Chairman’s introduction to Corporate Governance

A year of progress

“On behalf of the Board, I am pleased to present Indivior’s Corporate Governance Report 2017. The Board of Indivior is committed to maintaining high standards of corporate governance and during 2017 the Board and its committees continued to focus on good governance practices throughout the business.”

Howard Pien
Chairman

The Board of Indivior monitors compliance with the requirements of the UK Corporate Governance Code (the ‘Code’). Throughout 2017, Indivior was fully compliant with the main principles of the Code and all relevant provisions.

Board and committee changes
The Indivior Board leads the Group and oversees its governance. It defines our values and it shapes our culture, which is a key driver of our success as an organization.

We constantly aim to harness the expertise of our Directors to Indivior’s best advantage, and during 2017 the Board continued to review its composition, and that of its principal committees. As a result, various changes were made during the year to the composition of the principal committees. These changes are detailed on page 64.

Board evaluation
Each year, we conduct an evaluation to assess the performance and effectiveness of the Board, its principal committees, and its Directors. The Code requires that every three years the Board evaluation should be conducted by an external facilitator. Accordingly, in 2017 we engaged Lintstock, which has no other connection with the Company, to undertake a review of the Indivior Board and its principal committees. The review took place during the second half of the financial year.

During the review, Lintstock undertook a confidential interview with each of the Directors and the Company Secretary. Among the topics discussed were the strengths and values of the Board, the quality of succession planning, the interaction of the Board with the business, the process of strategic planning, and the management of risk. The Board has reflected on the outcomes of the review and is pleased to report that the review found that the Directors are strategically aligned and working cohesively. A number of actions were identified. More information regarding the review can be found in the section entitled Board Effectiveness Review within this report.

Board diversity
At Indivior, we believe diversity, in its broadest sense, is an important factor in Board effectiveness. It also supports our distinctive culture, and as such is a key source of competitive advantage.

New appointments to the Board are made on merit, taking account of the specific skills and experience required, thereby ensuring a resourceful Board and the diversity benefits each candidate brings to the overall Board composition.
“The Board of Indivior defines Indivior’s values and shapes Indivior’s culture, which is a key driver of our success as an organization.”

**Activities during the year**

At its meetings the Board monitors and reviews progress against strategy in all business areas, receiving regular reports from the Chief Executive Officer, Chief Financial Officer and Chief Legal Officer. In addition to its routine business, Board highlights during the year included:

- engaging in the first externally-facilitated evaluation of its own performance and that of its principal committees. The review was in line with the requirements of the Code and used a combination of online survey and confidential one to one interviews with the Directors and Company Secretary, facilitated by Lintstock;
- closely monitoring progress with preparations for the launch of SUBLOCADE™; and
- keeping under review ongoing litigation matters, supported by regular updates from the Chief Legal Officer and external legal counsel.

**Directors’ Remuneration Policy**

During 2017, our Remuneration Committee undertook a full review of remuneration arrangements, this being the first full review since the Company listed. As part of this review, the Company has engaged with its largest shareholders to understand their views and concerns and as a result a number of changes are proposed. Our remuneration philosophy continues to be focused on aligning the incentivization of our senior executives with our strategy and the value drivers of the business.

Full details of the proposed Directors’ Remuneration Policy are set out in the Directors’ Remuneration Report on pages 83 to 106.

**Other key Board activities**

Throughout 2017, the Board and its committees were closely involved in all major developments. In particular, our Science & Policy Committee provided invaluable support and guidance in working closely with Dr. Christian Heidbreder, Chief Scientific Officer, and his team, in the months leading up to the FDA’s approval of our new product, SUBLOCADE™. Similarly, the Board retained oversight of litigation matters, leading the Group’s efforts to protect the interests of our Group and our shareholders. The Executive Directors also continued to engage regularly with our shareholders, conducting roadshows and presentations and keeping investors up to date with core activities.

Looking ahead, I will continue to work alongside my fellow Board members to further consolidate our governance policies and processes, as we remain focused on ensuring the Group’s long-term success and tackling the opioid addiction crisis.

**Howard Pien**
Chairman

March 6, 2018
The right combination of knowledge and experience to grow the business worldwide

1. Howard Pien
   Chairman
   **Skills and experience:**
   - Over 30 years of pharmaceutical and biotechnology industry experience
   - Vanda Pharmaceuticals, Inc.: Non-Executive Chairman (2010-2016)
   - Chiron, Corp: President and CEO (2003-2006) and later Chairman of the Board (2004-2006)
   - Medarex Inc.: CEO and President (2007-2009)
   - Abbott Laboratories and Merck & Co.: Product Manager, Business Unit Director, cardiovasculars, anti-infectives (1986-1991)
   **Other current appointments:**
   - Juno Therapeutics Inc.: Chairman of the Board
   - Sapience Therapeutics: Chairman

2. Shaun Thaxter
   Chief Executive Officer
   **Skills and experience:**
   - Over 25 years of pharmaceutical and prescription products industry experience
   - Appointed CEO of Indivior at time of Reckitt Benckiser Pharmaceuticals demerger
   - Institute of Directors (IoD): Chartered Director and Fellow
   - National Association of Corporate Directors (NACD): Board Leadership Fellow
   - Reckitt Benckiser Pharmaceuticals, Inc.: President
   - Reckitt Benckiser: Global Category Manager

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 (NACD): Board Leadership Fellow
4. Daniel Tassé
Senior Independent Director

Skills and experience:
- Over 35 years of pharmaceutical 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 pharmaceutical industry experience
- Experienced in medicines development, medical affairs and business development
- Pfizer Inc.: SVP Medicines Development (2010-2013)
- GlaxoSmithKline: various executive positions (1992-2010)

Other current appointments:
- Alnylam: Chief Operating Officer
- Pacira Pharmaceuticals, Inc.: Director
- Moelis & Company: Independent Director

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)

Other current appointments:
- EIP Pharma, LLC: Board of Managers
- The National Youth Orchestra of Great Britain: Trustee

7. A. Thomas McCellan PhD
Non-Executive Director (Chair)

Skills and experience:
- Over 35 years as a career researcher in the treatment and policy-making around substance use and abuse field
- Published over 450 articles and chapters on addiction research
- Treatment Research Institute (TRI): Co-founder, CEO and Chairman until September 1, 2016

Other current appointments:
- Serves on several editorial boards of scientific journals

8. Lorna Parker
Non-Executive Director (Chair)

Skills and experience:
- Over 25 years of executive search, management assessment and board consulting experience
- Conducts board effectiveness reviews for FTSE 100 companies
- Spencer Stuart: Partner (1989-2008); led the private equity practice across Europe and the legal search practice globally
- BC Partners: Senior Advisor (2008-2016)

Other current appointments:
- CVC Capital Partners: Senior Advisor
- Manchester Square Partners: Senior Advisor
- Royal Horticultural Society: Trustee
- National Opera Studio: Trustee

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

Skills and experience:
- Over 30 years of pharmaceutical 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)
- Computer Sciences Corporation: Advisory Board Member (2013-2015)
- RiseSmart: Advisory Board Member (2012-2016)
- Rutgers University Board of Trustees: Member (2013-2017)

Other current appointments:
- TE Connectivity Ltd: Board Director

10. Chris Schade
Non-Executive Director (Chair)

Skills and experience:
- Over 20 years of pharmaceutical and financial industry experience
- Omthera Pharmaceuticals, Inc.: CFO, EVP (2011-2013)
- NRG Energy, Inc.: CFO, EVP (2010-2011)

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

11. Lizabeth Zlatkis
Non-Executive Director

Skills and experience:
- The Hartford: various senior executive positions (1996-2011)
- Financial and risk expert
- Audit, Risk Compensation and Nomination Committee experience
- Legal & General: Non-Executive Director (2013-2016)
- Computer Sciences Corporation (2016-2017)

Other current appointments:
- Boston Private Financial Holdings: Non-Executive Director
- SE2: Board member
- Connecticut Science Center: Board of Trustees, Executive Committee member
- Penn State Business School: Board member and past Chair

12. Kathryn Hudson
Company Secretary

Skills and experience:
- Over 15 years of experience as a Chartered Secretary
- Fellow of the Institute of Chartered Secretaries and Administrators
- Kingfisher plc: Company Secretary (2012-2015)
- Senior Company Secretarial positions at Burberry Group plc and ICAP plc

- Audit Committee
- Remuneration Committee
- Nomination & Governance Committee
- Science & Policy Committee
- Disclosure Committee
Our Executive Committee

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 and Innovation 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

Delivering strategy and results in a challenging  
and changing industry
9. Frank Stier
Chief Manufacturing and 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:

- 19+ years

Professional qualifications:

- Neurologist
- Masters in Public Health
- New York State Medical License

Key previous roles:

- PATH: Global Program Leader, Drug Development
- Pfizer, Inc.: Vice President, Global Access, Emerging Markets
- Pfizer, Inc.: Vice President, Medical Affairs
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 April 2016 by the Financial Reporting Council.

Compliance with the UK Corporate Governance Code

As a premium listed company on the London Stock Exchange, the Company is reporting in accordance with the UK Corporate Governance Code (the ‘Code’) which sets out standards of good practice in relation to Board leadership and effectiveness, remuneration, accountability and relations with shareholders. A copy of the Code is available from the FRC website www.frc.org.uk.

An updated version of the Code was published in April 2016 and applies to companies with financial years starting on or after June 17, 2016. The Company has taken account of the changes to the Code and reports formally in accordance with the Code in this Annual Report. The Company has applied the main principles of the Code and has complied with all relevant provisions throughout the year under review.

The Board

The Board has established a formal schedule of matters reserved for its approval and has delegated specific responsibilities to its principal committees, being the Audit Committee, Remuneration Committee, Nomination & Governance Committee and Science & Policy Committee.

Each committee operates under its own clearly defined Terms of Reference, which were reviewed and amended, where necessary, 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 72 to 84.

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, Cary Claiborne stepped down as Chief Financial Officer and Mark Crossley was appointed. Also during the year, Tatjana May was appointed as a Non-Executive Director and a member of the Remuneration and Nomination & Governance Committees. When recruiting, the balance of experience and skills of the Board was a key factor taken into consideration.

Throughout the year, the Board continued to review its composition, and that of its principal committees. As a result, Daniel Tassé stepped down from the Nomination & Governance Committee and was appointed to the Science & Policy Committee. Later in the year, he stepped down from this Committee and was appointed to the Remuneration Committee. Lizabeth Zlatkus stepped down from the Remuneration Committee and was appointed to the Science & Policy Committee.

Biographical details of each of the Directors are set out on pages 60 to 61.

<table>
<thead>
<tr>
<th>Principal Board Committees</th>
<th>Executive Committee</th>
<th>Disclosure Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Committee</td>
<td>Oversight of the implementation of the Company’s strategic plan</td>
<td>Oversight of disclosure and reporting requirements and the identification of inside information</td>
</tr>
<tr>
<td>Nomination &amp; Governance Committee</td>
<td>Oversight of Board composition, succession planning, governance and corporate compliance</td>
<td></td>
</tr>
<tr>
<td>Remuneration Committee</td>
<td>Oversight of the link of reward to strategy</td>
<td></td>
</tr>
<tr>
<td>Science &amp; Policy Committee</td>
<td>Oversight of pipeline research &amp; development</td>
<td></td>
</tr>
</tbody>
</table>

In addition to the Board’s principal committees (Audit, Nomination & Governance, Remuneration and Science & Policy), the Board is supported by the work of the Executive Committee. The Disclosure Committee, which comprises members of the Executive Committee and the Company Secretary, provides a forum for the review and identification of inside information and the related disclosure and reporting requirements. Further details of each of the Board’s principal committees, including membership, are set out in the reports from each of the committee chairmen.
Roles and responsibilities of the Board

The Board is collectively 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 Group’s purpose of pioneering life-transforming treatments for patients suffering from addiction and its co-occurrences. The Board met regularly throughout the year and, 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 ensures that sufficient measures are available to meet the objectives set.

The Board is responsible for:

- approval of the Group’s strategic aims and objectives, and review of 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 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 delegated responsibility for the day-to-day management of the business to the Chief Executive Officer.

The formal schedule of matters reserved for the Board is available to view on the Company’s website www.indivior.com.

Diversity and Inclusion

At Indivior we value our distinctive culture and believe it is a key source of sustainable competitive advantage. We believe inclusion and diversity in its broadest sense enables innovation, continuous improvement of quality, and increased speed and efficiency in meeting the various needs of our patients, customers and stakeholders.

Our Diversity and Inclusion Policy reflects our beliefs and values. Supporting and promoting the diversity of our people is an important priority for the Group and we have focused on developing an inclusive culture that values all employees regardless of their age, disability, gender, race, sexual orientation or other protected characteristics. We achieve this through targeted sourcing of people from diverse backgrounds and cultures and an ongoing focus on creating an environment that allows our talented people to prosper.

Within the Indivior workplace environment, everyone has an equal opportunity to perform at the highest levels and realize their potential. This applies to all aspects of our employment policies and practices.

Our Board and Executive Committee are made up of individuals from a broad, diverse background; comprising 36% women on the Board and 20% on the Executive Committee. At senior leadership level in the organization, we continue to make good progress at increasing gender diversity, with 44% female representation. We are focused on continuous challenge and development in this area. During the year, the Indivior Women in Leadership Program was developed and launched in the US headquarters and it is anticipated that this blueprint will be extended across the Group in due course.

1. Those who are direct reports of a member of the Executive Committee
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 Group’s business, for implementing strategy and delivering performance against plans. He leads Indivior’s interactions on matters of policy and reform regarding the biopharmaceutical industry.
Throughout the year the Chairman met and maintained contact with the Senior Independent Director, 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. 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 acts as a sounding board for the Chairman and serves as an intermediary for other Directors as necessary. He is also available to shareholders, should a need arise, to convey concerns to the Board which they have been unable to convey through the Chairman of the Board or through the normal channel of the Chief Executive Officer.

During the year, led by the Senior Independent Director, the Non-Executive Directors met to appraise the Chairman’s performance.

Non-Executive Directors
The Non-Executive Directors play a key role and bring an independent perspective to Board discussion. The Company has benefited from the broad range of skills and experience which the Non-Executive Directors bring, ranging from business, finance, academic, scientific, private equity and pharmaceutical sectors.
Throughout the year they have constructively challenged and helped develop proposals on strategy, scrutinized the performance of management in meetings, agreed goals and objectives, and monitored the Group’s risk profile and reporting of performance.
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 they remain 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 Secretarial team) acts as Secretary to the Audit and Science & Policy Committees.

Role of the Board committees
The Board is supported by a number of principal committees: the Audit, Nomination & Governance, Remuneration and Science & Policy committees.
The Chair of each principal committee reports on the activities of the committee at the following Board meeting. Copies of all papers and the minutes of meetings of the principal committees are available to all Directors. The reports of the Audit, Nomination & Governance and Science & Policy Committees are set out on pages 72 to 82. The report of the Remuneration Committee is set out on pages 83 to 84.
In addition to the principal committees, the Company also has two further committees:

Executive Committee
The Executive Committee is chaired by the Chief Executive Officer. The 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.

Disclosure Committee
The Disclosure Committee is chaired by the Chief Financial Officer. The Committee comprises the Chief Financial Officer, the Chief Commercial & Strategy Officer, the Chief Legal Officer, the Chief Scientific Officer and the Company Secretary. The Committee meets as necessary and has responsibility for oversight of the disclosure of information in accordance with the EU Market Abuse Regulation and the FCA’s Disclosure Guidance and Transparency Rules.
Biographical details of the members of the Executive Committee and the Company Secretary are set out on pages 61 to 63.
Board effectiveness

The role of the Board and its committees

Board and committee attendance

All Directors are expected to attend each Board meeting and all meetings of the committees of which they are a member, save for in exceptional circumstances. To maximize attendance, scheduled meetings are arranged at least a year in advance to help Directors avoid clashes with other commitments. If a Director is unable to attend a meeting, they are provided with the briefing materials before the meeting and can discuss any agenda item with the Chairman, Chief Executive Officer or relevant Committee Chairman. Board and committee meetings are held in the UK and the US.

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

Activities during the year

During the year, the Board held five scheduled meetings and an additional five 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>
</tr>
</thead>
</table>
| February        | - Litigation update
|                 | - Review of 2016 full-year results and draft Annual Report
|                 | - D&O Insurance review
|                 | - Update on commercial operations and various strategic projects
| February (Ad hoc) | - Review and approval of 2016 full-year results |
| February (Ad hoc) | - Review and approval of 2016 Annual Report |
| May (Ad hoc)    | - Q1 2017 financial results review |
| May             | - Litigation update
|                 | - Update on commercial and financial matters
|                 | - EU strategy
|                 | - AGM preparation
| July            | - Litigation update
|                 | - Update on financial matters
|                 | - Governance and compliance update
|                 | - Review of progress on strategic projects
| July (Ad hoc)   | - Review of half-year results and guidance for the remainder of the year |
| September       | - Review of financial plan
|                 | - Strategic update
|                 | - Litigation update
|                 | - Governance update
| November (Ad hoc) | - Q3 2017 financial results review
|                 | - Litigation update |
| November        | - Litigation and governance updates
|                 | - Board and committee performance review
|                 | - Discussion of various strategic projects and matters
|                 | - 2017 financial update and 2018 draft financial plan |
The table below gives details of Directors’ attendance at Board and committee meetings held during the year.

<table>
<thead>
<tr>
<th></th>
<th>Board</th>
<th>Audit Committee</th>
<th>Nomination &amp; Governance Committee</th>
<th>Remuneration Committee</th>
<th>Science &amp; Policy Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scheduled</td>
<td>Ad hoc</td>
<td>Scheduled</td>
<td>Ad hoc</td>
<td>Scheduled</td>
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<tr>
<td>Chairman</td>
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</tr>
<tr>
<td>Howard Pien</td>
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</tr>
<tr>
<td>Executive Directors</td>
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</tr>
<tr>
<td>Shaun Thaxter</td>
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<td>5/5</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Mark Crossley¹</td>
<td>4/4</td>
<td>5/5</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Yvonne Greenstreet</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>4/4</td>
<td>–</td>
</tr>
<tr>
<td>Tom McLellan</td>
<td>5/5</td>
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<td>–</td>
<td>–</td>
<td>5/5</td>
</tr>
<tr>
<td>Tatjana May²</td>
<td>5/5</td>
<td>4/5</td>
<td>–</td>
<td>–</td>
<td>5/5</td>
</tr>
<tr>
<td>Lorna Parker</td>
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<td>–</td>
<td>–</td>
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<tr>
<td>Dan Phelan</td>
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<tr>
<td>Chris Schade³</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>4/4</td>
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</tr>
<tr>
<td>Daniel Tassé</td>
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<td>5/5</td>
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<tr>
<td>Lizabeth Zlatkus</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>4/4</td>
<td>–</td>
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<tr>
<td>Former Directors</td>
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<td></td>
</tr>
<tr>
<td>Cary Claiborne⁴</td>
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<td>0/2</td>
<td>–</td>
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<td>–</td>
</tr>
</tbody>
</table>

1. Mark Crossley was appointed Chief Financial Officer on February 3, 2017 and attended the Board meeting held on February 13/14, 2017 as part of his induction program. He was formally appointed a Director of the Company on February 21, 2017. His attendance at Board meetings reflects those meetings he attended in his capacity as a Director of the Company.
2. Due to prior commitments arising before she joined the Board, Tatjana May was unable to attend the ad hoc Board meeting held in May 2017. She received papers for the meeting ahead of the meeting and had the opportunity to provide comments to the Chairman ahead of the meeting.
3. Due to unforeseen circumstances Chris Schade was unable to attend the Science & Policy Committee meeting held in September 2017. He received papers for the meeting ahead of the meeting and was updated on the work of the Committee by the Chairman of the Committee.
4. Cary Claiborne stepped down from his role as Chief Financial Officer on February 3, 2017 and subsequently stepped down as a Director of the Board on March 7, 2017. He did not attend the Board meeting and two ad hoc Board meetings held in late February 2017 as agreed with the Board as part of his transition arrangements.
Board Effectiveness Review
This was the first time that the review of the effectiveness of the Board was externally facilitated. The Nomination & Governance Committee reviewed the proposed effectiveness review approach and timetable at its meeting in July 2017 and agreed the approach.

Following review, Lintstock were appointed to facilitate the Board effectiveness review. The review was carried out in accordance with the guidance in the Code and was facilitated by Oliver Ziehn of Lintstock. The Chairman of the Board, the Chairman of the Nomination & Governance Committee and the Company Secretary provided a comprehensive briefing to Lintstock in July 2017.

Initial feedback was gathered by way of an online survey completed by all Directors and the Company Secretary which was then used to inform and guide detailed interviews with each Board member and the Company Secretary.

The draft conclusions of the report were discussed with the Chairman of the Nomination & Governance Committee and the Company Secretary.

Oliver Ziehn presented the outcomes of the effectiveness review at the Board’s meeting in November 2017. Each of the committees considered the report on the effectiveness of their committee at their respective meetings.

The performance of the Chairman was also considered as part of the effectiveness review. The Senior Independent Director led the Non-Executive Directors in their review of the performance of the Chairman.

The review concluded that the effectiveness of the Board was highly rated, particularly with regard to boardroom dynamics and time allocation at meetings.

There were a number of recommendations arising from the review; these included:
- a greater focus on executive and non-executive succession planning. In particular, development of an orderly succession plan for those Non-Executive Directors who joined the Board at demerger;
- enabling the Non-Executive Directors to develop a deeper understanding of the Group’s patients; and
- spending time on a wide-ranging discussion about risk and devoting more time to the risk dashboard.

The Board has agreed to address these matters as part of its focus for the year ahead.

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 fulfil their roles. The Chairman and Non-Executive Directors are expected to set aside sufficient time to prepare for meetings.

Term of appointment
The Chairman and Non-Executive Directors are appointed for an initial term of three years. The initial term for the Chairman and those Non-Executive Directors who were appointed on demerger expired during the year. Following review and recommendation by the Nomination & Governance Committee, the Chairman and relevant Non-Executive Directors were appointed for a further three-year term.

The Nomination & Governance Committee has considered the need to ensure that there is an orderly succession plan in place for those Non-Executive Directors who were appointed at demerger and has agreed an approach.

External directorships
The Nomination & Governance Committee has approved a formal policy in respect of external appointments for Executive Directors and members of the Executive Committee. 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.

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 makes a recommendation to the Board.

All the Directors are seeking re-appointment at the forthcoming AGM to be held on May 16, 2018, 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.
**Induction and training**

A bespoke training and induction program is designed for each new Director to help provide them with a broad understanding of the business and regulatory and governance matters. The Company Secretary facilitates the induction of new Directors and monitors ongoing training needs and arranges for updates to be scheduled as required.

Following her appointment, Tatjana May 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 Group, together with applicable business policies. One-to-one meetings were arranged for Ms May to meet with members of the Executive Committee and other senior managers in the business, as appropriate. In addition, Ms May visited Indivior’s Fine Chemical Plant in Hull and accompanied clinical liaisons on their visits to physicians.

A tailored induction was arranged for Mark Crossley following his appointment as a Director. As Mr Crossley had previously served as Chief Strategy Officer, he already had a deep understanding of the Group’s operation. His induction therefore focused on a range of topics that directors of a UK listed company need to be familiar with, such as: an overview of the regulatory regime; rules on the disclosure and management of inside information; continuing obligations under the Listing Rules, especially with regard to annual reporting; the Code; current developments in corporate governance; and a reminder of directors’ duties under the Companies Act 2006 with specific reference to their application in a UK listed company environment.

The Company Secretary also arranged training sessions for the Board and committees. These included an externally facilitated session focusing on, among other things, Directors’ Duties and the EU Market Abuse Regulation.

**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.

**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 2018 AGM, all Directors will again seek re-appointment.

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 at 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 authorized 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 investors, which is live webcast and archived on the Company’s website. The Chief Executive Officer also presented financial and operational results, together with future strategy, at the Company’s AGM in May 2017.

Q1 and Q3 results are accompanied by a conference call with the Chief Executive Officer, Chief Financial Officer and other executives for investors and analysts – such calls are also live webcast.

During the year, the Chief Executive Officer, Chief Financial Officer and the Vice President, 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.

The Company also presented at and attended various healthcare sector investor conferences in the US and UK for the purposes of meeting investors. An investor event was held on June 29, 2017 to update investors on the RBP-6000-buprenorphine monthly depot phase III clinical results. Over the course of the year,
management held smaller group meetings with investing institutions in the US, UK and Europe. Further consultation with major shareholders took place concerning proposals for the new Remuneration Policy, as part of which face-to-face meetings with the Chairman of the Remuneration Committee were offered.

The Non-Executive Directors regularly receive presentations and updates from the Chief Executive Officer, Chief Financial Officer and the Vice President, 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 the Group’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 111 and 112.

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 72 to 79.

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 is set out on page 107 of the Directors’ Report which are incorporated by reference into this Corporate Governance Report.

Annual General Meeting
The Annual General Meeting (‘AGM’) provides shareholders with an opportunity to vote on the resolutions put to the meeting and is 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 held. The results of the poll are announced to the London Stock Exchange and published on Indivior’s website shortly after the end of the AGM.

In 2017, the resolutions proposing the re-appointment of Tom McLellan and Yvonne Greenstreet received a significant number of votes against.

The Company Secretary contacted a number of shareholders in advance of the AGM to understand the reason for these votes and it was reported that the significant level of votes cast against these resolutions was due to absences from certain Board and committee meetings in 2016.

Following the AGM, the Board considered this feedback and released a statement regarding these absences. In particular it was reported that Tom McLellan had not attended two scheduled Board meetings during the year as he had attended a meeting of cabinet and legislators in the US focused exclusively on opioid issues and had given apologies for a subsequent meeting as he had attended the US Government’s publication of the Surgeon General’s Report on Alcohol, Drugs and Health. The Board considered his attendance at these events was in the best interests of Indivior, of patients and of wider stakeholders. Yvonne Greenstreet was unable to attend a number of ad hoc meetings which were scheduled at relatively short notice.
On behalf of the Board
I am pleased to present
the Audit Committee
Report for the financial
year ended December

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
\- Daniel Tassé
\- Lizabeth Zlatkus

Role of the Committee
The Committee’s remit is set out in
detail in its Terms of Reference, which
are reviewed regularly and were last
updated in November 2017. They are
available on the Company’s website
www.indivior.com. 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 monitor the integrity of the
  Group’s financial reporting including
  all press releases relating to
  financial results, compliance with
  auditing standards and to review
  going concern assumptions;
\- to challenge, where necessary, the
  consistency of, and any changes to,
  accounting and treasury policies;
\- to review 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 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
  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;
\- considering and approving
  the remit of the Internal Audit
  function, ensuring it has adequate
  resources and all necessary access
to information to enable it to
perform its function effectively;
\- to oversee the relationship between
  the Group and the External Auditor
  and advise the Board how the
  External Auditor has contributed
  to the integrity of the Company’s
  financial reporting process and
  to report to the Board whether it
  considers the audit contract should
  be put out to tender, thereby
  conforming to the requirements for
tendering or rotation of the audit
services contract;
\- to review and monitor the
  External Auditor’s objectivity and
  independence, agree the scope
  of their work, negotiate and agree
  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 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 68.

The Committee as a whole has the necessary competence relevant to the sector in which it operates. Two members of the Committee constitute a quorum. The Committee has determined that Chris Schade and Lizabeth Zlatkus have recent relevant financial experience and competence in accounting or auditing. All Committee members are financially literate and 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 the 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.

During the year, the Committee held regular meetings with the External Auditor without an executive member of the Board present. The Committee Chairman reports the outcome of the meetings to the Board and copies of the minutes of the Committee meetings are circulated to all Directors.
Activities during the year

In order to fulfill the Committee’s Terms of Reference, the Committee has an annual work plan which includes standing items that the Committee regularly considers, which is in addition to any specific matters requiring the Committee’s attention. A summary of key matters the Committee considered and discussed at each meeting during the financial year are set out as follows:

### Activities in 2017

<table>
<thead>
<tr>
<th>Date of Meeting</th>
<th>Principal topics covered</th>
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<tbody>
<tr>
<td><strong>February</strong></td>
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<tr>
<td></td>
<td>Review Preliminary FY 2016 Financial Results</td>
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<td></td>
<td>Review Preliminary FY 2016 Financial Results Announcement and draft Annual Report</td>
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<td></td>
<td>Going Concern &amp; Viability Statement</td>
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<td></td>
<td>Year-End Accounting Items</td>
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<td>Reports from the Internal and External Auditors</td>
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<td>Financial Plan 2017</td>
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<td>Financial Guidance 2017</td>
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<td>RBP-6000-buprenorphine monthly depot</td>
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<td>RBP-7000-risperidone monthly depot</td>
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<td>Policy Review of Non-Audit Services and Non-Audit Fees</td>
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<td>Recommendation of re-appointment of External Auditor</td>
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<td>Special Projects</td>
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<td>Sarbanes Oxley Preparedness</td>
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<td><strong>February (Ad hoc)</strong></td>
<td>Review Preliminary FY 2016 Financial Results Announcement</td>
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<td><strong>April (Ad hoc)</strong></td>
<td>Q1 2017 Financial Results</td>
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<td></td>
<td>Key Financial Reporting Matters &amp; Going Concern</td>
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<td></td>
<td>Report from External Auditor</td>
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<td></td>
<td>Review of Q1 2017 Financial Results Announcement</td>
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<td><strong>May</strong></td>
<td>Finance Update</td>
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<td>Report from the Internal Auditor</td>
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<td>North American Overview</td>
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<td>Technical accounting and regulatory update from External Auditor</td>
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<td>Capital Structure</td>
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<td>RBP-6000-buprenorphine monthly depot</td>
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<td>Cyber Security</td>
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<td><strong>July</strong></td>
<td>Review Half-Year Results 2017</td>
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<td>IR Update</td>
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<td>Report from the Internal Auditor</td>
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<td>Corporate Compliance Program Update</td>
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<td>2017 Strategic Plan</td>
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<td>Internal Audit Services Charter</td>
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<td>Review of External Auditor Plan and fees</td>
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<td><strong>July (Ad hoc)</strong></td>
<td>Financial Guidance 2017</td>
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<td>Going Concern</td>
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<td>Non-Audit Services</td>
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<td>Report from the External Auditor</td>
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<td>Review of H1 2017 Financial Results Announcement</td>
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<td>Principal Risks &amp; Uncertainties</td>
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<td><strong>September</strong></td>
<td>Finance Update</td>
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<td>Related Party Transactions Policy</td>
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<td>Non-Audit Services</td>
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<td>Reports from the Internal Auditor</td>
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<td>Letter from External Auditor</td>
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<td>Review of Viability Statement Process</td>
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<td>Capital Structure</td>
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<td>RBP-6000-buprenorphine monthly depot</td>
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<td>Cost Structure Review</td>
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<td><strong>October (Ad hoc)</strong></td>
<td>Q3 2017 Financial Results Announcement</td>
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<td></td>
<td>Key Financial Reporting Matters &amp; Going Concern</td>
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<td>Report from External Auditor</td>
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<td><strong>November</strong></td>
<td>Financial Update</td>
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<td>Annual Review of External Auditor</td>
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<td>Review of Committee Terms of Reference</td>
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<td>Tax Strategy 2018</td>
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<td>Training delivered by External Auditor on Viability Statement and Cyber Security</td>
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<td></td>
<td>Capital Structure</td>
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<td></td>
<td>Review of Internal Audit Plan 2018</td>
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<td>Annual Review of the Committee</td>
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## Significant issues and material judgments

A key responsibility of the Committee is to review and agree the most significant management judgments and estimations that have been applied in the preparation of the financial statements. To satisfy this responsibility, the Committee receives an update at each Committee meeting from the Chief Financial Officer and other senior managers within the finance and treasury function of the Company. The Committee also receives reports from the External Auditor at each Committee meeting. The Committee 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 below.

### How the issue was addressed

<table>
<thead>
<tr>
<th>Significant issues the Committee considered</th>
<th>How the issue was addressed</th>
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<tr>
<td><strong>Group accounting policies, critical accounting estimates &amp; judgments</strong></td>
<td>The Committee reviewed accounting policies and the disclosures in the consolidated financial statements that related to critical accounting estimates and judgments. Coupled with presentations from senior management, the Committee challenged the judgments and assumptions relating to, amongst other items, revenue recognition, provisions relating to ongoing litigation, with particular reference to Dr. Reddy’s, the increase in provision for investigative and antitrust matters to $438m and regulatory risk.</td>
</tr>
<tr>
<td><strong>Going Concern</strong></td>
<td>Continuing uncertainties associated with ongoing litigation and the regulatory approval of SUBLOCADE™ has further highlighted the importance of the Committee’s evaluation as to whether the Company was a going concern when preparing the financial statements. This has remained a continuous theme for the Committee throughout the year. To assist the Committee, senior management provided all relevant financial information and the Committee consulted with the Company's External Auditor. Following review and discussion of all sensitivities, the Committee was able to confirm that it continues to be appropriate to follow the going concern basis of accounting in the financial statements. The Committee is cognisant of the requirements relating to the basis of preparation and changes in accounting policy when preparing the financial statements, as detailed in Note 2 to the financial statements.</td>
</tr>
<tr>
<td><strong>Viability Statement</strong></td>
<td>A presentation was made to the Committee by senior management detailing how the requirements in the UK Corporate Governance Code were satisfied to include a Viability Statement in the Annual Report. The Committee determined that a four-year period was an appropriate timeframe over which to make the Viability Statement and reflects the best estimate of the future prospects of the business, particularly in the context of any implications resulting from the UK’s decision to leave the EU. At the request of the Committee, and as part of the Committee’s ongoing training, it received additional guidance and instruction from the External Auditor focusing on the Committee’s responsibilities in reviewing the Viability Statement.</td>
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<tr>
<td><strong>Revenue recognition, including sales rebates, returns and discounts</strong></td>
<td>The Committee received a presentation from management covering revenue recognition and sales rebates, discounts and returns adjustments used to calculate net revenue. The Committee reviewed and challenged the Group’s accounting policy relating to revenue recognition and concluded the policy to be appropriate. The Committee also discussed the Group’s sales rebates and discounts, including the process and judgments applied in calculating these estimates. The Committee concluded that management were operating in an appropriate control environment thereby minimizing risk in this area.</td>
</tr>
<tr>
<td><strong>Amend and extend external debt</strong></td>
<td>Prior to the amend and extend of the Company’s term loan and revolving credit facilities, which took place in December 2017, the Committee was engaged in providing advice and guidance on the most appropriate timeframe and terms which the Company should obtain from the market. A review was conducted by the Committee of the prevailing financial market conditions and the approach the Company should take to ensure market pricing was competitive. Additionally, the Committee thoroughly reviewed the risks associated with the transaction.</td>
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<tr>
<td><strong>Taxation</strong></td>
<td>The level of current and deferred tax, as referred to on the balance sheet of the financial statements, is dependent on judgments as to the outcome of decisions by tax authorities in various jurisdictions worldwide, and the ability of the Group to use tax losses within defined time limits. The Committee reviewed the Company’s tax policy and principles for managing tax risks and challenged senior management on their estimates of financial exposure faced by the Group.</td>
</tr>
<tr>
<td><strong>Sarbanes-Oxley and key business controls</strong></td>
<td>Work relating to SOX compliance, including effective internal controls, continued to feature for the Committee throughout the year. The Committee continued to oversee the scope of the implementation process and the testing of operational effectiveness with assistance from Internal Audit. The Committee reviewed material controls over the Group’s core financial processes as the Group continued to devote resource to the improvement of key business and related IT controls to ensure a robust system of internal control. The Committee received a presentation from the External Auditor regarding Cyber Security as part of its ongoing training.</td>
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</table>

Significant issues considered in relation to the financial statements are also set out below, together with a summary of the outcomes. In addition, the Committee and the External Auditor have discussed the significant issues addressed by the Committee during the year and the key audit matters, as described in the Independent Auditor’s Report on pages 113 to 120.
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 to ensure they are appropriate for the Group’s needs. To fulfil its duties, the Committee considered:

- Internal Audit’s reporting lines and its access to the Committee and all Board members;
- Internal Audit’s plans and its achievements of planned activity;
- the results of key audits and other significant findings, the adequacy of management’s response and the timeliness of their resolution;
- the nature and extent of non-audit activity performed by Internal Audit; and
- changes since the last annual assessment of the significant financial risks and the Group’s ability to respond to changes in its business and the external environment.

In addition, an annual review of the Internal Audit function was conducted during the year with the assistance of Lintstock. The review included input from members of the Committee, Executive Committee, External Auditor and senior members of key departments from within the Company. The results of the review were considered by the Committee, and the Committee concluded the Internal Audit function remained effective and continued to meet the needs of the Group.

During the year, the Committee also considered and approved the Internal Audit Plan for 2018.

The Committee continued to receive updates at each scheduled meeting from the Head of Internal Audit, on the work carried out by the Internal Audit function.

Internal financial control and risk management

The Committee acknowledges its responsibilities to assist the Board to fulfil its responsibilities for the Group’s risk management and internal financial control systems, including the adequacy and effectiveness of the control environment, controls over financial reporting and the Group’s compliance with the UK Corporate Governance Code.

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. Throughout the year the Committee reviewed reports on material controls within the Group, which included, amongst other things, 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 processes 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.

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.

To fulfil its duties, the Committee reviewed:

- the External Auditor’s letter and their Audit Committee reports;
- reports on key audit areas and significant deficiencies in the financial control environment from Internal Audit;
- reports on the systems of internal financial control and risk management;
- the Group’s approach to IT and cyber security;
- the Groups whistleblowing policy and the ongoing compliance of the policy including reviewing reports from Internal Audit, provided by the external service provider and any actions arising therefrom; and
- reports on significant systems implementations.

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 2017 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 presentation. The External Auditor reported to the Committee the misstatements they had found during 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. At each scheduled Committee meeting, the Committee reviewed reports from Internal Audit, provided by the external service provider, and the actions arising therefrom.

**External Auditor**

PricewaterhouseCoopers LLP were appointed as the Company’s External Auditor on demerger from Reckitt Benckiser Group plc in December 2014 and were re-appointed by shareholders at the Company’s AGM in May 2017.

The Committee oversees the work undertaken by the External Auditor, and is responsible for the development, implementation and monitoring of policies and procedures on the use of the External Auditor for non-audit services in accordance with professional and regulatory requirements. These policies are kept under review to ensure that the Group benefits, in a cost-effective manner, from the cumulative knowledge and experience of the External Auditor whilst ensuring that the External Auditor maintains the necessary degree of independence and objectivity. During the year, the Committee met with the External Auditor following each scheduled Committee meeting, without members of management being present, and reviewed key issues.

The Committee has formally reviewed the independence of the External Auditor, who has provided a letter confirming that it believes it remained independent throughout the year, within the meaning of the regulations on this matter and in accordance with its professional standards.

To fulfill its responsibilities to ensure the independence of the External Auditor, the Committee has reviewed:

- the extent of non-audit services provided by the External Auditor.

Following the retirement of Simon Friend, Sarah Quinn was appointed lead Audit Partner.

The total fees paid to the External Auditor for the year ended December 31, 2017 were $2.6m of which $1.3m related to non-audit work. Further details are provided in Note 5 to the financial statements.
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;
- recommendations made by the External Auditor in their letter to the Committee and the adequacy of management’s response;
- recent and historical performance of the External Auditor in relation to the Company’s audits including the quality and probity of communication with the Committee;
- the appropriateness of fees relative to both efficiency and audit quality;
- the External Auditor’s independence policies and processes for maintaining its independence;
- the length of tenure as the Company’s External Auditor and its depth of understanding of the Company’s business, operations and systems, and accounting policies and practices;
- the capability, expertise and efficiency in handling the breadth and complexity of the Company’s operations worldwide; and
- the demonstration of professional integrity and objectivity to rotate and select a lead Audit Partner and other key engagement partners at least every five years or as otherwise required by applicable law or regulation.

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 November 2017.

The Committee continues to review 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, and there are no contractual obligations that restrict the Company’s current choice of External Auditor.

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 the independence of the External Auditor. The Committee and the Chief Financial Officer keep the independence and objectivity of the External Auditor under review. The Committee reviewed 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, in keeping under review the nature and level of non-audit services undertaken by the External Auditor, recognizes 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 has a good understanding of the business. The Committee will consider other non-audit services when it is in the best interests of the Group to do so, provided they can be undertaken without jeopardizing the independence of the External Auditor.

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 services billed over the last three years. The Company’s policy is consistent with the FRC Ethical Standard, including prohibitions and restrictions on non-audit services.

Audit related and non-audit service fees for the year are disclosed in Note 5. Audit-related assurance services were primarily for audit services pertaining to the potential listing in the US. Other non-audit assurance services related to advisory services in support of potential financing initiatives to prepare for the possibility of a negative ANDA ruling in 2017.
In providing non-audit services, the Committee considered the ongoing independence of the External Auditor, and were satisfied that the independence of the External Auditor was not compromised in providing these services.

**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 2018 AGM. The Company has no current retendering plans.

**Compliance with CMA Order**
The Company confirms that during the period under review, it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

**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 continued to be appropriate, however consideration would be given to extending the length of scheduled meetings. This would afford the Committee more time for measured discussion and analysis with senior management associated with the Internal Audit function and the Group’s financial management and performance.

*Chris Schade*
Chair of the Audit Committee

March 6, 2018
Corporate governance report continued

Nomination & Governance Committee

On behalf of the Board I am pleased to present the Nomination & Governance Committee Report for the financial year ended December 31, 2017.

Committee composition

At December 31, 2017, the Nomination & Governance Committee comprised four independent Non-Executive Directors:

- Lorna Parker (Chair)
- Tatjana May (appointed February 1, 2017)
- A. Thomas McLellan
- Daniel J. Phelan

Daniel Tassé was a member of the Committee between October 2016 and February 2017; he stepped down from the Committee following the appointment of Tatjana May.

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 work of the Committee falls into two key areas:

Board composition & succession planning arrangements

- reviewing the size, composition, diversity and balance of skills of the Board and its Committees;
- overseeing the recruitment process for directors and making recommendations to the Board regarding new appointments; and
- overseeing succession plans for the Board, its Committees and for the Executive Committee.

Corporate governance and compliance

- keeping the Group’s corporate governance arrangements under review and monitoring external corporate governance developments;
- reviewing and evaluating any conflicts of interest notified by Directors, and recommending authorizations or other measures to the Board;
- overseeing the Group’s corporate compliance program; and
- overseeing the Group’s risk governance framework.

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 Company Secretary. The Committee has authority to appoint search consultants and other advisors at its discretion.

The 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.

Meetings

During the year, the Committee met five times. Details of attendance at Committee meetings are detailed on page 68. Two members of the Committee constitute a quorum.

At the invitation of the Committee, the Chairman of the Board, the Chief Executive Officer, the Chief Legal Officer, the Vice President Corporate Compliance and the Company Secretary attended meetings of the Committee.

The Committee holds a private session at each meeting without members of the executive management team being present.

In addition, the Committee receives a report from the Vice President, Corporate Compliance at each meeting and, in addition, holds a private session with him at each meeting without executive management in attendance.

Lorna Parker
Chair of the Nomination & Governance Committee

March 6, 2018
### Activities during the year

<table>
<thead>
<tr>
<th>Date of Meeting</th>
<th>Principal topics covered</th>
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| **February**    | - Reviewed the composition of the Board and each of its Committees  
                   - Reviewed the Group's Diversity and Inclusion Policy and the statement on Board diversity for inclusion in the Annual Report  
                   - Reviewed the Group's IT disaster recovery and business continuity plans  
                   - Reviewed the feedback from the Group's annual Engagement and Culture audit and considered progress against prior years  
                   - Received an update on the Group's Corporate Compliance Program  |
| **May**         | - Reviewed the health and safety management procedures in place for manufacturing processes and reviewed performance  
                   - Reviewed the Group's processes for managing and disclosing inside information under the EU Market Abuse Regulation  
                   - Reviewed the Group's UK Modern Slavery Statement and recommended to the Board that it be adopted  
                   - Received an update on the Group's Corporate Compliance Program  |
| **July**        | - Undertook a detailed review of the Group's Corporate Compliance program, processes and infrastructure and the enhancements that had been made to the Group's program since demerger  
                   - Agreed the process and timetable for the externally facilitated board effectiveness review  
                   - Reviewed the Group's Directors' and Officers' liability insurance arrangements  |
| **September**   | - Considered the re-appointment of the Non-Executive Directors who had completed the first three-year term and recommended to the Board that they be reappointed  
                   - Received an update on the Group's Corporate Compliance Program  
                   - Reviewed the Group's governance processes in relation to the development and approval of medical and promotional content and documentation  |
| **November**    | - Considered the Committee’s effectiveness review and reported to the Board on the results of that review  
                   - Reviewed the Committee’s Terms of Reference and recommended to the Board that a number of amendments be made  
                   - Received a report on the Group’s Brexit Strategy  
                   - Considered the succession plan of members of the Executive Committee  
                   - Considered and agreed an orderly succession plan for Non-Executive Directors  
                   - Received an update on the Group’s Corporate Compliance Program  |
On behalf of the Board I am pleased to present the Science & Policy Committee Report for the financial year ended December 31, 2017.

Committee composition
The Science & Policy Committee comprises four independent Non-Executive Directors:

- Yvonne Greenstreet (Chair)
- A. Thomas McLellan
- Chris Schade
- Lizabeth Zlatkus (appointed November 1, 2017)

Daniel Tassé was appointed a member of the Committee on February 14, 2017 and stepped down on November 1, 2017 following the appointment of Lizabeth Zlatkus.

Role of the Committee
The 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 Terms of Reference are reviewed regularly and were last reviewed in November 2017. The primary purposes of the 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-occurrences;
- 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 to the Board 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 five times during the year. Details of attendance at Committee meetings are on page 68. Two members of the Committee constitute a quorum.

At the invitation of the Committee, the Chief Scientific Officer and the Chief Medical Officer regularly attended meetings of the Committee throughout the year.

Activities during the year
During the year, the Committee considered the following matters:

- monitored and reviewed the progress of RBP-6000 – buprenorphine monthly depot, which obtained U.S. Food and Drug Administration (FDA) approval on November 30, 2017 to be sold under the trade mark SUBLOCADE™;
- monitored and reviewed the progress and development of the Company’s product pipeline and early stage asset development opportunities with particular emphasis on RBP-7000-risperidone monthly depot, for which a New Drug Application (NDA) was filed with the FDA on September 28, 2017. Notification from the FDA was received on December 12, 2017 of their acceptance of the NDA;
- reviewed progress and budgets for the new R&D site developments in Hull, UK, which was officially opened on August 22, 2017, and Fort Collins, USA, which officially opened on July 25, 2017;
- conducted a review of its own performance and reported to the Board on the results of that review;
- received briefings on the Group’s Public Policy Strategies with emphasis on the federal and state landscape in the USA;
- extensive presentations and discussions took place during the year drawing upon the Committee’s knowledge and experience regarding Product Lifecycle Management; and
- engaged and reviewed business development opportunities and evaluated potential synergies and benefits of such opportunities for the Group.

Yvonne Greenstreet
Chair of the Science & Policy Committee

March 6, 2018