensation plans including the MIP (as defined below). The target value for the Annual Grant in respect of fiscal year 2023 will be not less than $4,000,000.

Severance. Under the New CEO Employment Agreement, in the event that Mr. Olafsson’s employment is terminated by us without Cause or by Mr. Olafsson with Good Reason (in each case as defined in the New CEO Employment Agreement), Mr. Olafsson will be entitled to the following severance compensation and benefits (the “Severance Benefits”): (a) an amount equal to two times the sum of his annual base salary and target annual bonus payable in installments, (b) a lump sum payment of a prorated target annual bonus with respect to the year in which the termination occurs, (c) our payment of COBRA premiums for 18 months or until he becomes eligible for comparable benefits through a new employment, (d) accelerated vesting of outstanding equity awards by an additional 12 months following the termination, except that (i) the Initial Grant will vest in full and (ii) the pro rata portion of PSUs (other than PSUs covered by the Initial Grant) will remain eligible to vest at the end of the performance period and will be settled based on certified performance results, and (e) our coverage of the cost of outplacement services for 12 months.

In the event that Mr. Olafsson's employment is terminated by us without Cause or by Mr. Olafsson with Good Reason during the period beginning 120 days prior to and ending 24 months after a Change in Control (in each case as defined in the New CEO Employment Agreement), Mr. Olafsson will receive the foregoing Severance Benefits with the following enhancements: (a) the base salary and bonus severance will be a lump sum payment of 2.5 times the sum of his annual base salary and target annual bonus, and (b) all outstanding equity awards will become vested (with PSUs being settled based on the greater of target and actual performance through the Change in Control).

All of the foregoing severance compensation and benefits are subject to Mr. Olafsson's execution and nonrevocation of a general release of claims against us and his continued compliance with restrictive covenants as described below.

Restrictive Covenants. The New CEO Employment Agreement provides that Mr. Olafsson will be restricted from competing with us and from soliciting our employees and business partners during the 12-month period following his termination of employment for any reason.

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.

On June 16, 2022, in connection with the Company's emergence from Chapter 11 proceedings and the cancellation of all existing ordinary shares, all of our outstanding equity-based awards under our stock option and equity incentive plans, including the Stock and Incentive Plan, were automatically cancelled without consideration and were of no further force and effect with respect to any equity-based awards thereunder.

OUTSTANDING EQUITY AWARDS AT 2021 FISCAL YEAR-END

Name	Option Awards				Stock Awards			
	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.

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. 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. The stock ownership guidelines have been reinstated since our emergence from Chapter 11 proceedings.

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

Potential Payments upon Termination

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

Employment Agreements. The following description of severance provisions of Employment Agreements describes the terms as in effect on December 31, 2021, and references to the CEO refer to Mr. Trudeau. As noted above, Mr. Trudeau's employment terminated upon his resignation from his roles as President, Chief Executive Officer and director on June 16, 2022, in connection with our emergence from Chapter 11 proceedings. As noted above, upon such emergence, we entered into a new employment agreement with Mr. Olafsson, our current President and Chief Executive Officer, the terms of which are summarized above.

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 NEO's 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.

As discussed in greater detail above, the employment agreements with each of Mr. O’Neill and Dr. Romano were supplemented by a letter agreement entered into upon our emergence from Chapter 11 proceedings on June 16, 2022, which provides that the applicable officer agrees to remain continuously employed through the 90-day anniversary of emergence and has the option, for fifteen days following such 90-day period, to terminate employment and receive the severance benefits provided under his Employment Agreement upon an involuntary termination of employment.

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 as in effect on December 31, 2021, NEOs were eligible to receive full vesting of stock options, RSUs and PSUs upon death, disability or normal retirement.