A year of consolidation

“The members of the Indivior Board bring a balance of skills, knowledge and experience to ensure we are well-positioned to address this global crisis”

The Board of Indivior monitors compliance requirements of the UK Corporate Governance Code (the Code), and at the end of 2016, Indivior was in compliance with the main principles of the Code and complied with all relevant provisions.

Our Guiding Principles and culture
Indivior’s Guiding Principles shape the behavioral standards we expect all employees to uphold, and underpin the unique corporate culture that defines and differentiates us. The Board believes this culture is a key driver of our success as an organization, and will strive to ensure it is maintained. We are pleased with the progress Indivior has made in the last 12 months.

Consolidation and continual improvement
2016 was a year of consolidation for Indivior. We have now been a stand-alone company for over two years, and we remain committed to continual improvement in our governance and compliance processes, systems and structures. During the year the Nomination & Governance Committee focused on developing a best-in-class compliance function, which included taking increased oversight and responsibility for corporate compliance matters.

Meanwhile, our Audit Committee continued to have oversight of the Company’s accounting and financial reporting processes, and oversaw the development of financial controls in anticipation of our US listing and compliance with the Sarbanes-Oxley Act; the US listing is temporarily on hold.
Elsewhere, our Science & Policy Committee has been closely monitoring the development of the Group’s pipeline – notably the Phase 3 clinical trial for RBP-6000 buprenorphine monthly depot, the positive top-line results of which were published in August 2016.

Board balance and diversity
The transformation of addiction from a global human crisis to a treated disease worldwide must be thoughtfully navigated and guided by experience. The members of the Indivior Board bring a balance of skills, knowledge and experience to ensure we are well-positioned to address this global crisis and expand access to treatment.
Activities during the year
In addition to regular reports from the Chief Executive Officer and Chief Financial Officer, the Board also considered the following key matters:
- regularly reviewed the Company’s performance;
- reviewed the Company’s dividend policy;
- agreed to increase market guidance for 2016 in July and again in November;
- reviewed and approved the Company’s budget for 2017;
- held the September 2016 Board Meeting at the Company’s global headquarters in Richmond, VA and met with employees;
- received regular updates on the Level 2 ADR Listing (subsequently temporarily suspended);
- undertook a detailed review of the succession plans for members of the Board;
- undertook a detailed review of business development opportunities and activities for preparing to launch pipeline products on their approval;
- received regular updates from the Group’s Chief Legal Officer and external counsel regarding the Group’s ongoing litigation; and
- undertook a review of its performance and that of its principal committees.

Looking ahead
Looking to the year ahead, I will continue to work alongside my fellow Board members to further strengthen our governance processes. In this way, we will remain focused on ensuring the Company’s long-term success and sustainability, and helping millions of people around the world reclaim their lives by helping to ensure access to treatment for opioid use disorder and to help patients on their journey to recovery.

Howard Pien
Chairman
March 7, 2017

The Board is supportive of diversity in its broadest form, and supports Lord Davies’ recommendations on improving gender balance on Boards. During 2016, Adrian Hennah and Rupert Bondy left the Board, and we would like to thank them both for their valuable contributions. Following a robust recruitment process using an independent search consultancy, we welcomed Lizabeth Zlatkus and Tatjana May to the Board. Both Lizabeth and Tatjana bring a wealth of skills and knowledge, and extensive experience of working in US and UK-listed organizations.

Evaluation
Following our second internal evaluation of the performance of the Board and its Committees in 2016, we have started planning our first external evaluation, which will take place in 2017. I am pleased to report the Board and its Committees continue to perform well, and will remain fully focused on the Company’s strategy in 2017.

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Board of Directors

Our Board of Directors

The right combination of knowledge and experience to grow the business worldwide

1. Howard Pien
   Chairman
   Skills and experience:
   › Over 30 years of pharmaceuticals and biotechnology industry experience
   › Vanda Pharmaceuticals, Inc.: Non-Executive Chairman (2010-2016)
   › Chiron, Corp: President and CEO (2003-2006)
   › Medarex Inc: CEO, President and later Chairman of the Board (2007-2009)
   › Abbott Laboratories and Merck & Co.: Product Manager, Business Unit Director, cardiovaculars, anti-infectives (1986-1991)
   Other current appointments:
   › Juno Therapeutics Inc.: Chairman of the Board
   › Immunogen, Inc.: Director
   › SAGE Therapeutics: Director

2. Shaun Thaxter
   Chief Executive Officer
   Skills and experience:
   › Over 25 years of pharmaceuticals and prescription products industry experience
   › Reckitt Benckiser Pharmaceuticals Inc.: CEO and President – led the development of a global company after acquiring global marketing rights from Merck
   › Spearheaded Reckitt Benckiser Pharmaceuticals’ growth since launching US Suboxone® Tablet business in 2003
   › Reckitt Benckiser: Global Category Manager for the prescription product portfolio

3. Mark Crossley
   Chief Financial Officer
   Skills and experience:
   › Indivior Chief Strategy Officer
   › Reckitt Benckiser Pharmaceuticals Inc.: Global Finance Director
   › Procter and Gamble: Associate Director Corporate Portfolio Finance
   › Procter and Gamble: Associate Director Female Beauty Strategy and Business Planning
   › National Association of Corporate Directors Leadership Fellow
4. Daniel Tassé
Senior Independent Director

Skills and experience:
› Over 20 years of pharmaceuticals and financial industry experience
› Baxter International: General Manager of Pharmaceuticals and Technologies Business Unit
› GlaxoSmithKline: various senior management positions including President and Regional Director for Australasia (2001-2004)

Other current appointments:
› Alcresta Pharmaceuticals Inc.: Chairman and CEO
› Bellerophon Therapeutics: Director
› REGENXBIO Inc.: Director

5. Yvonne Greenstreet MBChB
Non-Executive Director (Chair)

Skills and experience:
› Over 20 years of pharmaceuticals industry experience
› Experienced in medicines development, medical affairs and business development
› Pfizer Inc.: SVP Medicines Development (2010-2013)
› GlaxoSmithKline: various executive positions (1992-2010)
› Molecular Insight Pharmaceuticals Inc., (2008-2010): Independent Director, Chairman of Compensation Committee and Member of Research Regulatory and Clinical Committee

Other current appointments:
› Ainqlam: Chief Operations Officer
› Pacira Pharmaceuticals, Inc.: Director
› Advance Accelerator Applications S.A.: Director
› Moelis & Company: Independent Director
› Bill and Melinda Gates Foundation: Advisory Board

6. Tatjana May
Non-Executive Director

Skills and experience:
› Over 20 years of legal experience
› Substantial knowledge and understanding of the pharmaceutical sector
› Shire plc: General Counsel and Company Secretary, Executive Committee Member (2001-2015)
› AstraZeneca plc: various positions including Assistant General Counsel (1995-2001)
› Slaughter and May: Lawyer (1988-1994)

Other current appointments:
› EIP Pharma, LLC: Board of Managers

7. A. Thomas McEllan, PhD
Non-Executive Director

Skills and experience:
› Over 35 years as a career researcher in the treatment and policy-making around substance use and abuse field
› Published over 400 articles and chapters on addiction research
› Treatment Research Institute (TRI): Co-founder and CEO until September 1, 2014

Other current appointments:
› Treatment Research Institute (TRI): Chairman
› Serves on several editorial boards of scientific journals

8. Lorna Parker
Non-Executive Director (Chair)

Skills and experience:
› Over 25 years of executive search and board consulting experience across a range of industries
› Spencer Stuart: Partner (1989-2008); led the private equity practice across Europe and the legal search practice globally
› Advent Venture Capital and Kleinwort Benson Investment Banking

Other current appointments:
› Royal Horticultural Society: Trustee
› Global Insight: Senior Advisor
› Future Academies: Director

9. Daniel J. Phelan
Non-Executive Director (Chair)

Skills and experience:
› Over 30 years of pharmaceuticals and executive management experience
› Extensive experience dealing with executive remuneration and CEO succession planning
› GlaxoSmithKline: advisor to three CEOs and various executive positions (1981-2012)

Other current appointments:
› TE Connectivity Ltd: Board Director
› Computer Sciences Corporation: Advisory Board Member
› Rutgers University Board of Trustees: Member
› RiseSmart: Advisory Board Member

10. Chris Schade
Non-Executive Director (Chair)

Skills and experience:
› Over 20 years of pharmaceuticals and financial industry experience
› Novira Therapeutics, Inc.: CEO (2014-2015)
› Omthera Pharmaceuticals, Inc.: CFO, EVP (2011-2013)
› NRG Energy, Inc.: CFO, EVP (2010-2011)
› Medarex Inc.: CFO, EVP (2009-2006)

Other current appointments:
› Aprea Therapeutics AB: President and Chief Executive Officer
› Integra LifeSciences Holdings Corporation: Director

11. Lizabeth Zlatkus
Non-Executive Director

Skills and experience:
› The Hartford: various senior executive positions (1996-2011)
› Qualified financial and risk expert
› Audit, Risk and Nomination Committee experience
› Legal & General: Non-Executive Director (2013-2016)
› Connecticut Women's Hall of Fame (2013-2015)

Other current appointments:
› Computer Sciences Corporation: Non-Executive Director
› Boston Private: Non-Executive Director
› Connecticut Science Center: Board of Trustees, Executive Committee member

12. Kathryn Hudson
Company Secretary

Skills and experience:
› Over 15 years of experience as a Chartered Secretary
› Kingfisher plc: Company Secretary
› Senior Company Secretarial positions at Burberry Group plc and ICAP plc

Cary J. Claiborne was an Executive Director of the Company throughout 2016; he stood down as Chief Financial Officer on February 3, 2017 and resigned as a director on March 7, 2017.
Executive Committee

Our Executive Committee

Delivering strategy and results in a challenging and changing industry

1. Shaun Thaxter
Chief Executive Officer
(Executive Director)

2. Mark Crossley
Chief Financial Officer
(Executive Director)

3. Debby Betz
Chief Corporate Affairs and Communications Officer
Industry experience:
25+ years
Key previous roles:
› Reckitt Benckiser Pharmaceuticals Inc.: Director of Marketing (North America) and Director of Commercial Development and Strategic Planning (North America)
› Purdue Pharma and Stuart Pharmaceuticals: Various sales and marketing leadership roles including District Sales Manager

4. Ingo Elfering
Chief Information Officer
Industry experience:
25+ years
Key previous roles:
› GlaxoSmithKline: VP Business Transformation Core Business Service Group
› GlaxoSmithKline: VP IT Roles (Strategy, Architecture, Global Services, eBusiness)
› Medical Data Service Founder/CEO
5. Jon Fogle  
Chief Human Resources Officer  
Industry experience:  
20+ years  
Professional qualifications:  
Senior Certified Professional in Human Resources  
Key previous roles:  
› Reckitt Benckiser Pharmaceuticals Inc.: Global Human Resources Director  
› Reckitt Benckiser Pharmaceuticals Inc.: Human Resources Director for the US  
› Capmark Finance (formerly GMAC Commercial Mortgage): Senior Vice President of Human Resources, North America

6. Christian Heidbreder  
Chief Scientific Officer  
Industry experience:  
25+ years  
Professional experience:  
› 26 years’ leadership in neurosciences across academia, government, industry; 350+ publications  
› Academic roles: Affiliate Professor, Dept. Pharmacology and Toxicology, Virginia Commonwealth University School of Medicine  
Key previous roles:  
› Reckitt Benckiser Pharmaceuticals Inc.: Global R&D Director  
› Altria: Client Services’ Health Sciences  
› GlaxoSmithKline: Center of Excellence for Drug Discovery in Psychiatry  
› SmithKline Beecham: Neuroscience Department

7. Javier Rodriguez  
Chief Legal Officer  
Industry experience:  
13+ years  
Professional qualifications:  
Admitted to practise law in New York, New Jersey and Virginia (Corporate Counsel)  
National Association of Corporate Directors Governance Fellow  
Key previous roles:  
› Reckitt Benckiser Pharmaceuticals Inc.: VP General Counsel  
› Reckitt Benckiser LLC: Senior Counsel (Healthcare), helping to acquire the global (ex-US) marketing rights to buprenorphine  
› Bayer AG and Berlex Laboratories, Inc.: Corporate Counsel

8. Richard Simkin  
Chief Commercial Officer  
Industry experience:  
20+ years  
Key previous roles:  
› Reckitt Benckiser Pharmaceuticals Inc.: President, North America  
› Reckitt Benckiser: General Manager Portugal  
› Reckitt Benckiser: Marketing Director UK Healthcare  
› Reckitt Benckiser: Two Global Category roles and a number of General Management positions

9. Frank Stier  
Chief Supply Officer  
Industry experience:  
25+ years  
Key previous roles:  
› Reckitt Benckiser Pharmaceuticals Inc.: Global Supply Director (heading logistics, customer service, demand planning and manufacturing)  
› Reckitt Benckiser Pharmaceuticals Inc.: Supply Services Director then Global Supply Services Director  
› Reckitt Benckiser: Supply Services Director, Central Europe  
› Reckitt Benckiser: Industrial Customer Service Manager  
› Colgate-Palmolive GMBH: Various roles

10. Ponni Subbiah  
Chief Medical Officer  
Industry experience:  
18+ years  
Professional qualifications:  
Admitted to practise medicine in New York, NY  
Masters, Public Health  
Key previous roles:  
› PATH: Global Program Leader, Drug Development  
› Pfizer, Inc.: Vice President, Global Access, Emerging Markets  
› Pfizer, Inc.: Vice President, Medical Affairs

Tony Goodman was a member of the Executive Committee throughout 2016 and left the Company on February 28, 2017.
Corporate Governance

The Board is responsible for ensuring there is a robust and transparent governance framework in place. Indivior PLC (the Company) is subject to the UK Corporate Governance Code, published in September 2014 by the Financial Reporting Council (the Code) and available on their website www.frc.org.uk.

At the end of the financial year, the Company confirms that it has applied the main principles of the Code and has complied with all relevant provisions.

During the year, Adrian Hennah, who is the Chief Financial Officer of Reckitt Benckiser Group plc, acted as a member of the Audit Committee. Provision C.3.1 of the Code states that an Audit Committee should comprise at least three independent Non-Executive Directors. Adrian Hennah acted as the fourth member of the Committee and the Board considered that his skill and experience were of considerable benefit to the Committee and his historic insight was invaluable during the period of transition.

Corporate Governance

The Board has established a formal schedule of matters reserved for its approval and has delegated specific responsibilities to its principal committees: Audit Committee, Remuneration Committee, Nomination & Governance Committee and Science & Policy Committee. Each committee operates under its own clearly defined Terms of Reference, which were all reviewed and amended for compliance purposes during the year. Copies are available to view on the Company’s website www.indivior.com. Further information about the committees and their responsibilities is set out on pages 70 to 76.

Board composition

The Board currently comprises eleven members: the Chairman, Howard Pien, the Chief Executive Officer, Shaun Thaxter, the Chief Financial Officer, Mark Crossley and eight Non-Executive Directors. All Non-Executive Directors are considered independent for the purposes of the Code. The Chairman was considered independent on appointment.

During the year, Adrian Hennah and Rupert Bondy stepped down from the Board and Lizabeth Zlatkus was appointed. When recruiting, the balance of experience and skills of the Board was a key factor taken into consideration.

Following the end of the financial year, Tatjana May and Mark Crossley have been appointed as Directors (on February 1, and February 21, 2017 respectively). Cary Claiborne resigned as a Director on March 7, 2017. The Board has reviewed its composition and that of its committees and, as a result, Daniel Tassé stepped down from the Nomination & Governance Committee and was appointed to the Science & Policy Committee.

Biographical details of each of the current Directors are set out on pages 58 to 59.
Diversity and Inclusion

Diversity and Indivior’s Board
At Indivior we value our distinctive culture and believe it is a key source of sustainable competitive advantage. We believe diversity, in its broadest sense, is important in order for the Board to operate effectively. The Company’s Corporate Diversity and Inclusion Policy was adopted by the Board in 2014 and is reviewed on an annual basis. Its main objective is to ensure that we harness the creative potential that individuals of different backgrounds and abilities bring to their work.

Composition

Experience

Roles and responsibilities of the Board
The Board is responsible for the long-term success of the Company and for delivering value to shareholders. The Board’s primary focus is to support and further the Company’s purpose of pioneering life-transforming treatments for patients suffering from addiction and its co-morbidities.

Led by the Chairman, it approves the strategy and risk appetite for the Group and reviews and approves Indivior’s product pipeline, capital structure and plans presented by management for the achievement of strategic objectives.

The Board is responsible for:
- approval of the Group’s strategic aims and objectives, and performance against those aims and objectives;
- approval of the Group’s annual budget and corporate plans;
- approval of the Group’s annual, half-yearly and quarterly financial reports;
- approval of the Annual Report and Accounts and the reports included therein;
- approval of the Company’s dividend policy;
- approval of all Board appointments or removals, remuneration arrangements and termination payments;
- approval of the membership and chairmanship of the Board and Committees and succession planning for senior management;
- appointment and removal of the Company Secretary;
- approval of major capital projects, acquisitions or divestments;
- approval of any increase in, or significant variation in, the terms of the borrowing facilities of the Company;
- approval of capital expenditure projects outside the scope of the approved annual budgets and plans; and
- approval of treasury and risk management policies.

The Board has a formal schedule of matters reserved to it and has delegated certain matters to its principal committees. The Board has delegated responsibility for the day-to-day management of the business to the Chief Executive Officer.
Chairman and Chief Executive Officer

There is a formal division of responsibilities between the Chairman and Chief Executive Officer, which is set out in writing. The Chairman and Chief Executive Officer work together to set the Board’s agenda.

Howard Pien is the Chairman and has led the Board since its inception. He provides leadership to the Board and is responsible for ensuring its effectiveness. He is responsible for maintaining high standards of corporate governance and probity. The Chairman is responsible for, and ensures constructive relations between, the Executive and Non-Executive Directors. He is responsible for setting the tone and culture in the boardroom.

Shaun Thaxter is the Chief Executive Officer. He is responsible for the executive management of the Company’s business, for implementing the Company’s strategy and for delivering performance against plans. He leads Indivior’s interactions on matters of policy and reform with regard to the biopharmaceuticals industry.

Throughout the year the Chairman met and maintained contact with both the Senior Independent Directors who held office during the year, and with all the Non-Executive Directors. A part of each Board meeting is reserved for a meeting of the Chairman and the Non-Executive Directors, without executive management present.

Senior Independent Director

Daniel Tassé is the Senior Independent Director, having over from Rupert Bondy in October 2016. He supports the Chairman in his role and leads the annual evaluation of the performance of the Chairman, supported by the Non-Executive Directors. The Senior Independent Director is available to the Directors and to shareholders who have concerns that cannot be addressed through the normal channels of the Chief Executive Officer or Chairman of the Board.

Non-Executive Directors

The Non-Executive Directors bring an independent perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of management in meeting agreed goals and objectives, and monitor the Group’s risk profile and reporting of performance. The Non-Executive Directors bring a broad range of skills and experience from the business, finance, academic, scientific, private equity and pharmaceutical sectors.

The Board has considered the independence of each of the Non-Executive Directors against the criteria set out in the Code, and has concluded that all Non-Executive Directors remain fully independent of management and free from any relationship that could interfere with their judgment.

Company Secretary

The Company Secretary, Kathryn Hudson, acts as Secretary to the Board and the Remuneration and Nomination & Governance Committees. She supports the Chairman and the Board in the execution of their duties. She advises the Chairman, Chief Executive Officer and senior management on regulatory and governance matters. The Deputy Company Secretary (a suitably qualified member of the Company Secretariat) acts as Secretary to the Audit and Science & Policy Committees.

Role of the Board committees

The Board is supported by a number of committees including the following principal committees: Audit, Nomination & Governance, Remuneration, and Science & Policy.

The Chair of each principal committee reports on the activities of the committee at the following Board meeting and copies of the minutes of the meetings of the principal committees are circulated to all Directors. The Terms of Reference of each of the principal committees are available on the Company’s website.

The reports of the Audit, Nomination & Governance and Science & Policy Committees are set out on pages 70 to 76. The report of the Remuneration Committee is set out on pages 77 to 91.

In addition to the principal committees described above, the Company also operates an Executive Committee, which is convened and chaired by the Chief Executive Officer. The Executive Committee comprises key functional leaders from the business and its purpose is to assist the Chief Executive Officer in discharging his duties. The Executive Committee meets monthly. Biographical details of the members of the Executive Committee are set out on pages 60 to 61.
Board effectiveness

The role of the Board and its committees

Board and Committee attendance
The Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer regularly attend committee meetings as and when appropriate.

In addition to the scheduled meetings, a number of ad-hoc meetings were held during the year to deal with specific matters. Where Directors have been unable to attend some of the meetings due to prior commitments, they are provided with briefing materials and have the opportunity to discuss any matters that will be considered with the Chairman, Chief Executive Officer or relevant Committee Chairman. Board meetings are held in the UK and US. In September 2016 the Board held their meeting at the Company’s global headquarters in Richmond, VA and took the opportunity to meet with employees.

Activities during the year
During the year, the Board held five scheduled meetings and an additional six ad-hoc meetings. The Board considers that it met sufficiently frequently to enable the Directors to discharge their duties effectively.
Details of the principal matters discussed at each meeting are shown in the following table.

<table>
<thead>
<tr>
<th>Date of meeting</th>
<th>Principal topics covered</th>
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</thead>
<tbody>
<tr>
<td>February</td>
<td>Review of 2015 full-year results</td>
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<td></td>
<td>Dividend policy review</td>
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<td></td>
<td>Litigation update</td>
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<td></td>
<td>Review of Incentive Plans</td>
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<tr>
<td></td>
<td>Update on commercial operations and various strategic projects</td>
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<tr>
<td>March</td>
<td>Approval of 2015 full-year results, Report and Accounts</td>
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<tr>
<td>April</td>
<td>Non-Executive Director succession planning</td>
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<tr>
<td>April</td>
<td>Q1 2016 results review</td>
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<td>May</td>
<td>Review of business development</td>
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<td></td>
<td>Update on financial and commercial matters</td>
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<td></td>
<td>Litigation update</td>
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<td></td>
<td>AGM preparation</td>
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<tr>
<td>July</td>
<td>US ADR Listing</td>
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<td>July</td>
<td>Review of half-year results</td>
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<td></td>
<td>Presentation on the 10-year strategic plan</td>
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<td></td>
<td>Update on US ADR Listing</td>
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<td></td>
<td>Litigation update</td>
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<td></td>
<td>Update on EU Market Abuse Regulation</td>
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<tr>
<td>September</td>
<td>Review of 2017 financial plan</td>
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<td></td>
<td>Review of various strategic opportunities</td>
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<td></td>
<td>Litigation update</td>
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<td></td>
<td>Governance update</td>
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<tr>
<td>November</td>
<td>Q3 2016 results review</td>
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<tr>
<td>November</td>
<td>Feedback on Board evaluation process</td>
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<td></td>
<td>Litigation update</td>
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<td></td>
<td>2017 financial plan</td>
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<td></td>
<td>Review of pipeline and activities related to preparing for launch</td>
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<tr>
<td></td>
<td>Annual Compliance program review</td>
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<tr>
<td>December</td>
<td>Litigation update</td>
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</tbody>
</table>
Time commitment of the Chairman and Non-Executive Directors

The letters of appointment for the Chairman and Non-Executive Directors state the expected time commitment to fulfill their roles. The Chairman and Non-Executive Directors are expected to set aside sufficient time to prepare for meetings.

All Directors are subject to annual re-appointment. Non-Executive Directors are appointed for an initial term of three years and are subject to annual re-appointment by shareholders at the Company’s Annual General Meeting (AGM).

External directorships

The Nomination & Governance Committee has approved a formal policy in respect of the number of external appointments that the Executive Directors and members of the Executive Committee may hold. Executive Directors may hold one non-executive appointment, subject to the approval of the Nomination & Governance Committee. Members of the Executive Committee may hold one non-executive appointment subject to the approval of the Executive Committee.

No formal limit on other board appointments applies to Non-Executive Directors but appointments are reviewed by the Nomination & Governance Committee to ensure there is no conflict of interest. These directorships have not impacted the time and commitment required by Non-Executive Directors of the Company throughout the year.

The table below gives details of Directors’ attendance at Board and committee meetings held during the year.

<table>
<thead>
<tr>
<th>Chairman</th>
<th>Scheduled</th>
<th>Ad-hoc</th>
<th>Scheduled</th>
<th>Ad-hoc</th>
<th>Scheduled</th>
<th>Ad-hoc</th>
<th>Scheduled</th>
<th>Ad-hoc</th>
<th>Scheduled</th>
<th>Ad-hoc</th>
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</thead>
<tbody>
<tr>
<td>Howard Pien</td>
<td>5/5</td>
<td>6/6</td>
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<td>Executive Directors</td>
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<td>Shaun Thaxter</td>
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<td>Cary Claiborne</td>
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<tr>
<td>Non-Executive Directors</td>
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<tr>
<td>Yvonne Greenstreet</td>
<td>4/5</td>
<td>3/6</td>
<td>4/5</td>
<td>2/4</td>
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<td>–</td>
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<td>4/4</td>
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<tr>
<td>Tom McLellan</td>
<td>3/5</td>
<td>5/6</td>
<td>–</td>
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<td>4/5</td>
<td>0/1</td>
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<td>3/4</td>
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<tr>
<td>Lorna Parker</td>
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<td>5/6</td>
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<tr>
<td>Dan Phelan</td>
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<td>5/6</td>
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<tr>
<td>Chris Schade</td>
<td>5/5</td>
<td>5/6</td>
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<td>Daniel Tassé</td>
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<td>Lizabeth Zlatkus</td>
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<td>Rupert Bondy</td>
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<td>Adrian Hennah</td>
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www.indivior.com
Induction and training

A bespoke training and induction program for the Board and its committees is in place to help provide the Directors with a broad understanding of the business and regulatory and governance matters. The Company Secretary monitors ongoing training needs and arranges for updates to be scheduled as required.

The Company Secretary assists in the induction of new directors and their ongoing development as required and also keeps induction processes under review so that improvements can be made on an ongoing basis. Following her appointment, Lizabeth Zlatkus received a comprehensive induction designed to assist her discharge fully her responsibilities as a Board and Committee member. The induction encompassed those topics deemed appropriate to her experience of UK listed company responsibilities and her knowledge of the pharmaceutical sector and included the provision of relevant information about the Company, together with applicable business policies. One-to-one meetings were arranged for Lizabeth to meet members of the Executive Committee and other senior managers in the business, as appropriate.

In addition, the Company Secretary, arranged training sessions for the Board and committees. This included a session focusing on the EU Market Abuse Regulation which came into effect during the year.

Information and support

All Directors have direct access to the advice and services of the Company Secretary. Directors may also obtain independent professional advice as required at the Company’s expense.

Performance evaluation

In accordance with the Code, the Board undertook an evaluation of its performance and that of its principal committees. The Company Secretary worked with the Chairman and the Non-Executive Directors to develop an evaluation to assess the development of the Board and its committees and identify areas for development.

The key areas of focus were:

- Strategic and operational oversight;
- Board meetings and support;
- Board effectiveness; and
- Board composition and priorities for the future.

The responses to the evaluation were collated and analyzed. The responses and analysis were circulated to each of the Directors and formed the basis of individual meetings with each Director and the Chairman and Company Secretary. The results of the survey and feedback from the meetings were discussed by the Board at its meeting in November 2016.

The Directors concluded that the Board and each of its committees continue to operate effectively and there was a culture of openness within the Boardroom.

As a result of the review, it was agreed:

- The Board would ensure that it continued to focus on the key strategic issues facing the business in the near term, whilst remaining abreast of longer-term business development plans;
- There would be a continued focus on developing Board materials that were clear and concise; and
- There would be a focus on succession planning and in particular the recruitment of a Non-Executive Director with strong legal and governance skills. Tatjana May was subsequently appointed to the Board on February 1, 2017.

The responses and analysis were circulated to each of the Directors. The results of the survey and feedback from the meetings were discussed by the Board at its meeting in November 2016.

The Non-Executive Directors, led by the Senior Independent Director, carried out the review of the performance of the Chairman.

Appointment and re-appointment of Directors

There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The Board may appoint an individual as a Director either to fill a vacancy or as an additional member of the Board. The process for new appointments is led by the Nomination & Governance Committee, which ultimately makes a recommendation to the Board.

All the Directors are seeking re-appointment at the forthcoming AGM to be held on May 17, 2017, at which Non-Executive Directors’ terms of appointment and service contracts will be made available for inspection by shareholders.

Letters setting out the terms of appointment of each Non-Executive Director are also available for inspection at the Company’s Registered Office.

Governance
Conflicts of interest
Processes are in place for any actual or potential conflicts of interest to be reviewed and disclosed and for Directors to avoid participation in any decisions where they may have any such conflict or potential conflict. The Nomination & Governance Committee considers the other significant commitments or external interests of potential appointees as part of the selection process and discloses them to the Board when recommending an appointment.

Non-Executive Directors are required to inform the Board of any subsequent changes to such commitments, which must be pre-cleared with the Chairman if material.

The Company’s procedures for dealing with Directors’ conflicts of interest continued to operate effectively during the year. No Director had a material interest or any significant contract with the Company or any of its subsidiaries during the year.

Re-appointment of Directors
In accordance with the Code, all Directors seek re-appointment by the Company’s shareholders annually at the AGM. At the 2016 AGM, the only Director who did not seek re-appointment was Adrian Hennah, who stepped down from the Board immediately following that meeting. At the 2017 AGM, all Directors who have been in office for the whole year will again seek re-appointment. In addition, Lizabeth Zlatkus, Tatjana May and Mark Crossley, who were appointed Directors between AGMs, will seek re-appointment by the shareholders.

The Board may appoint any Director to hold any employment or executive office and may revoke or terminate any such appointment. Shareholders may, by ordinary resolution, appoint a person as a Director or remove any Director before the expiration of their period of office.

Engagement with shareholders
The Board recognizes the importance of regular, effective and constructive communications with its shareholders. The principal opportunity for shareholders to engage with the Board face-to-face is the Company’s AGM.

The Company announces its financial results on a quarterly basis, and these are released to the London Stock Exchange via an authorised Regulatory Information Service and subsequently published on the Company’s website. Half and full-year results are accompanied by a presentation by the Chief Executive Officer, Chief Financial Officer and other executives for shareholders to engage with the Board face-to-face.

During the year, the Chief Executive Officer, Chief Financial Officer and the Director of Investor Relations met regularly with the Company’s major shareholders and financial analysts to discuss matters relating to the Company’s business strategy and current performance. When required to do so, the Chairman and Non-Executive Directors may attend meetings with major shareholders. In addition, the Chief Executive Officer, Chief Financial Officer and members of the senior management team held a Research & Development Day in New York on December 9, 2016, hosted by Dr Christian Heidbreder, the Company’s Chief Scientific Officer. The Company also presented at and attended various healthcare sector investor conferences for the purposes of meeting investors. Over the course of the year, management held smaller group meetings with investing institutions in the US, UK and Europe.

The Non-Executive Directors regularly receive presentations and updates from the Chief Executive Officer, Chief Financial Officer and the Director of Investor Relations, covering discussions with the Company’s institutional shareholders and are informed of any issues or concerns raised during those discussions. Shareholders and analysts briefings are circulated to all Non-Executive Directors. This process enhances Non-Executive Directors understanding of the views of shareholders and enables the Board to judge what future action would further assist investors’ understanding of the Group’s objectives.
Board accountability
The Board is responsible for the integrity of Indivior’s consolidated and the Company’s financial statements, and recognizes its responsibility to present a fair, balanced and understandable assessment of the Company’s position and prospects. The Board has assessed, together with the Audit Committee, all information available in considering the overall drafting of the Company’s financial statements and the process by which they were compiled and reviewed. In doing so the Board ensured that adequate time was dedicated to the drafting process so that linkages and consistencies were worked through and tested. Drafts were received by knowledgeable executives and senior management not directly involved in the year-end process. The Board recognizes that this responsibility extends to interim and other inside information, information required to be presented in relation to statutory requests, and reports to regulators. In relation to these requirements, reference is made to the Statement of Directors’ Responsibilities for preparing the financial statements, set out on pages 95 and 96.

The Audit Committee
The Committee makes formal and transparent arrangements for considering how financial reporting and internal control principles are applied, and for maintaining an appropriate and transparent relationship with the independent External Auditor, PricewaterhouseCoopers LLP. Details of the role and activities of the Committee are set out on pages 70 to 74.

Further disclosures
Information fulfilling the further disclosure requirements contained in the Companies Act 2006, Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the FCA’s Listing Rules and Disclosure Guidance and Transparency Rules are set out on page 92 of the Directors’ Report which are incorporated by reference into this Corporate Governance Report.

Annual General Meeting
The Annual General Meeting (‘AGM’) provides all shareholders with an opportunity to vote on the resolutions put to the meeting and is used as the main opportunity for the Directors to meet directly with shareholders. The AGM is attended by the Directors, and shareholders can ask questions of the Chairman, the chairs of Board committees and the Board as a whole.
All resolutions are voted on by way of poll, with one vote for each share. The results of the poll are announced to the London Stock Exchange and published on Indivior’s website shortly after the conclusion of the AGM.
Corporate Governance Report continued

Introduction to Board committees

Audit Committee

On behalf of the Board I am pleased to present the Audit Committee Report for the financial year ended December 31, 2016.

Committee composition
The Committee comprises four Non-Executive Directors, all of whom are considered independent for the purposes of the Code:
- Chris Schade (Chair)
- Yvonne Greenstreet
- Adrian Hennah (member until May 11, 2016)
- Daniel Tassé
- Lizabeth Zlatkus (member from September 1, 2016)

Role of the Committee
In accordance with its Terms of Reference, the Committee’s primary responsibility is to provide effective governance by overseeing the Group’s financial reporting processes including the Internal Audit Function and External Auditor, and to maintain oversight of the Group’s system of internal control and risk management activities. Accordingly, the Committee’s primary purposes are:
- to review the Group’s strategy for the management of key financial risks and to ensure the Company has followed appropriate accounting policies and made appropriate estimates and judgments;
- to review the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company’s position and performance, business and strategy;
- to monitor any formal announcements relating to the Company’s performance and to review significant financial reporting judgments contained in them before their submission to the Board;
- to assist with the Board’s assessment of the principal risks facing the Company;
- to monitor and review the effectiveness of the Group’s Internal Audit Function in the context of the Group’s overall financial risk management system;
- to review and monitor the effectiveness of the Group’s internal financial controls including the policies and overall processes for assessing established systems of internal financial control and effectiveness of corrective action taken by management;
- to review and monitor the External Auditor’s objectivity and independence, agree the scope of their work and fees paid for the audit, assess the effectiveness of the audit process and agree the policy in relation to the provision of non-audit services; and
- to review and monitor the Group’s policies, procedures and controls for preventing bribery, money laundering and the Group’s arrangements for whistleblowing.

The Committee met nine times during the year, of which five were scheduled meetings and four ad-hoc meetings. The agendas were linked to events in the Group’s financial calendar. Details of attendance at committee meetings are on page 66.

Two members of the Committee constitute a quorum. The Committee requires that at least one member is financially qualified with recent relevant financial experience and competence in accounting or auditing. Adrian Hennah and Lizabeth Zlatkus fulfilled this requirement during the year, as did Chris Schade during the interim period following the Company’s Annual General Meeting (AGM), and the appointment of Lizabeth Zlatkus. All Committee members are expected to be financially literate and to have an understanding of the following areas:
- the principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice;
- key aspects of the Company’s operations including corporate policies and the Group’s internal control environment;
- the role of internal and external auditing and risk management;
- matters which may influence the presentation of accounts and key figures; and
- the regulatory framework for the Group’s business.
The Committee has unrestricted access to Company documents and information as well as employees and the External Auditor. The Committee may also take independent professional advice on any matters covered by its Terms of Reference at the Company’s expense.

The Committee normally invites the Chief Financial Officer, Group Financial Controller, Head of Internal Audit and a partner and other representatives from the External Auditor to attend meetings of the Committee, although it reserves the right to request any of these individuals to withdraw. For part of each meeting, the Committee will meet separately with representatives from the External Auditor and the Head of Internal Audit without any other persons present.

Activities in 2016

In order to fulfill the Committee’s Terms of Reference, the Committee received and considered presentations and reports from the Group’s senior management and, where necessary, consulted with the External Auditor.

During the year the Committee:

- reviewed the integrity of externally reported financial information and financial statements for 2016. This included reviewing the Group’s quarterly trading announcements, including the Annual Report and trading updates;
- reviewed litigation, investigations and contingent liabilities affecting the Group;
- evaluated important accounting issues and the judgments of management in relation to financial reporting, with particular emphasis on:
  - Going Concern confirmation;
  - monitoring and review of risk management and internal control;
- reviewed the accounting principles, policies and practices adopted in the Group’s financial statements, any proposed changes to them, and the adequacy of their disclosure;
- oversaw and reviewed matters connected to the filing of Form 20-F, relating to the proposed Level 2 ADR Listing as a Foreign Private Issuer;
- provided oversight of the Group-Wide Enterprise Resource Planning project, separating the Group’s existing IT systems from those operated by Reckitt Benckiser Group plc with particular emphasis on the new SAP platform;
- provided oversight of the establishment of, and assumed responsibility for, the Group’s whistleblowing policy and the continued provision of a whistleblowing hotline; and
- evaluated measures and the conclusions reached, with respect to significant transactions, judgments and estimates.

Significant issues and material judgments

An important responsibility of the Committee is to review and agree the most significant management judgments and issues. To satisfy this responsibility, the Committee receives an update at every Committee meeting from the Chief Financial Officer and other senior managers within the finance and treasury function of the Company. The Committee also receives regular reports from the External Auditor at each Committee meeting. The Committee carefully considers the content of these reports, and the most significant issues and areas of judgment raised. The key areas of judgment in the year are detailed on page 72.
### Significant issues the Committee considered

<table>
<thead>
<tr>
<th>Issue</th>
<th>How the issue was addressed by the Committee</th>
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<tr>
<td>Future dividend policy</td>
<td>The Committee considered in detail the future dividend policy for the Company and particularly shareholders’ expectations as to future dividend payments. The Company’s current financial position, strategy and prospects were all reviewed. The Committee considered that given the uncertainties facing the Company, including challenges to the Company’s intellectual property and other associated legal proceedings, it would support a change in the dividend policy of the Company and recommend a zero-dividend policy be implemented for the financial year 2016 onwards.</td>
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<td>Strategic initiatives</td>
<td>Together with the Board, the Committee reviewed various strategic initiatives and implementation timelines in the event of a potential negative ruling regarding the ANDA litigation against Actavis Laboratories Inc. and Par Pharmaceutical Companies Inc. The Committee also considered the appropriate type of communication to be entered into with shareholders and the Market in the event any strategic initiative was actioned.</td>
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<td>Investment Policy</td>
<td>The Committee continued to review the Group’s Investment Policy and ensured the activities of the Group Treasury department were in line with the Group’s policy on risk.</td>
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<td>Going Concern</td>
<td>Given the uncertainties associated with ongoing litigation and investigations involving the Company, the Committee undertook a detailed evaluation of whether the Company was a Going Concern when preparing the annual, quarterly and half-yearly financial statements. To assist, the Committee consulted throughout with the Company’s External Auditor and also evaluated detailed Company forecasts, budgets, the medium- and long-term plan, borrowing facilities, contingent liabilities and operational risk management.</td>
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<td>Provisioning for litigation and regulatory investigations</td>
<td>Together with the Board, the Committee continued to receive updates from management throughout the year regarding ongoing litigation and investigations. As part of the provisioning process, the Committee monitored the level of provisioning and corresponding disclosure requirements. As a result, the Committee agreed an increase in the level of provisioning for litigation matters and ongoing regulatory investigations. At December 31, 2016, the Group held provisions of $220m in respect of actual legal claims brought against the Group and disclosures have been made in Note 4 in relation to these recognized provisions, as well as the disclosure of contingent liabilities in Note 20 relating to ongoing regulatory investigations where no claim has been brought at the balance sheet date.</td>
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<td>Level 2 ADR Listing</td>
<td>The Company prepared for a Level 2 ADR Listing of its shares as a Foreign Private Issuer. As part of the listing process, the Committee engaged in continuous dialogue and review with management and legal and accounting advisors, culminating in a preliminary submission to the US Securities and Exchange Commission of Form 20-F. The preliminary submission was made prior to the Company temporarily suspending the listing process pending clarification of the Company’s position relating to outstanding litigation and investigations.</td>
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<td>Sarbanes-Oxley (SOX)</td>
<td>Work relating to SOX compliance, including effective internal controls, was a constant feature for the Committee throughout the year. The Committee reviewed the scope of the implementation process and also the testing of operational effectiveness with assistance from the Internal and External Auditors.</td>
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### Internal Audit

The Committee is required to assist the Board in fulfilling its responsibilities regarding the adequacy of resourcing and the planning of the Internal Audit function of the Group. Accordingly, during the year, the Committee reviewed:

- **the Internal Audit function, including reporting lines and its access to the Committee and all Board members. The review included input from members of the Committee, Executive Committee and External Auditor. The results of the review were considered by the Committee. No significant issues were identified or highlighted and the Committee concluded the Internal Audit function remained effective and continued to meet the needs of the Group;**

- **results of key audits and the adequacy of management’s response and the timeline for resolution;**

- **Internal Audit’s plans and its achievement of planned activity; and**

- **assessment of Principal Risks.**

During the year, the Committee also considered and approved the Internal Audit Plan for 2017.
The Committee receives updates at each scheduled meeting, from the Head of Internal Audit, on the work carried out by the Internal Audit function.

**Risk management and internal control**

The Committee acknowledges its responsibilities for the Group's risk management and internal control systems and its duty to facilitate the identification, assessment and management of risk, and the protection of Group assets and shareholder investments. The Committee also acknowledges that it is responsible for providing a return to shareholders, consistent with responsible assessment and mitigation of risks.

All business areas of the Group prepare annual operating plans and budgets and these are regularly reviewed and updated as necessary throughout the year. Performance against budget is monitored centrally and at operational level. The cash position of the Group is monitored daily and variances from expected levels are thoroughly investigated.

Clear guidelines are in place for capital expenditure and investment decisions. These include budget preparation, appraisal and review procedures and delegated authority levels.

Effective controls ensure that the Group's exposure to avoidable risk is minimized and that proper accounting records are maintained, financial information used within all business areas is reliable and up-to-date, and the financial reporting processes comply with relevant regulatory reporting requirements.

The Company has in place internal controls and risk management systems in relation to the Company's financial reporting process for preparation of consolidated accounts. These systems include policies and procedures that relate to the maintenance of records which accurately and fairly reflect transactions, provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements, require representatives of the Company to certify that their reported information gives a true and fair view of the state of affairs of the business and its results for the period, and review and reconcile reported data.

Management accounts are reviewed by senior management and the Board. Performance against budget and forecasts is discussed at Committee and Board meetings, including key performance indicators covering all areas of the business. The adequacy of key performance indicators is reviewed regularly.

It should be recognized that all control processes are designed to manage, rather than eliminate, the risk of assets being unprotected and guard against their unauthorized use, culminating in the failure to achieve business objectives. Internal controls will only provide reasonable and not total assurance against material misstatement or loss.

Accordingly, the Committee confirms there is a process for identifying, evaluating and managing risks faced by the Group and the operational effectiveness of the appropriate controls, all of which have been in place throughout the year and up to the date of approval of the 2016 Annual Report and Accounts.

**Reviewing the effectiveness of internal control**

As referred to above, throughout the financial year the Board, through the Committee and assisted by the Internal Audit function, reviews the effectiveness of internal control and the management of risk. The Internal Audit function reports into the Committee and has authority to review any relevant part of the Company or its business and has a planned schedule of reviews that coincide with the Company's risks. In addition to financial and business reports, the Committee has reviewed medium- and longer-term strategic plans, reports on key operational issues, tax, treasury, risk management, legal matters and Committee reports, including Internal and External Auditors’ reports.

**Significant failings or weaknesses**

The Committee confirms that no significant weaknesses or failings were identified during the year and, therefore, no remedial actions were required.

**Misstatements**

Management reported to the Committee that they were not aware of any material or immaterial misstatements made intentionally to achieve a particular presentation. The External Auditor reported to the Committee the misstatements they had found in the course of their work. After due consideration, the Committee agreed with management that these misstatements were not material and that no adjustments were required.

**Whistleblowing**

The Group's whistleblowing policy contains arrangements for an independent external service provider to receive, in confidence, complaints on accounting, risk issues, internal control, auditing issues and related matters for reporting to the Committee as appropriate. The Committee reviewed reports from Internal Audit, provided by the external service provider and the actions arising therefrom.

**External Auditor**

PricewaterhouseCoopers LLP (PwC) were appointed as the Company's External Auditor on demerger and were appointed by shareholders at the Company’s AGM in May 2015. The Committee oversees the work undertaken by the External Auditor, PwC. During the year, the Committee met with PwC following each Committee meeting, without members of management being present, and reviewed key issues within their sphere of interest and responsibility.
Corporate Governance Report continued

**Auditor effectiveness**

To assess the effectiveness of the External Auditor and fulfill its responsibilities for oversight of the external audit process, the Committee reviewed:

- the fulfillment by the External Auditor of the agreed Audit Plan and variations from it;
- reports highlighting the major issues that arose during the course of the audit and their resolution;
- a report from the Audit Partner at each Committee meeting;
- the terms, areas of responsibility, associated duties and scope of the audit as set out in the engagement letter with the External Auditor;
- the overall Audit Plan and fee proposal;
- key accounting and audit judgments;
- the level of errors identified during the audit; and
- recommendations made by the External Auditor in their management letters and the adequacy of management’s response.

To further assist the Committee in assessing the effectiveness of the External Auditor, the Committee undertook their annual assessment of the External Auditor via a questionnaire completed by key internal stakeholders. Participants in the questionnaire were drawn from individuals who have continuous contact with the External Auditor throughout the year and included members of the Committee, as well as members from the Finance, Treasury, Internal Audit and Legal teams, plus senior management. All replies were returned on a confidential basis. An analysis of the replies was undertaken by an independent third party and the results were discussed with the Committee and the External Auditor at the Committee meeting held in July 2016.

The Committee reviews annually the appointment of the External Auditor, taking into account the Auditor’s effectiveness, independence and audit partner rotation, and makes a recommendation to the Board accordingly.

Any decision to open the external audit to tender would be taken on the recommendation of the Committee. To date, no tender has yet been conducted. There are no contractual obligations that restrict the Company’s current choice of External Auditor.

The External Audit Partner will retire during 2017 and there will be a transition to a new Audit Partner.

Full details of the External Auditor’s remuneration for the year are disclosed in Note 5 to the financial statements.

Further details on the responsibilities of the Committee regarding the engagement of the External Auditor and the supply of non-audit services can be found in the Committee’s Terms of Reference on the Company’s website www.indivior.com.

**External Auditor independence**

Indivior has a formal policy in place to safeguard Auditor independence. The Committee and the Chief Financial Officer keep the independence and objectivity of the External Auditor under review. The Committee will review the nature and level of non-audit services undertaken by the External Auditor during the year to satisfy itself that there is no effect on their independence.

**Non-audit services**

The Committee keep under review the nature and level of non-audit services undertaken by the External Auditor. It is recognized that in certain circumstances, the nature of the advice required may make it more timely and cost-effective to appoint the External Auditor, who already have a good understanding of the business.

The Company’s policy on non-audit fees states that, on an annual basis, non-audit fees should not normally be in excess of 70% of the Group’s external audit and audit related fees billed over the last three years.

Non-audit service fees for the year are disclosed in Note 5. Other non-assurance services related to advisory services in support of potential financing initiatives to prepare for the possibility of a negative ANDA ruling in June 2016.

**External Auditor re-appointment**

The Committee has recommended to the Board that PwC be proposed for re-appointment by shareholders as the Company’s External Auditor at the May 2017 AGM.

**The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities Order 2014) – statement of compliance**

The Company confirms that it complied with the provisions of the Competition and Markets Authority’s Order for the financial year under review.

**The Committee evaluation**

During the year, the Committee undertook an evaluation of its own performance to measure its degree of effectiveness. The evaluation concluded that the objectives and terms of the Committee, membership, attendance and frequency of meetings were thought to be acceptable. The role and workings of the Committee were thought to be good in terms of fulfilling its remit, the volume of work and the efficient management of the Committee’s time. The members accepted the role of the Committee was still evolving, given the relatively short time period since the Company demerged from Reckitt Benckiser Group plc.

**Chris Schade**

Chair of the Audit Committee

March 7, 2017
Committee composition
At December 31, 2016, the Nomination & Governance Committee comprised four independent Non-Executive Directors: 
- Lorna Parker (Chair)
- A. Thomas McLellan
- Daniel J. Phelan
- Daniel Tassé (member from October 3, 2016 – February 14, 2017)

Rupert Bondy resigned as the Chair and as a member of the Committee on September 30, 2016. Lorna Parker, who was already a member of the Committee, was appointed Chair of the Committee with effect from October 3, 2016.

Tatjana May was appointed a member of the Committee on February 1, 2017. Following her appointment, the composition of the Board and its committees was reviewed. Following the recommendation of the Committee, Daniel Tassé stepped down as a member of the Committee and was appointed a member of the Science & Policy Committee.

At the invitation of the Committee, the Chairman of the Board, the Chief Executive Officer, the Chief Legal Officer and the VP Corporate Compliance attended meetings of the Committee throughout the year.

Role of the Committee
The Nomination & Governance Committee has delegated authority from the Board, which is set out in its Terms of Reference and available to view on the Company’s website www.indivior.com.

The primary purposes of the Nomination & Governance Committee are:
- to review the size, composition, diversity and balance of skills and experience on the Board and its committees, and make recommendations to the Board regarding any proposed changes;
- to conduct the search and selection process for new Directors and recommend appointments to the Board and its committees;
- to review succession plans for the Directors and senior executives within the Company;
- to oversee the Group’s Corporate Compliance program;
- to evaluate the procedures relating to Directors’ conflicts of interest;
- to evaluate any conflicts of interest notified by Directors, and recommend authorizations or other measures to the Board; and
- to oversee compliance with the UK Corporate Governance Code and keep under review other corporate governance matters.

The Chair of the Committee reports on the activities of the Committee at the following Board meeting, and copies of the minutes of Committee meetings are circulated to all Directors.

The Nomination & Governance Committee is supported by the Company Secretary. The Committee has authority to appoint search consultants and other advisors at its discretion.

Meetings
The Committee met six times during the year, which included one ad-hoc meeting. Attendance at committee meetings are detailed on page 66.

The Committee regularly meets without members of the executive management team being present.

Activities in 2016
During the year, the Nomination & Governance Committee conducted the following:
- reviewed the succession plans for members of the Board and of the Executive Committee. The succession arrangements for the Chief Executive Officer and Chief Financial Officer were considered by the Board as a whole;
- instigated a search process using an independent external search firm, Zygos LLP, to identify Non-Executive Directors following the resignations of Adrian Hennah and Rupert Bondy from the Board. Following a robust process, the Committee recommended the appointment of Lizbeth Zlatkus. Tatjana May was appointed in February 2017;
- considered key elements of the Group’s risk assessment and risk management process, including supply chain, culture, pharmacovigilance crisis preparedness;
- increased oversight of the Group’s Corporate Compliance Program, with a formal report on corporate compliance matters presented to each meeting. In addition, private sessions with the VP Corporate Compliance are held without executive management present;
- received training regarding the EU Market Abuse Regulation; and
- conducted a review of its own performance and reported to the Board on the results of that review.

Lorna Parker
Chair of the Nomination & Governance Committee

March 7, 2017
Science & Policy Committee

On behalf of the Board I am pleased to present the Directors’ Science & Policy Committee Report for the financial year ended December 31, 2016.

Committee composition
The Science & Policy Committee comprises three independent Non-Executive Directors:
- Yvonne Greenstreet (Chair)
- A. Thomas McLellan
- Chris Schade
- Daniel Tassé was appointed a member of the Committee on February 14, 2017

Role of the Committee
The Science & Policy Committee has delegated authority from the Board, which is set out in its Terms of Reference and available to view on the Company’s website www.indivior.com. The primary purposes of the Science & Policy Committee are:
- to provide assurance to the Board regarding the quality, competitiveness and integrity of the Company’s Research & Development (R&D) activities, by way of meetings and dialogue with the Company’s R&D leaders and other scientist employees, and visits to Company R&D sites;
- to review the approaches adopted in respect of Indivior’s chosen therapy area of addiction and its co-morbidities;
- to review the scientific technology and R&D capabilities deployed within the business;
- to assess the decision-making processes for R&D projects and programs;
- to review benchmarking against industry and scientific best practice, where appropriate; and
- to review relevant and important bioethical issues and assist in the formulation of, and agree on behalf of the Board, appropriate policies in relation to such issues.

The Chair of the Committee reports on the activities of the Committee at the following Board meeting and copies of the minutes of Committee meetings are circulated to all Directors.

The Committee is supported by the Deputy Company Secretary. The Committee has authority to appoint consultants and other advisors at its discretion.

Meetings
The Committee met four times during the year. Details of attendance at Committee meetings are detailed on page 66.

At the invitation of the Committee, the Chief Scientific Officer regularly attended meetings of the Committee throughout the year. Going forward, the Chief Medical Officer will also be invited to attend meetings of the Committee.

Activities in 2016
During the year, the Science & Policy Committee considered the following matters:
- monitored and reviewed the progress and development of the Company’s product pipeline and early stage asset development opportunities;
- monitored and reviewed the progress of RBP-6000 buprenorphine monthly depot, which resulted in positive Top-line Phase 3 Pivotal Study Results;
- reviewed progress plans for the new R&D site developments in Hull, UK and Fort Collins, USA;
- conducted a review of its own performance and reported to the Board on the results of that review; and
- received extensive briefings on the process of the Comprehensive Addiction and Recovery Act 2016 (CARA) and also the Substance Abuse and Mental Health Services Administration (SAMHSA) ruling.

Yvonne Greenstreet
Chair of the Science & Policy Committee
March 7, 2017
Annual Remuneration Statement

“The Committee believes the Remuneration Policy in place continues to support and drive the Company’s strategic direction”

On behalf of the Board, I am pleased to present the Directors’ Remuneration Report for the financial year ended December 31, 2016.

No changes are proposed to our Remuneration Policy for this year and a summary of our Policy has been included within this report. Our Remuneration Policy will be put to shareholders at our AGM in 2018, which will be three years from when shareholders first approved it in 2015.

The Directors’ Remuneration Report on pages 77 to 91 will be subject to an advisory vote at the AGM in 2017.

My colleagues and I on the Committee hope that you find the report clear, transparent and informative, and that we can count on your continued support. The Committee believes the Remuneration Policy in place continues to support and drive the Company’s strategic direction and support the ambition of remaining a world-leading specialty pharmaceutical company that is fully aligned with shareholder interests.

All payments made to Directors during the year were made in accordance with the Remuneration Policy.

Context for remuneration at Indivior

Our remuneration philosophy continues to be focused on aligning the incentivization of our senior executives with our strategy and the five value drivers of the business:

- Sustainability versus current competition
- Sustainability versus future competition
- Development of our pipeline
- Opportunities to grow the market
- Inorganic opportunities

Indivior will continue to apply a remuneration philosophy that is simple, focused on delivering exceptional performance and aligned with shareholders’ interests. As I have highlighted previously, our remuneration structure needs to take into account that the majority of our revenues are from our US operations and the majority of our management team are based in the US. We therefore compete for talent against global pharmaceutical companies, predominantly based in the US, whose pay model is very different to typical UK market practice.

However, we recognize that our structure needs to be carefully balanced, as Indivior is a UK-listed company operating within UK Corporate Governance guidelines and best practice. This results in a remuneration structure that is different in some respects to a typical UK plc package, but one the Committee considers to be appropriate to be able to retain and incentivize our strong management team, who continue to deliver long-term value creation for our shareholders.

Remuneration outcomes in 2016

2016 has been another strong year for Indivior, with delivery against our key financial metrics exceeding expectations. Performance in respect of developing our pipeline has also been very strong and this continues to provide a solid base for the business going into 2017. This performance was also reflected through our share price, which increased by 58% over the course of the year. Remuneration outcomes for the year reflect this strong performance, as summarized below.

Base salary

The Executive Directors received a 3% increase in base salary, in line with the average increase awarded to Indivior’s employees.
Annual bonus
As set out above, the performance of the business during 2016 was strong and the Company delivered performance significantly above expectations across all of its key financial targets and the majority of its strategic key pipeline targets. This has resulted in a bonus payment of 94.5% of the maximum opportunity.

Value Creation Plan
The Chief Executive Officer did not receive an award under the Reckitt Benckiser Long-Term Incentive Plan in 2013 and was instead made an award under the Reckitt Benckiser Pharmaceuticals Value Creation Plan (‘VCP’). The VCP was a cash-based plan, put in place by Reckitt Benckiser to incentivize the management of US Suboxone® film market share over the three-year period from 2014 to 2016. The performance period for this award ended on December 31, 2016 and the Company’s exceptional performance in respect of maintaining US Suboxone® Film market share has resulted in the maximum target being exceeded and a maximum payout under the VCP. Further details of the award are provided on page 88 of the Annual Report on Remuneration.

Implementation of Remuneration Policy for Executive Directors in 2017
Base salary
The Executive Directors received a base salary increase of 3% effective January 1, 2017, aligned with the average increase for the wider workforce. Base salaries for the Executive Directors remain below the median in comparison to both UK and US peers.

Annual bonus
The annual bonus for 2017 will operate on the same basis as 2016, with performance based on net income and net revenue, being the key financial metrics of the Company, and the delivery of key pipeline targets, each with an equal weighting.

Indivior Long-Term Incentive Plan (LTIP)
Following the removal of absolute TSR as a performance measure in 2016, awards in 2017 will be subject to the same measures as in 2016: key pipeline targets (one-third weighting); relative TSR vs the constituents of the FTSE 250 excluding Investment Trusts (one-third weighting); and relative TSR vs the constituents of the S&P1500 Pharmaceutical and Biotech Index (one-third weighting). The Committee considers that relative TSR remains a relevant metric as it is directly aligned with the interests of shareholders. The use of two relative TSR comparator groups is intended to balance the fact that Indivior is a FTSE 250 listed company, but also recognizes that Indivior operates within a specialized sector, where the majority of its direct peers are listed in the US. Further details can be found on page 83. As with the LTIP awards granted in 2016, the awards granted in 2017 to the Executive Directors will be subject to an additional two-year holding period following the end of the three-year performance period.

Shareholding guidelines
The Executive Directors continued to make good progress towards the substantial shareholding guidelines of 500% of base salary, which are significantly above typical UK practice. At December 31, 2016, the Chief Executive Officer held shares with a value equivalent to 409% of salary and the Chief Financial Officer held shares with a value of 65% of salary.

All-employee plans
Following shareholder approval of the rules of the US Employee Stock Purchase Plan at the AGM in May 2016, the Group now operates all-employee share plans in the US and UK. We are delighted that many of our colleagues have chosen to take part in these plans, with take-up rates exceeding national averages. In recognition of the success of the launch of these plans, Indivior won the ifsProShare 2016 award for ‘Best New Share Plan’.

Shareholder engagement
We continue to value the feedback provided by our shareholders and have maintained an open dialogue with our major shareholders during the year. Given the feedback and support received for the changes implemented in 2016, we do not propose to make any significant changes to our remuneration arrangements this year. We hope to receive your support for the Directors’ Remuneration Report at our AGM to be held on May 17, 2017.

Changes to the Board
As announced in February 2017, Cary Claiborne stepped down as Chief Financial Officer and was succeeded by Mark Crossley. Cary Claiborne resigned as a director of the Company on March 7, 2017. The Committee has considered the remuneration arrangements for Mark Crossley and the treatment for Cary Claiborne, details of which have been fully disclosed. Further information regarding these changes can be found in the section entitled ‘Implementation of Executive Director Remuneration Policy for 2017’.

Daniel J. Phelan
Chairman of the Remuneration Committee
March 7, 2017
Annual Report on Remuneration

The following report outlines our remuneration framework, how the Remuneration Policy was implemented in 2016, and how the Committee intends to apply the policy in 2017. This Annual Report on Remuneration will be submitted to an advisory shareholder vote at the AGM on May 17, 2017.

This Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and is compliant with the requirements of the UK Corporate Governance Code and the UK Listing Authority’s Listing Rules and the Disclosure Guidance and Transparency Rules.

The Remuneration Committee

As of December 31, 2016, the Remuneration Committee comprised three Non-Executive Directors, all of whom are considered to be independent for the purposes of the UK Corporate Governance Code. The members who served on the Committee during the year were:

<table>
<thead>
<tr>
<th>Name</th>
<th>Date appointed to the Committee</th>
<th>Date resigned from the Committee</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel J. Phelan (Chairman)</td>
<td>Nov 4, 2014</td>
<td>–</td>
<td>5/5</td>
</tr>
<tr>
<td>Rupert Bondy</td>
<td>Nov 4, 2014</td>
<td>Sep 30, 2016</td>
<td>3/4</td>
</tr>
<tr>
<td>Lorna Parker</td>
<td>Nov 4, 2014</td>
<td>–</td>
<td>5/5</td>
</tr>
<tr>
<td>Lizabeth Zlatkus</td>
<td>Oct 3, 2014</td>
<td>–</td>
<td>1/1</td>
</tr>
</tbody>
</table>

1. Rupert Bondy stepped down as a member of the Committee and as a Director on September 30, 2016.
2. The Nomination & Governance Committee considered the composition of the Committee arising as a result of Rupert Bondy stepping down. Daniel Tassé stood down from the Committee on October 3, 2016 and was appointed Senior Independent Director and a member of the Nomination & Governance Committee. Lizabeth Zlatkus was appointed a member of the Committee on October 3, 2016.

Tatjana May was appointed a member of the Committee on February 1, 2017.

Role and responsibilities

The Committee’s role is to assist the Board of Directors in fulfilling its oversight responsibility by ensuring that Remuneration Policy and practices reward fairly and responsibly; are linked to corporate and individual performance; and take account of the generally accepted principles of good governance. On behalf of, and subject to approval by, the Board of Directors, the Committee primarily:

- sets and regularly reviews the Company’s overall remuneration strategy;
- determines the general Remuneration Policy for senior executives; and
- in respect of the Executive Directors and members of the Executive Committee, sets, reviews and approves:
  - remuneration policies, including annual bonuses and long-term incentives;
  - individual remuneration and compensation arrangements;
  - individual benefits including pension arrangements;
  - terms and conditions of employment, including the Executive Directors’ service agreements;
  - participation in any of the Company’s annual incentive and long-term incentive plans; and
  - the targets for any of the Company’s performance-related bonus and long-term incentive plans.

The Chairman of the Board of Directors and the Chief Executive Officer are responsible for evaluating and making recommendations to the Board of Directors on the remuneration of the Non-Executive Directors.

At the invitation of the Committee, the Chairman of the Board, the Chief Executive Officer, the Chief Human Resources Officer, the Global Compensation & Benefits Director and the Company Secretary attended meetings and provided advice to the Committee. Members of the Committee and any person attending its meetings do not participate in any discussion or decision on their own remuneration.

Activities during the year

The significant matters considered by the Committee during the year included:

- considering and agreeing the outturn in respect of the annual incentive plan for the 2015 financial year and in respect of the portion of the RB LTIP awards vesting in 2016 that were subject to the performance of Indivior;
- engaging with shareholders regarding changes to the performance measures for the LTIP Awards made in 2016;
- reviewing and approving the 2015 Annual Report on Remuneration and agreeing to put it to shareholders for an advisory vote;
- undertaking a review of the performance of the Committee;
- reviewing the malus and clawback arrangements in place in respect of the Annual Incentive Plan and LTIP;
- agreeing changes to the rules of the Indivior LTIP to implement a two-year, post-vesting holding period for the Executive Directors;
- reviewing the progress of the Executive Directors and members of the Executive Committee against their shareholding requirements;
- reviewing the Committee’s Terms of Reference and making recommendations to the Board regarding amendments; and
- approving the establishment of an Employee Benefit Trust and reviewing dilution limits.
Advice provided to the Remuneration Committee

Deloitte LLP were appointed as advisors to the Committee upon listing in December 2014, following a review undertaken in advance of listing. Deloitte LLP is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice provided by Deloitte LLP is objective and independent.

Fees for advice provided to the Remuneration Committee for the year, charged on a time spent basis, were £48,360. Deloitte LLP also provided other employee and tax-related services to the Group during the year.

Willis Towers Watson LLP also provided the Committee with benchmarking information during the year and fees for this were $10,416. Willis Towers Watson LLP did not provide any other services to the Group during the year.
Single total figure of remuneration for Executive Directors (audited)

The table below sets out the remuneration of the Executive Directors for the financial year ended December 31, 2016 and comparative figures for the financial year ended December 31, 2015.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base salary</strong></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Shaun Thaxter</td>
<td>751.9</td>
<td>730.0</td>
<td>56.3</td>
<td>48.9</td>
<td>1,421.1</td>
<td>1,379.7</td>
<td>2,652.0</td>
<td>2,049.6</td>
<td>143.5</td>
<td>139.7</td>
<td>5,024.8</td>
</tr>
<tr>
<td>Cary Claiborne</td>
<td>479.0</td>
<td>465.0</td>
<td>32.4</td>
<td>221.7</td>
<td>543.1</td>
<td>527.3</td>
<td>–</td>
<td>–</td>
<td>22.5</td>
<td>19.8</td>
<td>1,077.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,230.9</td>
<td>1,195.0</td>
<td>88.7</td>
<td>270.6</td>
<td>1,964.2</td>
<td>1,907.0</td>
<td>2,652.0</td>
<td>2,049.6</td>
<td>166.0</td>
<td>159.5</td>
<td>6,101.8</td>
</tr>
</tbody>
</table>

1. Taxable benefits consist primarily of healthcare, life and disability insurance. In 2015, Cary Claiborne's benefits included $194k of relocation costs in accordance with the terms of his appointment in November 2014.

2. Cash payment for performance during the year. See 'Annual Incentive Plan in respect of 2016 performance' on page 81 for details.

3. The value shown for 2016 reflects the cash payment made in January 2017 in connection with the Value Creation Plan ('VCP') awarded to the Chief Executive Officer prior to the demerger from RB. Further information regarding the VCP can be found on page 83. Cary Claiborne was not a participant in the VCP.

4. The value of the 2012 RB LTIP, which was converted into Indivior shares upon completion of the demerger, has been calculated using the market value of Indivior shares on May 11, 2016 (156.2p) and converted to US$ using the GBP/US$ exchange rate on that date (GBP £1:US1.448). This has been updated from the value disclosed last year to reflect the value at vesting; the figure published in last year’s report was based upon the three-month average share price to December 31, 2015 and the GB£/US$ exchange rate at December 31, 2015. Cary Claiborne was not a participant in the 2012 RB LTIP.

5. Pension benefits in the year comprised profit sharing contributions into the US qualified 401(k) plan, 401(k) matching, contributions to a non-qualified plan and cash.

Incentive outcomes for the year ended December 31, 2016 (audited)

**Annual Incentive Plan in respect of 2016 performance**

In line with the Remuneration Policy, the Annual Incentive Plan opportunity for the Chief Executive Officer was 200% of base salary and 120% of base salary for the Chief Financial Officer. At the start of the year, the Remuneration Committee set stretching performance targets in the context of the business plan for the year and taking account of external forecasts. These were equally weighted between net revenue, net income and key pipeline targets. For threshold performance, 12.5% of the maximum bonus would be paid, for target performance, 50% of the maximum bonus opportunity would be paid and the full maximum bonus would only be paid for the delivery of exceptional performance significantly above both internal and external expectations.

The table below provides an overview of the performance against the targets set in respect of net revenue and net income which illustrates the exceptional performance delivered during the year.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighting</th>
<th>Achieved $m</th>
<th>Threshold $m</th>
<th>Target $m</th>
<th>Maximum $m</th>
<th>Bonus to be delivered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>1/3</td>
<td>1,058</td>
<td>927</td>
<td>970</td>
<td>1,014</td>
<td>100%</td>
</tr>
<tr>
<td>Net income</td>
<td>1/3</td>
<td>254(^1)</td>
<td>167</td>
<td>183</td>
<td>194</td>
<td>100%</td>
</tr>
</tbody>
</table>

1. Adjusted net income of $254m excludes the impact of exceptional items recorded during the 2016 financial year. Further information can be found in the Financial Review on pages 40 to 48.

In respect of the key pipeline targets, 12 separate Key Performance Indicators (KPIs) were set across various segments of the business, with a number of points allocated for each KPI. For threshold performance, five points needed to be achieved, for target performance, seven points needed to be achieved and for maximum performance, 13 or more points needed to be achieved. Payout in excess of target was also conditional upon achievement of positive topline results in respect of RBP-6000 buprenorphine monthly depot for the treatment of opioid use disorder.
The table below illustrates the performance against each of these KPIs:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Project</th>
<th>Deadline</th>
<th>Date achieved</th>
<th>KPI</th>
<th>Points allocated</th>
<th>Points awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>November 2016</td>
<td>June 2016</td>
<td>Final CSR Molecular Weight study</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>December 2016</td>
<td>November 2016</td>
<td>Submission of pre-NDA package to FDA</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>December 2016</td>
<td>December 2016</td>
<td>RECOVER study baseline interim analysis results</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Business Diversification</td>
<td>RBP-7000 – risperidone monthly depot</td>
<td>June 2016</td>
<td>June 2016</td>
<td>Final Human Factor Study Report</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>October 2016</td>
<td>October 2016</td>
<td>Top-line results of Phase 3 Open Label Safety clinical trial</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>November 2016</td>
<td>November 2016</td>
<td>Final CSR Molecular Weight Study</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>RB-US-14-0001 – arbaclofen placarbil for alcohol use disorder</td>
<td>July 2016</td>
<td>June 2016</td>
<td>Final CSR Phase 2A study</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>December 2016</td>
<td>October 2016</td>
<td>Initiate the manufacture of drug substance for Phase 3 supplies by completing the synthesis of IDV 157015</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>EU Market Growth</td>
<td>RBP-6300 – buprenorphine hemiadipate oral swallowable capsule for the treatment of opioid dependence</td>
<td>March 2016</td>
<td>March 2016</td>
<td>Final CMC Stage 1 scale-up report</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td>June 2016</td>
<td>April 2016</td>
<td>Final CSR PK study (RB-EU-14-0001)</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>Geographical Expansion</td>
<td>Suboxone ® Tablet China</td>
<td>June 2016</td>
<td>June 2016</td>
<td>Final CSR Efficacy Study</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>15</td>
<td>11</td>
</tr>
</tbody>
</table>

All of the KPIs set at the start of the financial year were achieved. However, the RBP-6300 buprenorphine hemiadipate Phase 1 Clinical Study results indicated that the drug did not achieve the anticipated PK profile in humans to justify proceeding further. The arbaclofen placarbil Phase 2A study results indicated that the drug was safe and well tolerated but with high inter-individual PK variability observed. A new formulation of arbaclofen placarbil was approved by the Research Ethics Committee in November 2016. As a result, the Committee concluded that it would not award the four points allocated to these two KPIs and reduced the number of successful points achieved to 11 out of 15 for the purposes of the Annual Incentive Plan payment to Executive Directors.

This resulted in the following payments under the Annual Incentive Plan for the Executive Directors.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighting</th>
<th>Performance multiplier (multiple of target opportunity)</th>
<th>Bonus outcome (multiple of total target opportunity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>1/3</td>
<td>2x</td>
<td>0.67x</td>
</tr>
<tr>
<td>Net income</td>
<td>1/3</td>
<td>2x</td>
<td>0.67x</td>
</tr>
<tr>
<td>Pipeline KPIs</td>
<td>1/3</td>
<td>1.67x</td>
<td>0.56x</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>1.89x</td>
</tr>
</tbody>
</table>

The Executive Directors received a payment of 94.5% of the maximum bonus opportunity: Shaun Thaxter, the Chief Executive Officer, received a bonus payment of $1.421m equivalent to 189% of base salary; and Cary Claiborne, the Chief Financial Officer, received a bonus payment of $543k equivalent to 113% of base salary.
Value Creation Plan Awards vested in 2017

The Chief Executive Officer did not receive an award under the Reckitt Benckiser Long-Term Incentive Plan in 2013 and was instead made an award under the Reckitt Benckiser Pharmaceuticals Value Creation Plan (‘VCP’). The VCP was a cash-based plan, put in place by RB to incentivize the management of US Suboxone® Film market share over the three-year period from 2014 to 2016. Following the demerger from RB, Indivior agreed that the VCP would continue on the same terms as the original VCP put in place by RB.

The following table shows the targets in respect of the award made to the Chief Executive Officer under the VCP.

<table>
<thead>
<tr>
<th>Average market share</th>
<th>Vesting (as a % of target opportunity)</th>
<th>Cash payment $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold</td>
<td>30%</td>
<td>25%</td>
</tr>
<tr>
<td>Target</td>
<td>42.5%</td>
<td>100%</td>
</tr>
<tr>
<td>Maximum</td>
<td>55%</td>
<td>200%</td>
</tr>
</tbody>
</table>

1. Market data sourced through independent third party.

The Committee considered the US Suboxone® Film market share during the performance period. The average market share over the course of the performance period was 60.4% and therefore above the maximum performance target. After consideration, the Committee agreed that the award should be paid at the maximum level and consequently a payment of $2.652m was made following the completion of the performance period.

Scheme interests awarded in 2016 (audited)

Indivior Long-Term Incentive Plan

Conditional awards were made under the Indivior Long-Term Incentive Plan (‘LTIP’) to the Executive Directors on February 19, 2016.

<table>
<thead>
<tr>
<th>Date of award</th>
<th>Maximum number of shares under award</th>
<th>Closing share price at date of award</th>
<th>Face value $'000</th>
<th>Performance period</th>
<th>Normal vesting date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shaun Thaxter</td>
<td>February 19, 2016</td>
<td>2,121,354</td>
<td>154.5p</td>
<td>4,699.9</td>
<td>Jan 2016 – Dec 2018</td>
</tr>
<tr>
<td>Cary Claiborne</td>
<td>February 19, 2016</td>
<td>1,126,060</td>
<td>154.5p</td>
<td>2,494.8</td>
<td>Jan 2016 – Dec 2018</td>
</tr>
</tbody>
</table>

1. The face value of the awards has been calculated using the closing share price on the date of award and converted to US$ using the US$ exchange rate on the date of award (GB£1:US$1.434). Shaun Thaxter received an award with a value of 600% of base salary and Cary Claiborne received an award with a value of 500% of base salary.

2. With effect from 2016 onwards, Executive Directors are required to hold the vested shares for a further two years. For awards made in 2016, shares will be transferred upon vesting and Executive Directors must hold the net number of shares (after tax and social security costs). From 2017 onwards, awards will normally vest after three years and are then subject to a further two-year holding period before shares are released.

The vesting of the awards is subject to the achievement of the following performance measures.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative TSR vs the constituents of the FTSE 250 excluding investment trusts</td>
<td>33%</td>
</tr>
<tr>
<td>Relative TSR vs the constituents of the S&amp;P 1500 Pharmaceutical and Biotech Index</td>
<td>33%</td>
</tr>
<tr>
<td>Key pipeline targets</td>
<td>33%</td>
</tr>
</tbody>
</table>

Relative TSR performance against each of the comparator groups will be measured over three financial years. 12.5% of the maximum award will vest for Indivior being ranked median in comparison to the peer group, and 100% of the award will vest for Indivior being ranked at the upper quartile or above. Awards will vest on a straight-line basis between median and upper quartile. The Committee considers that these measures balance the fact that Indivior is a FTSE 250 listed company but also recognizes that Indivior operates within a specialized sector where the majority of its direct peers are listed in the US.
The key pipeline targets relate to the approval of key products over the performance period and the attainment of certain levels of market share in respect of these products by the end of the performance period. The actual targets relating to the pipeline milestones have not been disclosed prospectively, as the Committee believes that these details are commercially sensitive. The targets are integral to the development of the business, and competitors may gain a distinct advantage if they are disclosed on a prospective basis.

We will disclose the actual targets, and the level of performance achieved against them, in 2019, following the completion of the performance period in December 2018, at which point the targets will no longer be considered commercially sensitive.

As outlined above, 2016 has been a strong year for Indivior and good progress has been made in respect of the key pipeline targets. Further details of progress against the key pipeline targets in respect of the submission and approval dates which fall in 2017 will be disclosed in next year’s Annual Report on Remuneration.

Percentage change in Chief Executive Officer remuneration

The following table illustrates the change in Chief Executive Officer salary, benefits and bonus between 2015 and 2016 compared to the average percentage change for the rest of the US employee population: the majority of the Company’s employees are based in the US.

<table>
<thead>
<tr>
<th>CEO</th>
<th>Other employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>(% change 2015-16)</td>
<td>(% change 2015-16)</td>
</tr>
<tr>
<td>Base salary</td>
<td>3%</td>
</tr>
<tr>
<td>Taxable benefits</td>
<td>15%</td>
</tr>
<tr>
<td>Bonus</td>
<td>3%</td>
</tr>
</tbody>
</table>

Relative importance of spend on pay

The following table shows total employee pay compared to distribution to shareholders (i.e. dividends) for 2016 and 2015.

<table>
<thead>
<tr>
<th>2016 $m</th>
<th>2015 $m</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employee pay</td>
<td>209</td>
<td>178</td>
</tr>
<tr>
<td>Shareholder distributions</td>
<td>69</td>
<td>23</td>
</tr>
</tbody>
</table>

Executive Directors’ shareholdings and share interests (audited)

In line with Indivior’s Remuneration Policy, Executive Directors are required to hold shares in the Company equivalent to 500% of base salary. They have five years from the date of demerger or the date of appointment, whichever is later, in which to reach this shareholding requirement. Members of the Executive Committee are expected to build a shareholding of 150% of base salary within the same time frame.

The table below shows the shareholding of each of the Executive Directors (together with interests held by their connected persons). The table sets out progress towards their respective shareholding requirement and a summary of outstanding awards as at the date of this report. There have been no changes to the number of shares owned outright since December 31, 2016. Shareholding has been calculated based on the number of shares owned outright.

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares owned outright</th>
<th>Conditional awards held</th>
<th>Options held</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>At December 31, 2016</td>
<td>At December 31, 2015</td>
<td>Unvested and subject to performance conditions and continued employment</td>
</tr>
<tr>
<td>Shaun Thaxter</td>
<td>841,798</td>
<td>500,000</td>
<td>4,812,733</td>
</tr>
<tr>
<td>Cary Claiborne</td>
<td>85,780</td>
<td>85,780</td>
<td>2,182,878</td>
</tr>
<tr>
<td>Mark Crossley</td>
<td>125,528</td>
<td>n/a</td>
<td>1,748,829</td>
</tr>
</tbody>
</table>

1. Includes conditional awards granted to Shaun Thaxter and Mark Crossley on February 24, 2017 over 1,032,288 and 533,167 shares respectively under the LTIP. The awards will normally vest on February 24, 2020 and will be then subject to a further two-year holding period before the shares are released.
2. Mark Crossley was appointed a director on February 21, 2017. The information provided in respect of his shareholding is correct as at the date of his appointment. Mark Crossley’s shareholding as a % of base salary has been calculated using the closing share price (369.6p) and US/UK exchange rate (£1:US$1.2442) on February 21, 2017.
3. The options over 921,461 and 210,619 shares, held by Shaun Thaxter and Mark Crossley, at an option price of 111.0p per share vested on May 11, 2016 and are scheduled to lapse on December 28, 2024.
Payments for loss of office (audited)
There were no payments made to any Director for loss of office during the year.

Payments to past Directors (audited)
There were no payments made to past Directors during the year.

External appointments
Subject to the approval of the Nomination & Governance Committee, Executive Directors are able to accept an external appointment to a corporate board outside the Company and can retain the fees paid for these services. The Chief Executive Officer does not hold any external appointments. The Chief Financial Officer, Cary Claiborne, held one external appointment as Director and Chair of the Audit Committee of the MedicAlert Foundation, a non-profit organization. He did not receive any remuneration in respect of this role.

Review of past performance (audited)
Historical Total Shareholder Return performance
The graph below shows the Total Shareholder Return (‘TSR’) of the Company and the UK FTSE 250 index over the period from admission on December 23, 2014 to December 31, 2016. The index was selected on the basis that the Company was a member of the FTSE 250 index in the UK during that period.

Growth in the value of a hypothetical holding of £100 invested from admission to December 31, 2016.

Historical Chief Executive Officer pay
The historical total remuneration for the role of Chief Executive Officer for the period from January 1, 2014 to December 31, 2016 is set out in the table below. Historical data is not provided prior to 2014, as the Company was a division of Reckitt Benckiser Group plc during this period.

<table>
<thead>
<tr>
<th>Shaun Thaxter</th>
<th>2016</th>
<th>2015</th>
<th>2014¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single total figure of remuneration ($'000)</td>
<td>5,024.8</td>
<td>4,317.9</td>
<td>1,968.1</td>
</tr>
<tr>
<td>Annual bonus (% of maximum)</td>
<td>94.5%</td>
<td>94.5%</td>
<td>100%</td>
</tr>
<tr>
<td>LTIP (% of maximum)</td>
<td>100%</td>
<td>93.3%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

¹. Indivior was a division of Reckitt Benckiser for the majority of 2014 and Shaun Thaxter participated in the RB annual bonus plan in that year. The maximum bonus payable to Shaun Thaxter under that plan was 214% of base salary. Shaun Thaxter was paid the maximum bonus in 2014.
Summary of voting outcomes for the 2015 Directors’ Remuneration Report
The table below shows how shareholders voted in respect of the 2015 Directors’ Remuneration Report at the AGM held on May 11, 2016.

<table>
<thead>
<tr>
<th></th>
<th>Votes for</th>
<th>Votes for (%)</th>
<th>Votes against</th>
<th>Votes against (%)</th>
<th>Votes withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approve the 2015 Directors’ Remuneration Report</td>
<td>482,614,656</td>
<td>90.45</td>
<td>50,976,438</td>
<td>9.55</td>
<td>49,467</td>
</tr>
</tbody>
</table>

Summary of voting outcomes for the 2014 Remuneration Policy
The table below shows how shareholders voted in respect of the 2014 Remuneration Policy at the AGM held on May 13, 2015.

<table>
<thead>
<tr>
<th></th>
<th>Votes for</th>
<th>Votes for (%)</th>
<th>Votes against</th>
<th>Votes against (%)</th>
<th>Votes withheld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approve the Remuneration Policy</td>
<td>497,219,272</td>
<td>91.25</td>
<td>47,653,919</td>
<td>8.75</td>
<td>92,227</td>
</tr>
</tbody>
</table>

Dilution limits
Indivior’s share plans provide that awards can be satisfied by newly issued shares, the transfer of treasury shares or existing shares (purchased in the market and held in an employee benefit trust). Indivior’s share plans state that the aggregate amount of shares that may be issued to satisfy awards made under those plans must not exceed 10% in any 10-year period. During the year, the Committee reviewed the number of shares subject to award to ensure that these limits would not be breached by the granting of awards in 2016.

Implementation of Executive Director Remuneration Policy for 2017

Base salary
Base salaries are reviewed taking into account competitive practice for similar roles in the Company’s remuneration peer group. The Executive Directors received a 3% salary increase, in line with the average merit increase provided to the wider workforce in both the UK and US with effect from January 1, 2017. The base salaries of the Executive Directors as at January 1, 2017 and January 1, 2016 are set out below.

<table>
<thead>
<tr>
<th>Base salary $’000</th>
<th>As at January 1, 2017</th>
<th>As at January 1, 2016</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shaun Thaxter</td>
<td>774.5</td>
<td>751.9</td>
<td>3%</td>
</tr>
<tr>
<td>Cary Claiborne</td>
<td>493.4</td>
<td>479.0</td>
<td>3%</td>
</tr>
</tbody>
</table>

Mark Crossley was appointed a Director of the Company on February 21, 2017. He will receive a base salary of $480,000 per annum.

Pension benefits
No changes have been made to the pension arrangements for 2017. The Chief Executive Officer will receive pension contributions (or equivalent cash allowances) of 17.5% of salary plus any Company matching on 401(K) elected deferrals. This is made up of profit-sharing contributions of 4% of pay directed into the Indivior Inc. Profit Sharing and 401(K) plan, with any outstanding balance between these contributions and the 17.5% of annual base salary paid in cash and/or the deferred compensation account.

The Chief Financial Officer, Mark Crossley, will receive pension contributions of profit-sharing contributions of 4% of pay directed into the Indivior Inc. Profit Sharing and 401(K) plan, plus any Company match of 75% on elected deferrals up to 4.5% of pay. The Indivior Inc. Profit Sharing and 401(K) plan is governed by the plan limits, as set by the Internal Revenue Services (IRS).

The Executive Directors do not have a prospective entitlement to a defined benefit pension.

Performance-related annual bonus
No changes have been made to the opportunity under the Annual Incentive Plan for 2017. The Chief Executive Officer and Chief Financial Officer will have a maximum bonus opportunity of 200% and 120% of base salary respectively. Bonuses will be based on the following measures and weightings:

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>1/3</td>
</tr>
<tr>
<td>Net Income</td>
<td>1/3</td>
</tr>
<tr>
<td>Key Pipeline Targets</td>
<td>1/3</td>
</tr>
</tbody>
</table>

As an additional underpin, if the Company violates its debt covenants, no award will be paid in respect of the net income portion of the annual bonus.
We have not disclosed the actual performance targets for 2017, as we consider them to be commercially sensitive. However, we commit to disclosing the financial targets retrospectively in the Directors’ Remuneration Report for the year ending December 31, 2017. The targets are primarily linked to creating shareholder value through the regulatory submission of both buprenorphine monthly depot and risperidone monthly depot along with the regulatory approval of buprenorphine monthly depot in the US.

**Indivior Long-Term Incentive Plan (the ‘LTIP’)**

No changes have been made to the maximum opportunity under the LTIP, with the Chief Executive Officer and Chief Financial Officer eligible to receive awards, subject to a three-year performance period, of 300% and 250% of base salary respectively at target. Both Directors can receive up to 2x the target award at maximum for achieving stretching targets. The Committee introduced an additional two-year post-vesting holding period for awards granted from 2016 onwards.

The performance measures for awards to be made in 2017 remained unchanged from 2016 and will be as set out in the table below.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighting</th>
<th>Rationale for metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key pipeline targets</td>
<td>One-third</td>
<td>The delivery of the pipeline remains a fundamental element of the business strategy and success of the business.</td>
</tr>
<tr>
<td>Relative TSR vs FTSE 250 (excluding investment trusts)</td>
<td>One-third</td>
<td>Provides alignment with shareholders through the relative outperformance of other UK listed companies.</td>
</tr>
<tr>
<td>Relative TSR vs S&amp;P1500 Pharmaceutical and Biotech sector</td>
<td>One-third</td>
<td>Provides alignment with shareholders through the relative outperformance of direct sector peers who are subject to similar market influences.</td>
</tr>
</tbody>
</table>

In respect of the relative TSR measures, 12.5% of the maximum award will vest for Indivior being ranked median in comparison to the peer group, and 100% of the award will vest for Indivior being ranked at upper quartile or above. Awards will vest on a straight-line basis between median and upper quartile.

In respect of the key pipeline measure, as set out in last year’s report, the actual targets will not be disclosed prospectively as the Committee believes that these details are commercially sensitive. The targets are integral to the development of the business and competitors may gain a distinct advantage if these targets are disclosed on a prospective basis. For awards made in 2017, the pipeline targets will relate to the regulatory submission and approval of key products over the performance period. The 2017 targets are primarily linked to creating shareholder value through the regulatory approval of risperidone monthly depot in the US and the regulatory submission and approval of buprenorphine monthly depot in key markets outside the US.

We will disclose the actual targets and the level of performance achieved against them following the completion of the performance period in three years’ time, at which point the targets will no longer be commercially sensitive. We will also provide an indication of the progress against the targets on an annual basis.

**Changes to the Board**

Cary Claiborne stepped down as Chief Financial Officer on February 3, 2017 and resigned as a Director on March 7, 2017. The Committee has considered the treatment for Cary Claiborne and the following will apply in respect of his employment and remuneration arrangements:

- For a period of 12 months from January 31, 2017, Mr Claiborne will remain an employee of the Company. During this time, he will be entitled to his contractual base pay, pension contributions and certain other benefits. His employment will terminate on January 31, 2018 and he will continue to receive healthcare benefits for a period of up to six months following termination;
- For the 2017 financial year, Mr Claiborne will be eligible for a pro-rata bonus for the period of active employment i.e. the period from January 1 to January 31, 2017, subject to the achievement of performance conditions;
- Mr Claiborne’s outstanding 2015 Indivior LTIP award will continue to vest subject to the satisfaction of the applicable performance conditions. No pro-rata reduction will apply as Mr Claiborne will have been employed throughout the performance period;
- Mr Claiborne’s outstanding 2016 Indivior LTIP award will continue to vest subject to the satisfaction of the applicable performance conditions. The award will be subject to a pro-rata reduction to reflect the period of employment as a proportion of the 2016-2018 performance period; and
- Mr Claiborne did not receive an LTIP award in 2017 and he will not receive an LTIP award in 2018.

Further details on the payments made to Cary Claiborne will be made in the 2017 Directors’ Remuneration Report.
Single total figure of remuneration for the Chairman and Non-Executive Directors (audited)

The table below sets out the total remuneration received by the Chairman and the Non-Executive Directors for the year ended December 31, 2016. The Chairman and the Non-Executive Directors are not eligible to participate in the Company's annual bonus, long-term incentive or pension schemes.

<table>
<thead>
<tr>
<th>Name</th>
<th>2016 £'000</th>
<th>2015 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Howard Pien</td>
<td>275.0</td>
<td>275.0</td>
</tr>
<tr>
<td>Yvonne Greenstreet</td>
<td>85.0</td>
<td>85.0</td>
</tr>
<tr>
<td>A. Thomas McLellan</td>
<td>70.0</td>
<td>70.0</td>
</tr>
<tr>
<td>Lorna Parker</td>
<td>71.3</td>
<td>70.0</td>
</tr>
<tr>
<td>Daniel J. Phelan</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Chris Schade</td>
<td>85.0</td>
<td>85.0</td>
</tr>
<tr>
<td>Daniel Tassé</td>
<td>78.8</td>
<td>75.0</td>
</tr>
<tr>
<td>Lizabeth Zlatkus¹</td>
<td>24.2</td>
<td>–</td>
</tr>
<tr>
<td>Former Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rupert Bondy²</td>
<td>71.2</td>
<td>95.0</td>
</tr>
<tr>
<td>Adrian Hennah³</td>
<td>23.6</td>
<td>65.0</td>
</tr>
</tbody>
</table>

¹ Lizabeth Zlatkus was appointed as a Director of the Company on September 1, 2016
² Rupert Bondy resigned as a Director of the Company on September 30, 2016
³ Adrian Hennah resigned as a Director of the Company on May 11, 2016

Implementation of Non-Executive Director Remuneration Policy for 2017

Chairman and Non-Executive Directors’ fees

The fees paid to the Chairman and Non-Executive Directors were reviewed by the Board at its meeting in November 2016. Following this review, there were no increases made to the base fees paid to the Chairman and Non-Executive Directors.

The fees paid to the Chair and members of the Nomination & Governance Committee were increased to £20,000 and £10,000 per annum respectively, in recognition of that Committee’s increased oversight of and responsibility for governance and compliance matters during the year.

The Board also considered the way in which fees are paid to the Chairman and Non-Executive Directors who are not resident in the UK and concluded that fees paid to the Chairman and Non-Executive Directors who are resident in the US would be translated into US dollars using a fixed rate. From January 2017, the fees paid to these US-resident Directors will be translated using the average exchange rate from the date of listing in December 2014 to December 31, 2016 (GB£1:US$1.4344). The fees paid to the Chairman and Non-Executive Directors are scheduled to be next reviewed in November 2018.

Details of the fees paid to the Chairman and Non-Executive Directors are shown below.

<table>
<thead>
<tr>
<th>Fees at January 1, 2017 £'000</th>
<th>Fees at January 1, 2016 £'000</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>275.0</td>
<td>275.0</td>
</tr>
<tr>
<td>Non-Executive Director basic fee</td>
<td>55.0</td>
<td>55.0</td>
</tr>
<tr>
<td>Senior Independent Director</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Chair of Audit Committee</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Chair of Remuneration Committee</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Chair of Science &amp; Policy Committee</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Chair of Nomination &amp; Governance Committee</td>
<td>20.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Member of Audit Committee</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Member of Remuneration Committee</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Member of Science &amp; Policy Committee</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Member of Nomination &amp; Governance Committee</td>
<td>10.0</td>
<td>5.0</td>
</tr>
</tbody>
</table>
Chairman and Non-Executive Directors’ shareholding requirements (audited)

To align the interests of the Chairman and Non-Executive Directors with the interests of shareholders, the Chairman and Non-Executive Directors are required to make a mandatory investment of £12,000 or 20%, whichever is the higher, of their base fees into shares in the Company. They may also elect to invest up to a maximum of 50% of their remaining fees to acquire Indivior shares. Each of the Chairman and Non-Executive Directors must submit an election prior to the end of the financial year in respect of their fees for the following financial year. The on-market purchase of Indivior shares to fulfill these elections, takes place twice a year, after the preliminary and half-year results announcement, with fees earned up to the date of purchase. The purchase of shares is made using net fees, after the deduction of taxes and brokers’ fees.

The following table shows the shareholdings of each of the Chairman and Non-Executive Directors (together with the interests of their connected persons) as at December 31, 2016 and March 7, 2017, which includes shares purchased on February 24, 2017 following the release of the preliminary full-year results announcement.

<table>
<thead>
<tr>
<th>Name</th>
<th>Total number of shares held at March 2, 2017</th>
<th>Total number of shares held at December 31, 2016</th>
<th>Total number of shares held at December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Howard Pien</td>
<td>46,219</td>
<td>36,531</td>
<td>22,943</td>
</tr>
<tr>
<td>Yvonne Greenstreet</td>
<td>6,017</td>
<td>4,598</td>
<td>2,886</td>
</tr>
<tr>
<td>A. Thomas McLellan</td>
<td>7,546</td>
<td>6,094</td>
<td>3,778</td>
</tr>
<tr>
<td>Lorna Parker</td>
<td>6,079</td>
<td>4,848</td>
<td>2,950</td>
</tr>
<tr>
<td>Daniel J. Phelan</td>
<td>10,318</td>
<td>8,249</td>
<td>4,980</td>
</tr>
<tr>
<td>Chris Schade</td>
<td>5,911</td>
<td>4,680</td>
<td>2,896</td>
</tr>
<tr>
<td>Daniel Tassé</td>
<td>12,996</td>
<td>10,112</td>
<td>6,209</td>
</tr>
<tr>
<td>Lizabeth Zlatkus¹</td>
<td>696</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Former Directors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rupert Bondy²</td>
<td>16,183</td>
<td>9,599</td>
<td></td>
</tr>
<tr>
<td>Adrian Hennah³</td>
<td>34,253</td>
<td>–</td>
<td>34,253</td>
</tr>
</tbody>
</table>

1. Lizabeth Zlatkus was appointed as a Director of the Company effective September 1, 2016.
2. Rupert Bondy resigned as a Director of the Company effective September 30, 2016. His shareholding is shown as at the date of his resignation.
3. Adrian Hennah resigned as a Director of the Company effective May 11, 2016. His shareholding is shown as at the date of his resignation.

Terms of service

The terms of service of the Chairman and the Non-Executive Directors are contained in letters of appointment. Both the Chairman and each of the Non-Executive Directors are appointed subject to re-appointment by shareholders at the Company’s next AGM following their appointment and re-appointment at each subsequent AGM. None of the Non-Executive Directors are entitled to receive compensation for loss of office. Non-Executive Directors are subject to retirement, election and re-appointment, in accordance with the Articles of Association of the Company.

The table below sets out the date of the letter of appointment of the Chairman and the Non-Executive Directors and the expiry of their current term.

<table>
<thead>
<tr>
<th>Date of appointment</th>
<th>Expiry of current term</th>
<th>Length of service at December 31, 2016 in years</th>
<th>Notice period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Howard Pien</td>
<td>November 4, 2014</td>
<td>November 3, 2017</td>
<td>2</td>
</tr>
<tr>
<td>Yvonne Greenstreet</td>
<td>November 4, 2014</td>
<td>November 3, 2017</td>
<td>2</td>
</tr>
<tr>
<td>A. Thomas McLellan</td>
<td>November 4, 2014</td>
<td>November 3, 2017</td>
<td>2</td>
</tr>
<tr>
<td>Lorna Parker</td>
<td>November 4, 2014</td>
<td>November 3, 2017</td>
<td>2</td>
</tr>
<tr>
<td>Daniel J. Phelan</td>
<td>November 4, 2014</td>
<td>November 3, 2017</td>
<td>2</td>
</tr>
<tr>
<td>Chris Schade</td>
<td>November 4, 2014</td>
<td>November 3, 2017</td>
<td>2</td>
</tr>
<tr>
<td>Daniel Tassé</td>
<td>November 4, 2014</td>
<td>November 3, 2017</td>
<td>2</td>
</tr>
<tr>
<td>Lizabeth Zlatkus¹</td>
<td>September 1, 2016</td>
<td>August 31, 2019</td>
<td>&lt;1</td>
</tr>
</tbody>
</table>
## Summary Remuneration Policy

This section of the report sets out a summary of the Remuneration Policy that was approved by shareholders at the AGM on May 13, 2015, and became effective on that date. No changes are proposed for 2017. It is intended that the Policy will remain effective for a period of three years i.e. until 2018. The full policy can be found in the Directors’ Remuneration Report in the 2014 Annual Report on the Company’s website www.indivior.com.

<table>
<thead>
<tr>
<th>Remuneration element</th>
<th>Key features</th>
<th>How the Policy was implemented for 2016</th>
<th>Changes to implementation of Policy for 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base salary</strong></td>
<td>Base salaries are typically reviewed annually with effect from January 1. Any increases are normally aligned with increases across the Group as a whole.</td>
<td>Base salaries were set at the time of admission in December 2014. Executive Directors received a merit increase of 3%, effective January 1, 2016, in line with the average increase across the wider workforce.</td>
<td>Effective January 1, 2017 the base salaries of the Executive Directors were increased by 3% in line with the average increase across the wider workforce.</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Executive Directors may receive various market-competitive benefits, which may include: a company car (or cash equivalent), travel allowance, private medical and dental insurance, travel accident policy, disability and life assurance. Where appropriate, other benefits may be provided to take account of individual circumstances, such as but not limited to: expatriate allowances, relocation expense, housing allowance and education support.</td>
<td>Executive Directors’ benefits primarily consisted of healthcare.</td>
<td>No change.</td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td>Executive Directors may receive contributions into a defined contribution scheme, a cash allowance, pension benefits in the form of profit-sharing contributions into the US qualified 401(k) plan, Company matching on 401(k) elected deferrals, or a combination thereof.</td>
<td>The CEO received pension contributions of 17.5% of salary plus any Company matching on 401k elected deferrals. The CFO received pension contributions of profit-sharing contributions of 4% of pay, plus any Company match of 75% on elected deferrals up to 4.5% of pay.</td>
<td>No change.</td>
</tr>
<tr>
<td><strong>Annual bonus</strong></td>
<td>Maximum bonus opportunities of 200% of salary. Bonuses are paid in cash and based on a combination of stretching financial and non-financial/strategic performance measures, with the majority assessed against the financial performance metrics. Clawback provisions apply which allow the Company to seek redress in the event that the Committee determines that the Company’s results have been materially misstated or an individual’s conduct has amounted to gross misconduct. The Committee has discretion to adjust the formulaic bonus outcomes both upwards and downwards (including to zero) to ensure alignment of pay with performance, e.g. in the event performance is impacted by unforeseen circumstances outside of management control.</td>
<td>The CEO had a maximum annual bonus opportunity of 200% of salary and the CFO 120% of salary. The 2016 annual bonus was subject to net revenue, net income and pipeline milestones, each with a one-third weighting. As an additional underpin, no bonus would be paid in respect of the net income portion of the annual bonus if the Company violates its debt covenants.</td>
<td>No change.</td>
</tr>
<tr>
<td>Remuneration element</td>
<td>Key features</td>
<td>How the Policy was implemented for 2016</td>
<td>Changes to implementation of Policy for 2017</td>
</tr>
<tr>
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<tr>
<td>LTIP</td>
<td>The maximum award that may be made under the LTIP is 600% of salary. Awards may consist of grants of performance shares and/or options which vest after a period of at least three years, subject to the achievement of key financial and strategic performance conditions. Awards may be scaled back prior to vesting, in the event that the Committee determines that the Company’s results have been materially misstated or an individual’s conduct has amounted to gross misconduct. Where LTIP awards have vested, the Committee has the discretion to ‘clawback’ awards up to the fifth anniversary of the grant of the awards in the circumstances described above. For LTIP awards granted in 2016 and future years, awards made to Executive Directors are subject to an additional two-year holding period following the end of the three-year performance period. The Committee has discretion to adjust the formulaic LTIP outcomes to improve the alignment of pay with value creation for shareholders to ensure the outcome is a fair reflection of the performance of the Company.</td>
<td>The CEO received an LTIP award with a face value of 600% of salary and the CFO 500% of salary. Awards made in 2016 are subject to:  - Key pipeline milestones  - Relative TSR vs FTSE 250  - Relative TSR vs S&amp;P1500 Pharmaceutical &amp; Biotech Index. Each measure will have a one-third weighting. Further details are provided on page 78.</td>
<td>No change.</td>
</tr>
<tr>
<td>All-employee plans</td>
<td>The Company operates an HMRC-approved SAYE plan for UK employees and US Employees Stock Purchase Plan (ESPP) for US employees.</td>
<td>The Company operated these all-employee plans during 2016. No awards were made to the Executive Directors as they were not eligible to join.</td>
<td>The Company intends to operate these all-employee plans during 2017.</td>
</tr>
<tr>
<td>Shareholder alignment</td>
<td>The Committee recognizes the importance of aligning Executive Directors’ and shareholder interests through Executive Directors building up significant shareholdings in the Company. The shareholding requirement is 500% of salary for both the CEO and CFO.</td>
<td>The CEO retained shares following the vesting of awards during the year to build towards his shareholding guideline. The CFO did not have any awards vesting during the year. Further details can be found on page 83.</td>
<td>No change.</td>
</tr>
</tbody>
</table>

Daniel J. Phelan  
Chairman of the Remuneration Committee  
March 7, 2017
The Directors of the Company present their Annual Report together with the audited consolidated financial statements of the Company for the year ended December 31, 2016.

Indivior PLC (‘Indivior’ or the ‘Company’) is a company incorporated in England and Wales and domiciled in the UK with registered number 9237894.

The Company was incorporated as a public limited company on September 26, 2014. The Directors’ Report forms part of the management report as required under DTR 4.1.8R of the UK Listing Authority’s Disclosure Guidance and Transparency Rules. The Strategic Report on pages 2 to 55 includes forward-looking statements indicating important events affecting the Company, future likely developments and the Company’s business model and strategy. The Corporate Governance Report on pages 56 to 76 is incorporated into the Directors’ Report by reference.

The following information fulfilling the further disclosure requirements contained in the Companies Act 2006, Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the FCA’s Listing Rules and Disclosure Guidance and Transparency Rules have been included elsewhere within the Annual Report and are incorporated into the Directors’ Report by reference.

Disclosure | Location
--- | ---
Future business developments and R&D activities | Strategic Report (pages 30 to 34)
Financial risk management | Strategic Report (pages 49 to 53)
Greenhouse gas emissions | Strategic Report (pages 42 to 43)
Directors’ Responsibilities Statement | pages 95 to 96

Both the Directors’ Report and the Strategic Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law. The liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.

**Dividends**
The consolidated income statement is on page 104. Profit for the financial year attributable to equity shareholders amounted to $149m.

A second interim dividend of 9.5 cents per share (7.30p per share) was paid on July 29, 2016 to shareholders on the register on June 17, 2016. This, together with the first interim dividend of 3.2 cents per share (2.08p per share) resulted in a total dividend of 12.7 cents per share (9.38p per share) for the financial year ended December 31, 2015. The Directors do not recommend payment of a dividend in respect of the financial year ended December 31, 2016. This is in line with the dividend policy approved by the Board, which is based on the expectation that no ordinary dividends will be paid for the foreseeable future. The Directors are of the view that this policy remains appropriate for the Company in light of its current financial position, strategy and prospects and the continuing uncertainties faced. These uncertainties include ongoing litigation, the level of gross debt together with associated covenants and the need to establish more diverse revenue streams.

The Indivior PLC Employee Benefit Trust (the ‘EBT’) has waived its entitlement to dividends on shares held in the Trust Fund for which the Trustee holds the whole of the beneficial interest. The total dividend waived during the financial year was £22,098.

**Directors and their interests**
The Directors of the Company as at the date of this report are Mark Crossley, Yvonne Greenstreet, A. Thomas McLellan, Tatjana May, Lorna Parker, Daniel J. Phelan, Howard Pien, Chris Schade, Daniel Tassé, Shaun Thaxter and Lizabeth Zlatkus. Adrian Hennah retired at the AGM in 2016 and did not offer himself for re-appointment. Rupert Bondy resigned as a Director on September 30, 2016. Since the end of the financial year, Tatjana May and Mark Crossley have been appointed as Directors (on February 1, and February 21, 2017 respectively). Cary Claiborne resigned as a Director on March 7, 2017.

Biographical details of the current Directors appear on pages 58 to 59. Details of Directors’ interests in the Company’s ordinary shares, including any interest in share awards and long-term incentive plans, are set out in the Directors’ Remuneration Report on pages 77 to 91.

No Director held a material interest at any time during the year in any derivative or financial instrument relating to the Company’s shares.

**Directors’ indemnity arrangements and insurance cover**
In accordance with the Company’s Articles of Association and to the extent permitted by law, the Directors have been granted an indemnity from the Company in respect of liability incurred as a result of their office. In addition, the Company maintained Directors’ and Officers’ liability insurance throughout the year. Neither the indemnity nor the insurance provide cover in the event that a Director is found to have acted dishonestly or fraudulently.

**Appointment and powers of Directors**
The Company’s Articles of Association give the Directors power to appoint and replace Directors.

The Articles of Association require Directors to retire and submit themselves for re-appointment at the first Annual General Meeting (‘AGM’) following their appointment and thereafter every three years. Notwithstanding these provisions of the Articles of Association, in compliance with the UK Corporate Governance Code and in line with previous years, all Directors wishing to continue in office will offer themselves for re-appointment by shareholders at the 2017 AGM.

Details of unexpired terms of Directors’ service contracts are set out in the Annual Report on Remuneration on page 89.

The Directors are responsible for managing the business of the Company and may exercise all the powers of the
Company, subject to the provisions of relevant statutes, to any directions given by special resolution and the Articles of Association. Powers relating to the issuing of shares are also included in the Articles of Association and such authorities are renewed by shareholders at the AGM each year, see page 38.

Principal risks and uncertainties
The principal risks and uncertainties facing the Group have been reviewed by the Board and detailed on pages 49 to 53, where information is also provided on the performance of the Board in actively managing those risks.

People
During the year under review, the Company employed an average of 934 people worldwide (2015: 831). The Company’s business priority is to safeguard the wellbeing, development and safety of its employees and those who work with it. It also wants employees to have opportunities to grow and progress as part of an enjoyable career.

The Company is an inclusive and equal opportunity employer that relies on HR specialists throughout its worldwide locations to ensure compliance with all applicable laws governing employment practices and to advise on all HR policies and practices, including, for example recruitment and selection, training and development, promotion and retirement. Company policies seek to create a workplace that has an open atmosphere of trust, honesty and respect. Harassment or discrimination of any kind based on race, color, religion, gender, age, national origin, citizenship, mental or physical disabilities, sexual orientation, veteran status, or any other similarly protected status is not tolerated. This principle applies to all aspects of employment from recruitment and promotion, through to termination and all other terms and conditions of employment. It is Company policy not to discriminate on the basis of any unlawful criteria, and its practices include the prohibition on the use of child or forced labor. Employment policies are fair and equitable and consistent with the skills and abilities of the employee and the needs of the business.

The Company is committed to offering equal opportunities in recruitment, training, career development and promotion to all people, including those with disabilities, having regard for their particular aptitudes and abilities. As a matter of policy, full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the Group an opportunity for retraining and for continuation in employment. It is Group policy that the training, career development and promotion of disabled persons should, as far as possible, be the same as that of other employees. Employees and their representatives are briefed and consulted on all relevant matters on a regular basis in order to take their views into account with regard to decision-making and to achieve a common awareness of all the financial and economic factors affecting the performance of the Group. Information relevant to the employees is provided to them and, where appropriate, to employee trade union representatives.

The Company supports the wider fundamental human rights of its employees worldwide, as well as those of its customers and suppliers.

Greenhouse gas emissions
Disclosures concerning the Group’s greenhouse gas emissions are contained within the ‘Environment and climate change’ section of the Strategic Report, on pages 42 to 43 and form part of the Directors’ Report disclosures.

Share capital
Details of the Company’s share capital and the rights attached to the Company’s shares are set out in Note 12 on page 127.

The Company has one class of ordinary shares which carry no rights to fixed income. Each share carries the right to one vote at general meetings of the Company. The ordinary shares are listed on the Official List and traded on the London Stock Exchange. As of December 31, 2016, the Company had 720,597,566 ordinary shares in issue. The Company does not hold any shares in Treasury.

The rights and obligations attached to the Company’s ordinary shares are set out in the Articles of Association. There are no restrictions on the voting rights attaching to the Company’s ordinary shares or the transfer of securities in the Company except, in the case of transfers of securities:

- That certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- Pursuant to the Listing Rules of the UKLA whereby certain employees of the Company require approval from the Company, to deal in the Company’s ordinary shares.

No person holds securities in the Company which carry special voting rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights.

The Company has a Sponsored Level 1 American Depository Receipt (‘ADR’) program in the US.

Authority to issue shares
At the 2017 AGM, the Directors will ask shareholders to renew the authority last granted to them at the 2016 AGM to allot shares up to a maximum of an amount equivalent to two-thirds of the shares in issue (of which one-third must be offered by way of rights issue). The renewed authority will apply until the conclusion of the 2018 AGM.

Two separate special resolutions will be proposed at the 2017 AGM, to authorize the Directors to allot equity shares in the Company for cash, without regard to the pre-emption provisions of the Companies Act 2006. These authorities are also renewable annually. The authorities sought are in line with institutional shareholder guidance.

Authority to purchase own shares
At the AGM in 2016, shareholders approved a resolution for the Company to make purchases of its own shares to a maximum number of ordinary shares, being approximately 10% of the issued share capital. As at December 31, 2016 the full extent of this authority remained in force and unutilized. The authority is
renewable annually and shareholders will be asked to approve an equivalent resolution at the 2017 AGM.

The Directors consider it desirable for these general authorizations to be available in order to maintain an efficient capital structure, but will only purchase the Company’s shares in the market if they believe it is in the best interests of shareholders generally.

Articles of Association
The Articles of Association may be amended by special resolution of the shareholders.

Significant agreements – change of control
There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover, such as commercial contracts, bank agreements, property lease arrangements and employee share plans. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole.

There are no significant agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid, except that provisions of the Company’s share plans may cause options and awards granted under such plans to vest on a takeover.

There is no information that the Company would be required to disclose about persons with whom it has contractual or other arrangements which are essential to the business of the Company.

The Board acknowledges that there are other significant stakeholders, in addition to shareholders, who provide valuable feedback and help shape the Company’s overall approach to governance.

Political donations
There were no political donations, as defined in the Companies Act 2006, during 2016 (2015: nil). The Company’s US subsidiaries do make ‘political donations’ as defined under UK law, but these donations are not subject to that law. Donations by US subsidiaries will not exceed US$500,000.

Branches
The Group has branches in Finland, Greece, Norway and Sweden and a representative office in Singapore.

Disclosure of information to the External Auditor
Each of the Directors who held office at the date of approval of this Directors’ Report confirm that:

- so far as he/she is aware, there is no relevant audit information of which the Company’s External Auditor is unaware; and
- each Director has taken all the reasonable steps to ascertain any relevant audit information and ensure the External Auditor is aware of such information.

For these purposes, relevant audit information means information needed by the Company’s External Auditor in connection with the preparation of their report on pages 97 and 103.

External Auditor
PricewaterhouseCoopers LLP have agreed to be re-appointed as the External Auditor of the Company. Resolutions for their re-appointment, and to authorize the Audit Committee to determine their remuneration, will be proposed at the forthcoming AGM.

Financial risk management
Details of the Group’s use of financial instruments, together with information on the Company’s risk objectives, policies and exposure to price, credit, liquidity, cash flow and interest rate risks, can be found on page 122.

Substantial shareholdings
Pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules, the Company has been notified of the following major interests (3% or more) in its issued ordinary share capital, as of the below dates.

<table>
<thead>
<tr>
<th>Substantial Shareholdings</th>
<th>December 31, 2016 (% of total voting rights)</th>
<th>March 7, 2017 (% of total voting rights)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harbor International Fund</td>
<td>5.92</td>
<td>3.98</td>
</tr>
<tr>
<td>Old Mutual</td>
<td></td>
<td>5.63</td>
</tr>
<tr>
<td>Scopia Capital Management</td>
<td>13.01</td>
<td>14.04</td>
</tr>
</tbody>
</table>

Disclosures required under Listing Rule 9.8.4
There are no disclosures required to be made under UK Listing Rule 9.8.4. Details of long-term incentive plans can be found in the Directors’ Remuneration Report on pages 77 to 91.

Post-balance sheet events
There have been no significant events affecting the Group from December 31, 2016 to the date of this Report requiring disclosure.

Annual General Meeting (AGM)
The AGM will be held at 3.00pm on Wednesday May 17, 2017 in the Wessex Ballroom, Renaissance London Heathrow, Bath Road, Hounslow, Middlesex TW6 2AQ. A full description of the business to be conducted at the meeting is set out in the Notice of AGM, available from the Company’s website www.indivior.com.

By Order of the Board
Kathryn Hudson
Company Secretary

Indivior PLC
103-105 Bath Road
Slough, Berkshire, SL1 3UH

Company registration number: 9237894
March 7, 2017
Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors’ Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (‘IFRS’), as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company, and of the profit or loss of the Group and parent Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed for the Group financial statements and the United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Parent Company’s transactions, and disclose with reasonable accuracy, at any time, the financial position of the Group and the Parent Company, and enable them to ensure that the financial statements and the Directors’ Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Parent Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors’ Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the Group and Parent Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group and Parent Company’s position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 58, confirm that, to the best of their knowledge:

- the Parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 “Reduced Disclosure Framework”, and applicable law) give a true and fair view of the assets, liabilities, financial positions and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors’ Report and Strategic Report, includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to the External Auditor

A Directors’ statement in relation to disclosure of relevant audit information can be found in the Directors’ Report on page 94.

Going concern

The Group’s business model, strategy, and viability assessment are set out in the Strategic Report on pages 2 to 55, along with the principal risks that could threaten the Group’s business model, future performance, solvency or liquidity and the Group’s risk management strategy. The Group’s financial position, cash flows, liquidity position and financial assets and liabilities are discussed in Note 15 to the Group Financial Statements, along with the Group’s objectives, policies and processes for managing its financial risks, and the Group’s exposure to liquidity risk and capital risk.

The Directors have given the going concern assessment due consideration and have concluded that it is appropriate to prepare the Group financial statements on a going concern basis. The Directors have considered the Group’s strategic plan, in particular with reference to the period for at least one year from the financial statements date. In addition to the assessment of generic manufacturers’ challenges to the intellectual property of Suboxone® Film and the development of the Group’s research and development portfolio, the Directors have assessed the Group’s...
ability to maintain compliance with the financial covenants in its debt facility and raise additional funding in the financial markets.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for at least one year from the financial statements date. However, as disclosed on Note 20 relating to the Department of Justice and Federal Trade Commission investigations and antitrust litigation an amount of $219m has been established as a reserve for all of these matters. The final amount might be materially higher than this reserve. This could impact the Group's and Parent Company's ability to operate, which would be further adversely impacted should revenues decline and pipeline products fail to obtain regulatory approval, all of which could mean the Group and the Parent Company cannot continue in business without taking necessary measures to reduce its cost base and improve its cash flow. As such, this indicates a material uncertainty that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. However, the Directors believe they have the ability to carry out the necessary measures and that the Group and Parent Company can continue as a going concern for at least one year from the financial statements date. Accordingly, the Directors continue to adopt the going concern basis for accounting in preparing these financial statements, which do not include any adjustments that might result from the outcome of this uncertainty. This statement is made to fulfill the requirements of Provision C.1.3 of the UK Corporate Governance Code.

By Order of the Board

Kathryn Hudson
Company Secretary of Indivior PLC
103-105 Bath Road
Slough, Berkshire, SL1 3UH

Company Registration number: 9237894
March 7, 2017