

Many journeys, one destination



Indivior is a global specialty pharmaceutical company and a world leader in addiction treatment

Contents

Strategic report

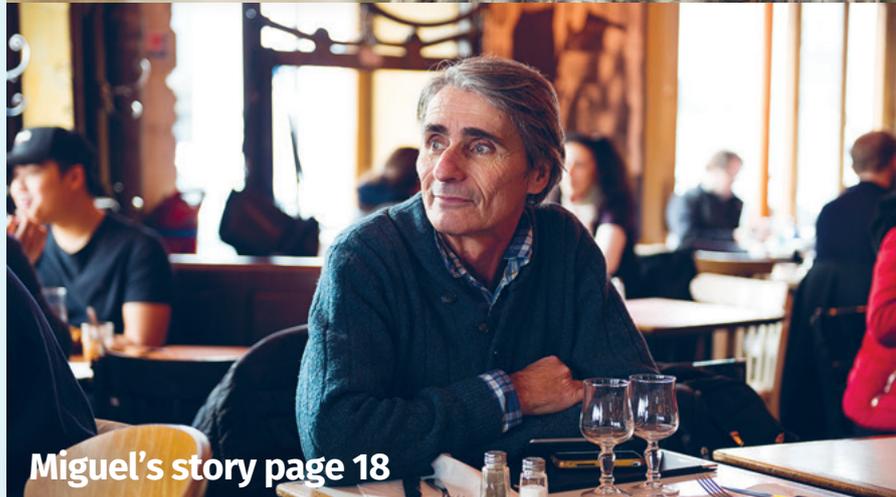
- 1 2017 Highlights
- 2 Chairman's statement
- 4 At a glance – the global burden of disease
- 6 A patient's journey: Nathan
- 10 Business model
- 12 Chief Executive Officer's statement
- 18 A patient's journey: Miguel
- 22 Stakeholder engagement
- 28 Research & development
- 34 Managing our business responsibly
- 42 Financial review
- 46 Litigation update
- 48 Risk management
- 57 Viability statement

Governance

- 58 Chairman's introduction to Corporate Governance
- 60 Our Board of Directors
- 62 Our Executive Committee
- 64 Corporate governance report
- 83 Directors' remuneration report
- 107 Directors' report
- 111 Statement of Directors' Responsibilities

Financial

- 113 Independent Auditor's Report
- 121 Financial Statements
- 152 Information for shareholders
- 155 References and sources



Our Purpose is to pioneer life-transforming treatment.

Our Vision is that all patients around the world have access to evidence-based treatment for the chronic conditions and co-occurring disorders of addiction.

Our Mission is to be the global leader who is a pioneer in developing innovative prescription treatments for addicted patients.

Our name is iconic

Our name is iconic of the individual patient's journey to reclaim life from the disease of addiction and our endeavor to address patients' unmet needs.

Our logo radiates our patient focused, holistic approach to expanding access to evidence-based treatment for addiction worldwide.

2017 Highlights

2017 was a year of significant accomplishment for Indivior. By executing strongly across the business, we continued to build our leadership position in treating addiction and its co-occurring disorders.

\$1,093m

Net revenue
(+3% vs 2016: \$1,058m)

57%

US average market share
(vs 2016: 61%)

874,481

US unique patients received
SUBOXONE™ Film
(vs. 2016: 842,176)

\$193m

Operating profit
(+30% vs. 2016: \$149m)

\$58m

Net income
(+66% vs. 2016: \$35m)

8c

Earnings per share
(+60% vs. 2016: 5c)

\$403m

Adjusted operating profit*
(+4% vs 2016: \$387m)

\$270m

Adjusted net income*
(+6% vs 2016: \$254m)

37c

Adjusted earnings per share*
(cents per share)
(+6% vs 2016: 35c)

*excluding exceptional items
(further details on page 45.)

Key pipeline highlights

\$89m

R&D investment
(-25% vs.
2016: \$119m)

One

US FDA
approval

Six

Peer-reviewed
publications

Twelve

Published
conference
abstracts

Building the business and strengthening core assets to best serve the needs of patients

“In 2017, the Board worked in close partnership with Indivior's Executive Committee to ensure that the Group is best positioned to generate long-term value for all of its stakeholders. We did so by strengthening Indivior's core assets – our people, culture, relationships, intellectual property and capital base – all the while making great strides toward our vision that all patients will have access to evidenced-based treatment for the chronic conditions and co-occurring disorders of addiction.”

Howard Pien
Chairman

The Board's mission is excellence in governance, while collaborating with Indivior's Executive Committee to build a lasting foundation for growth. I am proud that our collective efforts have resulted in a company that is well-positioned to produce future benefits for all stakeholders, especially for patients around the world.

Key achievements in 2017

The Group (Indivior PLC and its subsidiaries) has an exceptionally able and experienced Executive Committee who, working side-by-side, lead a group of employees that are committed to the improvement of patient lives. Toward that end, the year's major milestone was US Food and Drug Administration (FDA) approval of SUBLOCADE™ (buprenorphine extended-release) injection for subcutaneous use (CIII), which is now available in the US. You can read more about this significant treatment innovation in our Chief Executive Officer's statement on page 12.

2017 was also a year in which we continued to enhance Indivior's platform for growth. With the Board's support, the Executive Committee is investing in launching SUBLOCADE with excellence and is creating a new business unit to house and launch RBP-7000 (monthly risperidone long-acting injectable), if approved. We are also working closely with the Executive Committee to identify assets with the potential to broaden the Group's opportunity set within addiction and its co-occurring disorders. The work we did to establish a strategic collaboration with Addex Therapeutics is a good example of this. Also, in concert with the Executive Committee, we are proactively identifying business risks and implementing strategies to manage them. We are prudently investing in the right areas – people, processes and technology – to mitigate identified internal and external risks to Indivior.

It goes without saying that integrity is at the core of all our activities. This is an area, we, as a Board, together with the Executive Committee, take seriously and are committed to strengthening. As part of this effort,

the Group continued to invest in Compliance, as well as in improving Indivior's already-strong capabilities across all corporate functional areas, including R&D, Medical, Legal and Finance.

Management and the Board

To maintain the balance of skills, knowledge and experience of our Board members, we appointed a new Executive Director, Mark Crossley, and a new Non-Executive Director, Tatjana May. Both Mark and Tatjana bring a wealth of financial and legal experience to the Group, respectively.

During the year, Cary Claiborne stepped down from the Board, and we would like to thank him for his valuable contributions. Those Board members appointed on demerger from Reckitt Benckiser in 2014 were reappointed for a further three-year term, thereby ensuring stability and continuity at the Board level.

During the year, the Board also reviewed the composition of the Board Committees. As a result, Lizabeth Zlatkus has joined the Science & Policy Committee and Daniel Tassé has re-joined the Remuneration Committee.

Risks, challenges and uncertainties

A significant risk presented in 2017 was the potential negative financial impact of the Court ruling in the Dr. Reddy's patent infringement lawsuit. Although the US District Court for the District of Delaware ruled that our patents were valid, it also ruled that Dr. Reddy's did not infringe them. We are appealing this decision; however, the Group is at risk of potential significant loss of market share for SUBOXONE® (buprenorphine and naloxone) Sublingual Film (CIII) in the US if Dr. Reddy's (or another generic manufacturer) receives FDA approval for their generic version of SUBOXONE Film, and decides to enter the market 'at-risk.'

The Group has sought to address this risk by obtaining intellectual property protection for its products and by developing robust contingency plans including focusing on a successful launch of SUBLOCADE™ in the US and pipeline development. This enterprise-level approach, led by our strong Executive Committee, is intended to help counterbalance any potential future uncertainty or financial loss were we to fail to obtain, maintain and protect patents and other proprietary rights, including potential invalidity or non-infringement findings in the current US Federal Court or US Patent and Trademark Office proceedings.

In relation to the various litigation and investigational matters, summarized on pages 46 to 47, the Board agreed with the Executive Committee that it was prudent to increase the provision related to these matters to \$438 million to reflect collectively their current status. Since these matters are ongoing we cannot provide any

guarantee in terms of when these matters may be settled and what the ultimate impact to Indivior will be. We continue to cooperate fully with the various parties and are hopeful for resolution in a timely manner.

Governance

In 2017, we also commissioned an external Board evaluation to assess our corporate governance framework. We conducted a full review of our remuneration policy and continued to engage with and proactively keep our shareholders apprised of the strategy and execution of both our near and long-term goals.

Share price performance and dividend

We outperformed the indices by which we measure ourselves. Our total shareholder return in 2017 was 37%. This compares to 18% for the FTSE 250 Index of which Indivior is a member, representing almost 20 percentage points of outperformance.

Given our ongoing investments in pipeline and market development, and the need to preserve our capital in the event of launch of a generic competitor to SUBOXONE Film in the US in 2018, we made no dividend payments during 2017. This situation is unlikely to change in the year ahead. We do, however, recognize the importance of returning value directly to our investors and will continue to evaluate as this year progresses.

Outlook

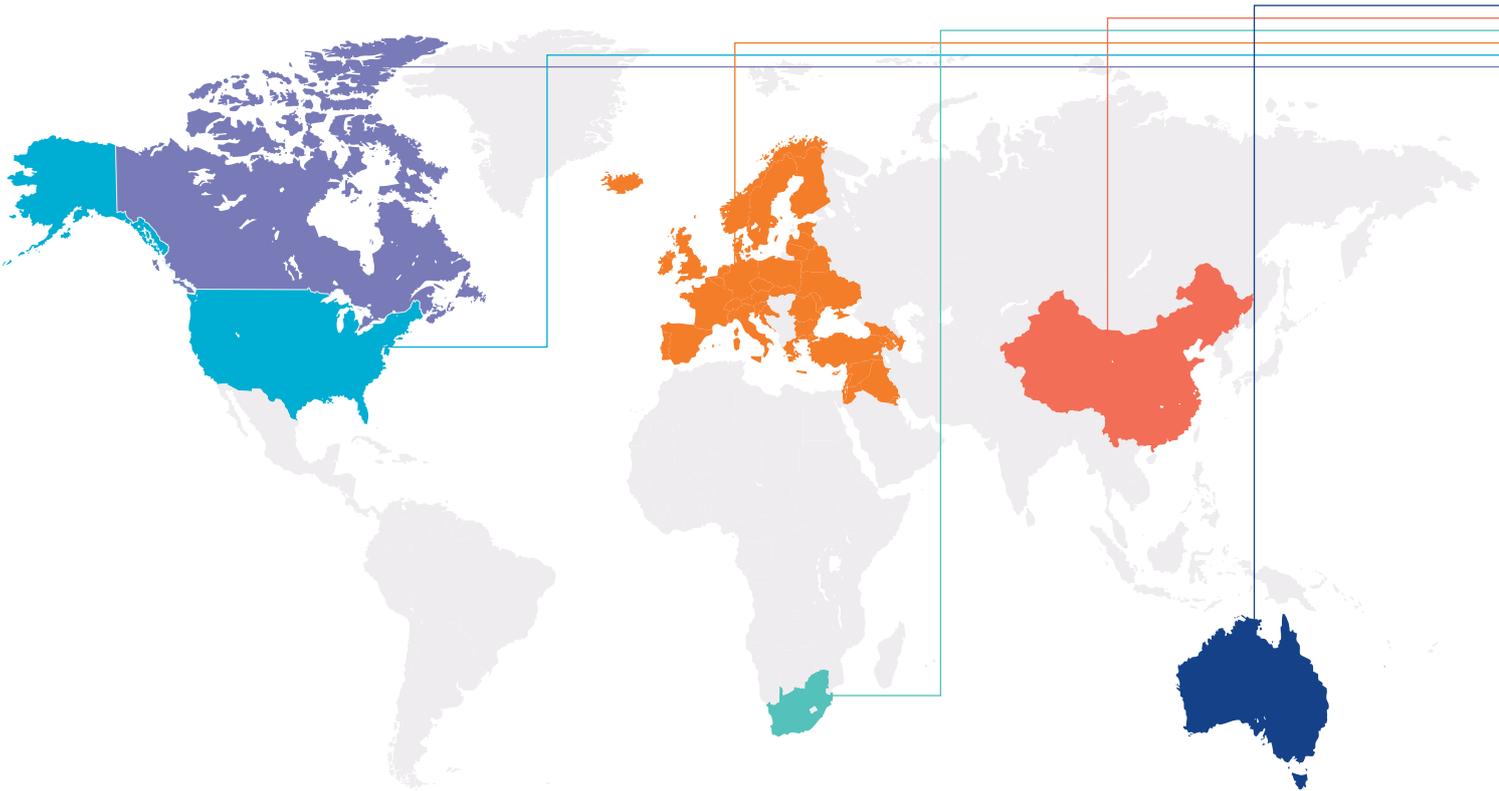
We look to the future with confidence. In 2018, we will continue to build on our strong foundation and develop our business with a focus on creating sustainable value for our shareholders and wider stakeholders. We will also seek to drive commercial success through pioneering new technologies to meet unmet patient needs. Addiction remains one of the largest public health crises of our time and we will continue to work tirelessly to advance global treatment options to help meet this challenge.

I look forward to meeting many of you in the year ahead.

Howard Pien
Chairman



At a glance – the global burden of disease



We are in a unique position to address this global epidemic

Our patient-focused platform – people, culture, collaboration and evidence-based innovation – uniquely position us to help address patients' unmet needs for the chronic conditions and co-occurring disorders of addiction.

A human crisis

Addiction is a chronic condition reaching epidemic proportions – and a global human crisis we are committed to helping address.

According to the 2017 World Drug Report, published by the United Nations Office on Drugs and Crime (UNODC):

- ◀ An estimated 1 in 20 adults (5%) – more than 250 million people worldwide – used an illicit drug* in 2015.
- ◀ Opioids, including heroin, remain the most harmful drug type.
- ◀ Opioid use disorders account for the heaviest burden of disease attributable to drug use disorders: in 2015, approximately 70% of the global burden of disease attributable to drug use disorders were attributable to opioids.

*Defined as opioids, opiates, cocaine, cannabis, amphetamines, psychoactive substances.

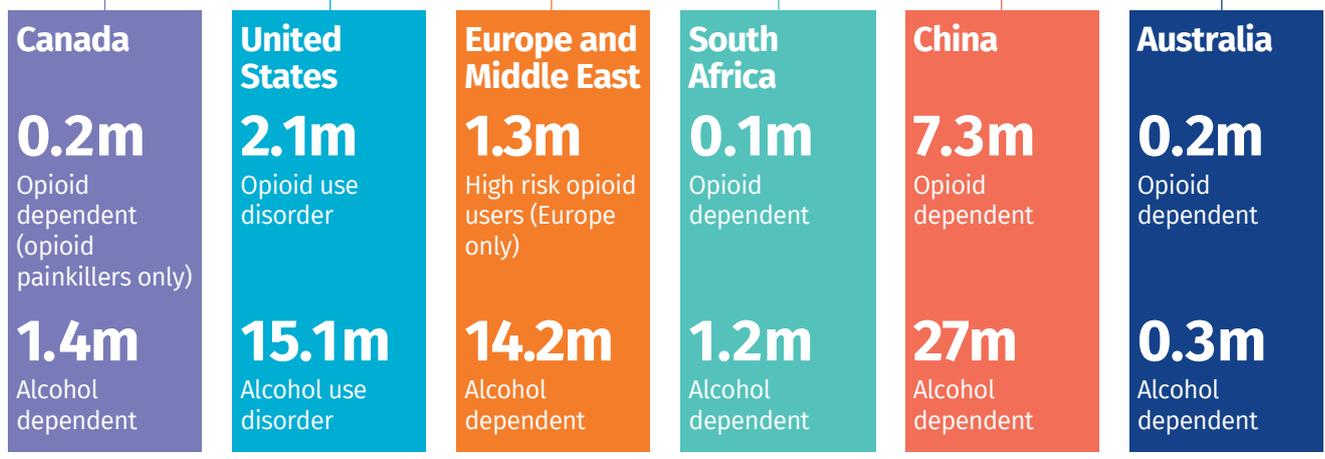
- ◀ In the United States alone, opioid use disorder is an epidemic and is accelerating.

The US Centers for Disease Control and Prevention (CDC) in December 2017 reported a 21% increase in the age-adjusted rate of drug overdose deaths from 63,632 lives lost in 2016 vs. 52,404 lives lost in 2015. In fact, the rate of increase in deaths from synthetic opioids, like fentanyl, doubled from 2015 to 2016.

But the global addiction crisis is not restricted to drug use disorders and drug dependence.

The World Health Organization (WHO)'s Global Status Report on Alcohol and Health (2014) reports:

- ◀ In 2012, approximately 3.3 million deaths, or 5.9% of all global deaths, were attributable to alcohol consumption.



28m

healthy years of life lost as a result of drug use

17m

healthy years of life lost as a result of drug use disorders

70%

of the global burden of disease attributable to drug use disorders were attributable to opioids

◁ The same report concludes that the harmful use of alcohol ranks among the top five risk factors for disease, disability and death throughout the world.

Addiction differs in prevalence and severity

Addiction differs in substance use disorder, prevalence and severity in different parts of the world.

According to the US 2016 National Survey on Drug Use and Health (NSDUH):

- ◁ In 2016, approximately 20.1 million people had a substance use disorder (SUD) related to alcohol or illicit drug use in the past year.
- ◁ Of the 20.1 million people with a SUD, there were 15.1 million people with an alcohol use disorder
- ◁ An estimated 2.1 million people suffered from an opioid use disorder, which includes 1.8 million people with a prescription pain reliever use disorder and approximately 626,000 people with a heroin use disorder.
- ◁ In Canada, in 2012, as many as 200,000 people were estimated to be addicted to prescription painkillers.

In Europe, in 2015, there were potentially 1.3 million high-risk opioid users, the majority of whom were heroin users. Of these 1.3 million high-risk opioid users, five countries in the European Union (Germany, Spain, France, Italy, United Kingdom) accounted for the majority (76%) of high-risk use. And, as in the US, the emergence of highly potent synthetic opioids, like fentanyl, are causing much concern. The 2016 European Drug Report notes an overall increase in opioid-related overdose deaths.

In 2014, Australia ranked as the third highest country worldwide for prescription painkiller misuse per year. China has an estimated 7.3 million people dependent on opioids and 27.3 million people dependent on alcohol (2014).

Rising to the challenge – our global presence

Indivior has a global presence in over 40 countries. Our core products are SUBLOCADE™ (buprenorphine extended-release) injection for subcutaneous use (CIII), SUBOXONE® (buprenorphine and naloxone) Sublingual Film, SUBOXONE® (buprenorphine and naloxone)

Sublingual Tablet, and SUBUTEX® (buprenorphine) Sublingual Tablet.

In these countries, we work closely with medical professionals, advocating on patients’ behalf and educating the public about opioid use disorder.

Fewer than one in six persons with drug use disorder are provided treatment each year.

Our aim is to expand access to evidence-based treatments for patients.

A patient's journey

Nathan
Patient, US

Nathan's journey

“I had reached rock bottom, but through determination and humility I worked my way back up. I attended meetings. I found a job where I started cleaning toilets and where I am now Head Supervisor. Gradually, with the help of the treatment program, I got my life back on track.”

Nathan started college at 18, only to get drawn into drug and alcohol use. Dropping out of his studies, he began a 20-year struggle with addiction. Now, aged 38, Nathan is in recovery after enrolling in an innovative treatment study. After more than two years in recovery, he is starting to rebuild his life.

Can you describe your struggle with addiction?

At college I got into opiates, speed and alcohol. I quickly fell in love with the feeling of getting high and not having to deal with reality. These feelings took control of my mind, my body and my life, and I gave into it every time. It became a constant cycle of insanity.

For a while I managed to hide my problems from my family and friends. Only when I tried to commit suicide, around the age of 21, did they become aware of my struggle with addiction. From that point on I was in and out of rehab, but I never truly committed to recovery. I was always doing it for other people, to please my family. Never for myself. And as soon as I was out of treatment I would relapse back into my addiction.





“When Nathan came to us, he was really struggling with the symptoms of opioid use disorder. But he showed a real motivation to participate in the program and follow our treatment protocols. In addition to medication, our program included psychosocial support and counseling. We’ve built up a strong relationship based on honesty and trust, and over time Nathan has achieved excellent disease control.”

Amit Vijapura MD
Medical Director, Vijapura Behavioral Health LLC.



Inevitably, addiction also damaged my relationships with people. I became a master manipulator and liar, and would tell my lies over and over until they became truths. It destroyed my ability to communicate honestly with those around me, and it eroded their trust in me.

What was the turning point for you?

It wasn't until I reached rock bottom that I finally reached out properly for help. I was homeless and knew I couldn't go on living the way I was. One of my old friends got me into a halfway house. From there, I was referred to Dr Vijapura. He put me on a treatment program that included medication and counseling and I began my journey to recovery and stability which I have maintained for close to two years now. It's been a real test of willpower and commitment, and I've had to be honest and transparent with Dr Vijapura at all times, otherwise it just doesn't work.

How does it feel to be in recovery?

It feels fantastic. The treatment program has brought clarity to my mind and helped me live a normal life. I'm able to make the right decisions and I have a new lease on life. And through the process of recovery, I have rebuilt my relationships with my family. I'm close with my sisters, and I often visit my father and stepmother in the country, where I help them on their farm. They trust me again.

Alongside the treatment program, I've been attending meetings and Bible class, and working at a local store, where I am now the Head Supervisor. I'm proud of not having given up, of not having given in. And now I have a future to look forward to. I'd like to finish my studies, and maybe use my story to help others. Because if I can do it, anyone can.

Business model

Our Purpose is to pioneer life-transforming treatment.

Our Vision is that all patients around the world have access to evidence-based treatment for the chronic conditions and co-occurring disorders of addiction.

Our Mission the global leader who is a pioneer is developing innovative prescription treatments for addicted patients.



Indivior's assets

Highly skilled and knowledgeable people

Indivior possesses an exceptionally able and experienced workforce that is committed to the improvement of patient lives and achieving long-term success.

Culture

Based on a clearly-defined set of principles and behaviors, Indivior's culture is a key competitive advantage enabling Indivior to create not only a business that will prosper and grow, but an organization that will create lasting social value.

Stakeholder relationships

Indivior has strong and enduring relationships with its key stakeholders, including policy-makers, regulatory agencies, healthcare professionals, patient advocacy organizations and the investment community. These relationships provide Indivior with critical insights to develop and improve upon its patient-focused business approach.

Intellectual property

Indivior has a unique portfolio of licenses and patents which enable it to manufacture and market its treatments.

Capital base

Indivior's cash generative business activities, combined with the Group's access to the international capital markets, provide a stable base of liquidity that supports the Group's principle day-to-day activities while providing it further resources for reinvestment in potential new treatments targeting addiction and its co-occurring disorders and for extending its overall competitive position.

What Indivior does

Manufacturing

Indivior discovered buprenorphine in Hull, UK, and developed it as a treatment for opioid dependence. Indivior continues to manufacture this key active ingredient for its opioid addiction treatments at its Fine Chemical Plant in Hull, UK. Indivior has continuously manufactured buprenorphine at this facility for over 50 years and believes it produces the highest quality buprenorphine in the world.

Responsible sales and marketing

Indivior is committed to conducting all of its sales and marketing activities responsibly and in compliance with the relevant regulations and guidelines. Although the Group's corporate compliance department partners with the business to oversee certain activities and provide guidance, there is a clear understanding among the sales and marketing teams that they each share responsibility for compliance.

Conducting advocacy and raising awareness of the opioid addiction crisis

A key aspect of Indivior's activities is raising awareness of the opioid addiction crisis in all the markets it serves through regular stakeholder dialogue and patient advocacy activities. These activities have contributed to expanded treatment access in the Group's largest market, the US, over the last five years to record levels today.

Research and development

Indivior conducts world leading and innovative research and clinical development activities for the treatment of addiction and other co-occurring disorders. These efforts are led by staff in Fort Collins (Colorado, US), Richmond (Virginia, US), and Hull and Slough (UK).

Indivior's investment case

Growing global marketplace for the Group's existing product portfolio

The global addiction crisis has provided an opportunity for the Group to significantly expand the market for buprenorphine medication-assisted treatments, acknowledged as an evidence-based treatment for opioid use disorder, to help patients in their treatment journey.

Unique focus on and understanding of patient needs

Indivior is committed to addressing the global addiction crisis by expanding the availability of its patient-focused treatments, including increasing treatment access, while also leveraging its unrivaled knowledge in addiction science to develop novel treatments.

Innovative R&D pipeline

Indivior has consistently built on its leadership position in the treatment of opioid use disorder globally to develop new patient-focused treatments that in turn have enabled the Group to invest in its R&D pipeline. This skill set also has enabled the Group to consider expanding the scope of the treatments it provides to help address co-occurring disorders of addiction.

Strong profitability and cash flow

Indivior is highly profitable and cash generative, providing the resources required to fund day-to-day operations and reinvest in future growth opportunities, including new geographies and developing new treatment options for addiction and its co-occurrences.

Talented and experienced management team

Indivior possesses a talented, committed and experienced management team widely recognized by the industry as leading in the development of patient-focused treatments for addiction.

Many journeys, one destination

"I firmly believe we are the company – working in partnership with other experts – best positioned to tackle the growing global addiction crisis. Our vision, patient focus, guiding principles, and pursuit of innovation will continue to drive Indivior's success in delivering value for shareholders and meeting the unmet needs of patients."

Shaun Thaxter
Chief Executive Officer



The year in review

In 2017, Indivior delivered against its strategic priorities. Our execution drove progress toward our vision that all patients will have access to evidence-based treatment for the chronic conditions and co-occurring disorders of addiction. We created greater certainty for Indivior, most significantly by extending our leadership position in developing and advancing global addiction treatment with the US FDA approval of monthly SUBLOCADE for moderate to severe opioid use disorder (OUD). At the same time we grew Indivior's capabilities and resources to enable us to invest in developing promising future treatments focused on unmet patient needs in addiction and its co-occurring disorders.

Our strong execution in 2017 translated into improved top- and bottom-line results for Indivior. Sales grew by 3% to \$1,093 and net income grew by 6% to \$270m, on an adjusted basis.

Our results are even more notable considering the multiple forces we faced during the year: an intensifying competitive landscape for our market-leading SUBOXONE Film treatment in the US, continued healthcare austerity in Europe and the investments required to successfully develop and commercialize our key pipeline assets in the US in 2018: SUBLOCADE and, if approved by FDA, RBP-7000 (monthly risperidone injection).

In relation to the various litigation and investigational matters, the Board agreed with the Executive

Committee that it was prudent to increase the provision related to these matters to \$438 million to reflect collectively their current status. Since these matters are ongoing we cannot provide any guarantee in terms of when these matters may be settled and what the ultimate impact to Indivior will be. We continue to cooperate fully with the various parties and are hopeful for resolution in a timely manner.

Below are the strategic priorities the Board and management team set for the Group, understanding that these have the greatest impact on our business, and that building upon them best positions Indivior to generate long-term shareholder value.

1. Building the resilience of our franchise by continuing to expand access to treatment and maintaining a leadership position;
2. Developing our innovative pipeline to help improve patient outcomes;
3. Expanding global treatment by capitalizing on international growth opportunities; and
4. Preparing for our future by creating a robust growth infrastructure and effectively managing business risks.

I'll now expand on each of the strategic priorities, looking at the progress made against each in 2017, and our plan for leveraging our achievements moving forward.

1. Building the resilience of our franchise by continuing to expand access to addiction treatment and maintaining a leadership position

According to new data released by the US Centers for Disease Control and Prevention (CDC), there were more than 63,600 total drug overdose deaths in 2016, or 174 drug overdose

deaths per day. This number is up 21% in just one year – from 144 a day in 2015. Furthermore, the US healthcare system is struggling to keep pace with the addiction crisis, and many patients are unable to access the evidence-based treatment and care they require. In fact, despite extensive evidence of the personal and societal benefits of medication-assisted treatment (MAT), only a small minority of OUD patients receive it, and OUD diagnoses are currently outpacing MAT prescriptions at an alarming rate of nearly eight to one.

In 2017, Indivior continued efforts to support patient access to care. Treatment capacity expanded to a record number of physicians and other qualified treatment providers in the US, ending the year at about 48,480 providers, a 25% increase over 2016. The increase in the patient treatment cap from 100 patients to 275 patients, and the ability of nurse practitioner's (NPs) and Physician Assistants (PAs) to prescribe added to treatment capacity and market growth.

2017 Sales by geography



“I am pleased to report that SUBLOCADE is now available to US patients and their treatment providers.”

As a result, total market growth accelerated to low double-digit levels in 2017, from high single-digit levels the previous year.

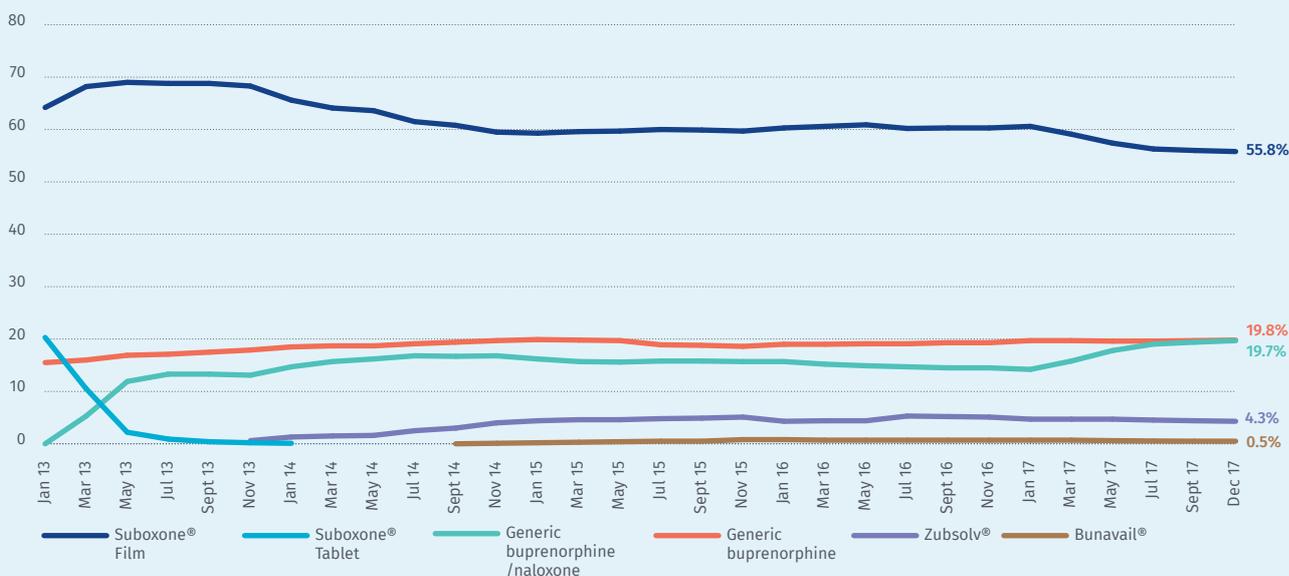
Against this backdrop in the US, our SUBOXONE Film franchise maintained its leading position in its largest market, with an average share of 57% of the buprenorphine medication-assisted treatment (BMAT) market in 2017. The resilience of our franchise is a testament to our patient-focused platform. We are well-positioned to support the launch of SUBLOCADE, which we believe may become a new standard of care for the treatment of moderate to severe OUD.

2. Developing our innovative pipeline to help improve patient outcomes

SUBLOCADE™

For patients and shareholders, the story of the year was undoubtedly the FDA approval of our new product, SUBLOCADE, which is the first once-monthly injectable buprenorphine

US SUBOXONE® Film share has been resilient



Zubsolv® is a licensed trademark of Orexo US, Inc.
Bunavail® is a registered trademark of BioDelivery Sciences International, Inc.

Source: Symphony Health Retail & Non-Retail TRx MG (IDV) ending Dec 2017

Chief Executive Officer's statement continued

formulation approved to treat moderate to severe OUD. A significant scientific innovation, SUBLOCADE represents a new treatment option to help patients attain more illicit opioid-free weeks during their treatment program.

SUBLOCADE is the first therapy that, at steady state, delivers buprenorphine at a sustained rate of at least 2 ng/mL over a one-month period. These sustained plasma levels of buprenorphine translate into high mu-opioid receptor occupancy in the brain, which blocks the drug-like effects of opioids.

In addition, SUBLOCADE is disseminated through a restricted distribution system, which is intended to prevent direct distribution to the patient, thereby minimizing the risk of serious harm or death through intravenous self-administration. This approach is also intended to help reduce the risk of diversion, misuse and abuse.

SUBLOCADE represents an evidence-based, paradigm shift from how we approach treatment of moderate to severe opioid use disorder today. Its development is testament to Indivior's depth of expertise in receptor pharmacology and pharmacokinetic understanding. It also demonstrates our focus and ability to listen and partner with our stakeholders, including the US FDA, the treatment community and patient advocates, to find and develop another evidence-based option that meets patients' needs.

I am pleased to report that SUBLOCADE is now available to US patients and our confidence in its potential is reinforced by our peak annual net revenue expectations of at least \$1,000 million.

RBP-7000

Our patient focus and desire to deliver on unmet patient needs extends to the co-occurring disorders of addiction. In 2017, we made excellent progress with RBP-7000, an investigational once-monthly injectable risperidone in the ATRIGEL® delivery system for

the treatment of schizophrenia. In December 2017, the FDA accepted our New Drug Application (NDA) for RBP-7000, which is a significant milestone for Indivior as we expand our treatment portfolio.

RBP-7000 leverages much of the science and capabilities we established with the ATRIGEL technology platform. In much the same way that SUBLOCADE delivers on unmet patient needs with buprenorphine, we believe RBP-7000, if approved, will meet key patient needs with risperidone: principally a rapid onset of action with consistent plasma levels of risperidone over the entire monthly dosing interval. We have spent time with prescribing psychiatrists and, while they like risperidone's established efficacy profile – it is still the most prescribed anti-psychotic – they don't yet have a monthly risperidone option that they would consider a 'breakthrough' treatment.

To ensure RBP-7000's anticipated success, we have established a new Behavioural Health Business Unit, which has required an investment in new sales and marketing capabilities. This includes recruiting new talent with expertise in this disease space to enable the successful launch of RBP-7000 and to leverage our significant R&D capabilities to develop life-cycle management opportunities.

RBP-7000's PDUFA date is July 28, 2018 and, assuming a favorable approval decision from the FDA, we anticipate a Q4 launch and project delivering peak annual net revenues of \$200 to \$300 million.

Addex

To further build upon our leadership position in addiction, we entered into a strategic collaboration with Addex Therapeutics to license and accelerate the development of GABA_B positive allosteric modulators (PAMs), which have demonstrated preclinical activity and tolerability in animal models for alcohol use disorder (AUD) and cocaine use disorder (CUD).

We are particularly excited about the potential of the lead compound, ADX71441. The US National Institute on Drug Abuse (NIDA) recently awarded a \$5 million grant to support the development of ADX71441 in CUD. In 2018, we will be working with Addex to define the key activities that will support the development of ADX71441 as well as the research program that will be dedicated to the identification of new GABA_B PAMs.

3. Expanding global treatment by capitalizing on international growth opportunities

In 2017, we continued to make good progress with our SUBOXONE Film and Tablet franchise outside the US.

In Australia, SUBOXONE Film continues to gain share against legacy treatment approaches as the treatment community grows more familiar with Indivior. In Canada, where per capita addiction (or overdose) rates are greater than the US, SUBOXONE Film was added to the List of Drugs for an Urgent Public Health Need in British Columbia. In Canada, overall, our SUBOXONE Tablet share position continues to grow. Our early successes in Australia and Canada demonstrate our ability to identify opportunities to address the unmet needs of patients and differentiate from other buprenorphine options and quickly flex our organization to gain meaningful market entry.

Our European business, which constitutes our largest market outside the US, also continued to grow despite the focus on funding austerity in key European markets. We have continued to provide buprenorphine medication-assisted treatment (BMAT) for OUD in Europe and have expanded our portfolio in the region. In July 2017, the French regulatory agency, l'Agence Nationale de Sécurité du Médicament et des produits de santé (ANSM), approved a Marketing Authorisation (MA) in France for Indivior's NALSCUE® (naloxone hydrochloride) nasal spray for the emergency treatment of suspected opioid overdose.

Delivering on our strategy

Our strategic priorities

Progress in 2017

Building the resilience of our franchise

- ◀ Maintained SUBOXONE Film's leading share position at an average of 57% (2016: 61%) in our largest market, the US, despite competition from lower priced generic options
- ◀ SUBOXONE Film's resilience demonstrates the strength of Indivior's brand and our focus on patient needs
- ◀ Treatment capacity expanded to a record number of physicians and other qualified treatment providers in the US, ending the year at about 48,480 providers, a 25% increase over 2016

Developing our innovative pipeline

- ◀ SUBLOCADE – FDA approved on November 30th the first and only once-monthly treatment for moderate to severe OUD; SUBLOCADE now available to patients nationwide in the US
- ◀ RBP-7000 (monthly risperidone injection) – FDA accepted submission of the NDA and established a PDUFA date of July 28, 2018; Q4 2018 launch expected, if approved
- ◀ Arbaclofen Placarbil – Phase 1 Bioavailability Clinical Study Protocol (INDV-AP-102) completed; planning to meet with FDA to share our plans and agree on next development stages
- ◀ Addex Therapeutics Strategic Collaboration – Exploring the potential of GABA_B PAMs in addiction treatment; US NIDA recently awarded a \$5.3 million grant to Addex to support the development of ADX71441 for cocaine use disorder (CUD)

Expanding our global treatment

- ◀ Maintained leading share of BMAT market in Europe, Indivior's largest market outside the US
- ◀ Preparing regulatory submission for SUBLOCADE approval in key Western European markets in 2018
- ◀ NALSCUE for the emergency treatment of characterized or suspected opioid overdose received regulatory approval in France
- ◀ Australia and Canada continued to generate share with strong sales growth; SUBLOCADE regulatory submissions being prepared for both Australia and Canada

Developing the business

- ◀ Completed extension of Indivior R&D facilities in Fort Collins (CO, USA) (18,500 sq ft) and new R&D Center of Excellence in Hull (UK) (54,000 sq ft)
- ◀ Initiated the appeals process against Dr. Reddy's after the Court validated Indivior's patents, but found non-infringement; appeal is progressing in the Federal Circuit Court of Appeals
- ◀ Entered a settlement agreement with Mylan resolving patent litigation related to SUBOXONE Film, including termination of their inter partes review (IPR) action
- ◀ Continued to assert Intellectual Property, including SUBOXONE Film Orange Book listed patents
- ◀ Entered a settlement agreement with Amneal related to antitrust litigation
- ◀ Replaced US and Euro denominated term loans with new facilities that carry more favorable durations and terms, thereby significantly improving Indivior's overall financial flexibility

Chief Executive Officer's statement continued

NALSCUE has been provided in France under a Temporary Authorisation for Use (Autorisation Temporaires d'Utilisation or ATU) since July 2016.

Our solid growth in Australia and Canada, along with steady performance in Europe, drove overall Rest of World sales to \$216 million in 2017, a 7% increase.

We continue to work with European treatment leaders to destigmatize addiction and to raise awareness among policy makers about drug-related deaths and the ways to help reduce them with buprenorphine-based OUD treatments. We believe the potential for SUBLOCADE is substantial in Western Europe, and

over the course of 2018 we will be working with key European agencies to seek approval for use. In the near term, the environment is expected to remain challenging, but we continue to eye Europe as a future growth market for SUBLOCADE.

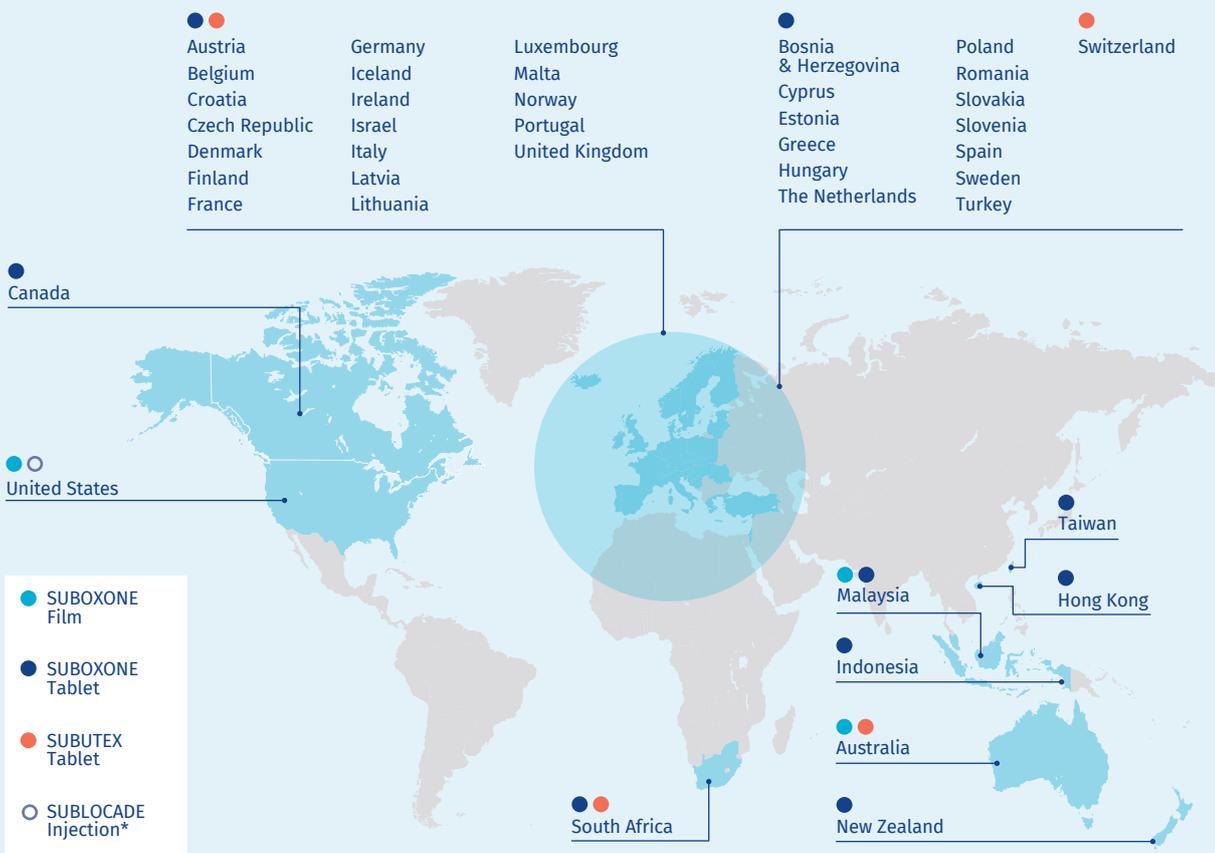
4. Prepare for our future by creating a robust growth infrastructure and effectively managing business risks

In 2017, we continued to build our capabilities and financial strength to ensure Indivior is optimally positioned to endure both seen and unforeseen challenges. We have expanded our talent base across the organization, including investments in compliance,

R&D, future medicines development and finance. In 2017, our compliance group doubled in size which reinforces our commitment to operating a compliance-focused culture.

Our R&D investments are aimed at solidifying our commitment to focus on life-cycle management of SUBLOCADE. After launch, we will monitor patient outcomes, the efficacy and safety of this important medicine and monitor patient experiences to learn how we can further enhance treatment options.

Indivior's global presence



Indivior has a global presence in over 40 countries. Our core products are SUBLOCADE™ (buprenorphine extended-release) Injection for subcutaneous use (CIII), SUBOXONE® (buprenorphine and naloxone) Sublingual Film, SUBOXONE® (buprenorphine and naloxone) Sublingual Tablet, and SUBUTEX® (buprenorphine) Sublingual Tablet. Indivior's largest geographic market (based on sales origination) is the US, which in 2017 accounted for 80% of net revenues and where SUBOXONE® Film is the buprenorphine market leader. In other parts of the world, our SUBOXONE® Sublingual Tablet, SUBOXONE® Sublingual Film and SUBUTEX® Tablet are also market leaders based on market share.

*SUBLOCADE™ received US FDA approval in November 2017, but had no net revenue impact in the year.

I am particularly proud of the world-class manufacturing and R&D capabilities we have established in Hull (UK) and Fort Collins (US). These investments will help us lead the science of addiction and its co-occurring disorders and develop new treatment options for patients around the world.

Late in the year, we further secured our future by favorably amending and extending credit terms with lenders. As a result, we gained the financial flexibility to allow us to invest in Indivior's key growth initiatives and consider business development opportunities.

We have also continued to assert and defend appropriately the intellectual property surrounding SUBOXONE Film. In September 2017, we experienced a setback in our infringement lawsuit against Dr. Reddy's, with the US District Court

of Delaware ruling that while our patents were valid, Dr. Reddy's did not infringe on them. We have since filed an appeal against the Dr. Reddy's decision and intend to continue vigorously defending our intellectual property, including asserting two important new Orange Book listed patents ('454 and '221). Unfortunately, the Court's timing and ultimate decisions are out of our control. I can, however, say for certain that Indivior's position is much improved with the availability of SUBLOCADE in the US, our strong cash position and improved overall financial flexibility.

The Indivior culture

At the heart of Indivior is a shared passion and commitment to help support the patient journey to treatment and recovery, remove the barrier of stigma, enable access to evidence-based treatment, and provide

education, new scientific understanding and knowledge to the treatment community. Indeed, a rigorous and unwavering focus on patient needs informs everything we do.

Based on a clearly-defined set of principles and behaviors, our culture is a key competitive advantage. All of our guiding principles, but particularly our capacity to demonstrate honesty and integrity at all times, support a culture that strives to adhere to the highest ethical principles at all times. In 2017, this culture continued to drive our performance, enabling us to create not only a business that will prosper and grow, but an organization that will create lasting social value by helping to address one of the most urgent epidemics of our time.

Looking ahead, our priority is to increase Indivior's value by enhancing our leadership in the treatment of addiction and its co-occurring disorders, maintaining our focus on the patient and engaging and learning from our stakeholders. As a company, we will continue to educate, enable and convene with the aim of progressing our understanding of the broader addiction disease space and delivering better treatment solutions.

I firmly believe we are the company – working in partnership with other experts – best positioned to tackle the growing global addiction crisis, and its co-occurring disorders. And, while change occurs at pace in the world around us, our vision, patient focus, guiding principles and pursuit of innovation remain resolutely unchanged. These are the key ingredients that we believe will continue to drive Indivior's success and long-term value for shareholders. We therefore face the future with great confidence, knowing that our bedrock foundation is strong.

Shaun Thaxter
Chief Executive Officer



Gary Mendell, Chairman and CEO Shatterproof, joins Indivior for lunch after the Washington D.C. 5K walk/run.



Indivior employees listen to remarks.



A patient's journey

Miguel
Patient, France

Miguel's journey

“My involvement with Auto-Support des Usagers de Drogues has enabled me to overcome feelings of stigma, and I'm able to use my experience to help others.”

Miguel's journey with addiction began at the age of 15, when he started taking cannabis and LSD, turning then to cocaine and heroin. After school he went to university, then began working as a Spanish teacher. He got married and started a family, but his drug use continued, getting steadily worse over time. Only now at the age of 61, after three years of treatment, does he feel he finally has a normal life and, following deep personal tragedy, has rediscovered love and hope.

Can you describe the early years of your addiction, and what your life was like at that time?

I was influenced by 1970s culture and wanted to open my mind. During the 1980s, I was living in Paris and then Madrid. It was a time of cultural change, particularly in Spain, and lots of people were experimenting with drugs. I was a successful professional – perhaps not the expected profile of a drug user – so I had money, and drugs were easy to find. I began sniffing and smoking heroin every day, occasionally shooting. My wife was also using, so I didn't have to hide what I was doing.

When did you realize you had a problem that needed to be addressed?

The turning point came when my wife committed suicide. It was very shocking and upsetting for me. I was left with two children and had to carry on working so I could support and provide for them. I wanted to stop taking drugs, but I didn't want to enroll in a treatment program because I was worried about the stigma, about the reaction of the social services.

It was post-2000, when my sons had finished their education, that my struggle with heroin got really bad. I quit my job and spent the next few years injecting and living as a drug addict on the street. I would steal tools from construction sites and sell them to earn money. It was a very chaotic period and things really went downhill for me.

Then one day, I was so ill I couldn't even get on a bus. Some friends of mine found me and saw the state I was in. The very next day, they took me to a treatment center and I enrolled in a medication-assisted treatment program.





“I have my family back. I am living life again.”

How did you respond to the treatment?

I took my medication daily and I was analyzed every two weeks. It was hard, but I kept going because I knew this was a way to stay safe from harm, and my life began to normalize. During this period, I also met someone and rediscovered love, and this further motivated me to stop taking drugs. It’s fair to say the medication-assisted treatment made a positive difference to my life.

Along the way, I found ASUD (Auto-Support des Usagers de Drogues), where I now work. My involvement with ASUD has enabled me to overcome feelings of stigma, and I’m able to use my experience to help others. I provide insight into patient needs and treatment efficacy from the perspective of

a drug user, and I can help speak for people whose situations I understand. Not only that, we as an organization fight against the stigmatization of drug users as criminals as this goes against the progress of rehabilitation. I know that medication-assisted treatment must be as widely available as possible, and that we must have different products to meet different people’s needs. Through advocacy and insight, I want to help make a difference, and I’m pleased to be able to put my past experiences to good use helping others.

Stakeholder engagement

For more than 20 years, Indivior has worked together with policymakers, medical societies, patient advocacy groups, healthcare providers, payers and other stakeholders to educate on the disease of addiction and advocate for patient access to evidence-based treatment.

In 2017, Indivior's advocacy efforts focused on shaping an external environment to help meet the unmet needs of patients and to destigmatize the disease of addiction.

In supporting leading global advocacy organizations, Indivior focused on:

- ◀ Expanding access to evidence-based treatment and information.
- ◀ Promoting education, advocacy and engagement.
- ◀ Advocating for access to substance use and mental health benefits for US patients.
- ◀ Breaking the intergenerational cycles of addiction.
- ◀ Accelerating innovation through science, education and leadership conversations.
- ◀ Awareness-building initiatives to help drive solutions.

We are pleased to highlight the work of several of the organizations working tirelessly to advance change for patients and families suffering from addiction.

We are proud to support their efforts.



Stakeholder engagement continued

“This support is so valuable – it helps to generate resources that simply didn’t exist before; resources designed to identify and help the most at-risk families and individuals.”

Jessica Hulsey Nickel
President & CEO, APF

Addiction Policy Forum, US

In the US, Indivior supports the Addiction Policy Forum (APF), a national organization working to elevate awareness around addiction and improve national policy through prevention, treatment, recovery and criminal justice reform.

During 2017, Indivior provided financial support for APF’s Emergency Medicine Initiative, an area of strategic focus for the organization. Through this initiative, APF is developing open-source materials to educate emergency responders to help ensure that non-fatal overdoses do not become fatal through reoccurrence, and to develop treatment protocols to help meet that goal.

“These post-overdose protocols are so important,” says Jessica Hulsey Nickel, founder and President & CEO, APF. “That’s where this support is so valuable – it helps to generate resources that simply didn’t exist before; resources designed to identify and help the most at-risk families and individuals.” Jessica, whose parents died as a result of long-term opioid use disorder, has been advocating for a better response to addiction since she was 15 years old.



“It is by supporting collaboration and innovation that we can help make a difference for patients.”

Shaun Thaxter
Chief Executive Officer

Indivior also provides financial support for APF’s CARA Family Day, named after the landmark Comprehensive Addiction and Recovery Act (CARA). Passed in the US in 2016, this legislation has advanced evidence-based prevention, treatment and recovery services for substance use disorders. APF’s annual event brings together families directly affected by addiction from all over the US to advocate on behalf of addiction resources and to raise awareness to help end the stigma surrounding this disease.

Parity at 10 Compliance Campaign, US

Indivior supports the Parity at 10 Compliance Campaign, a new partnership of leading national organizations working for effective enforcement of the Parity Act in ten US states over the next three years. One of the major recommendations outlined in the final report of the US President’s Commission on Combating Drug Addiction and the Opioid Crisis is the need for greater enforcement of the Federal Parity Act. Next year will mark the 10th anniversary of the landmark legislation, which mandates that health insurance plans’ standards for substance use and mental health benefits be comparable to, and be no more restrictive than, the standards for other medical/surgical benefits. Parity at 10 has launched in five states – Illinois, Maryland, New Jersey, New York and Ohio. The campaign’s work in each state includes researching the current treatment and policy landscape, conducting extensive public and provider education about the Parity Act, and, in partnership with local stakeholders and advocates, working with legislators and regulatory bodies to develop more effective compliance and enforcement frameworks.



ScriptWise, Australia

ScriptWise is a national non-profit organization, based in Australia, dedicated to reducing prescription medication misuse and overdose fatalities. In 2017, Indivior provided financial support for a range of activities including:

- ◀ ScriptWise’s efforts to raise awareness of the importance of a Real Time Prescription Monitoring system for Australian States and Territories, and to provide information about over-the-counter codeine rescheduling in Australia.
- ◀ A stakeholder treatment advocacy and awareness initiative which involved facilitating the start of Working Groups in Victoria and WA.
- ◀ International Overdose Awareness Day activities.

Shatterproof, US

In support of Shatterproof, a non-profit organization with a mission to end the devastation that addiction causes families, Indivior sponsored 5k walk/run events in Washington, D.C., Boston and Atlanta. The Shatterproof ‘Rise Up Against Addiction’ 5k walk/run events brought together people affected by addiction and united in their passion to end the stigma of addiction by honoring loved ones lost to the disease and celebrating the hope of recovery. At the Washington, D.C. event, Indivior employees, family members and friends were among 800 people who participated to raise more

than \$300,000 to help communities advocate for evidence-based solutions and policy change. Dr. Ponni Subbiah, Chief Medical Officer, Indivior, highlighted Indivior’s commitment to patients in remarks at the opening program in Washington, D.C.

Harm Reduction Australia, New South Wales

In 2017, Indivior provided support to Harm Reduction Australia, a national organization for individuals committed to reducing the health, social and economic harms potentially associated with drug use. To encourage a thorough rethink of existing policies and support the much-needed reform of the Opioid Treatment Program (OTP) system, Indivior provided funds to Harm Reduction Australia to deliver a series of information and discussion forums with OTP stakeholders throughout late 2017.

The Hill, Washington D.C.

To help accelerate innovative solutions to the opioid crisis, in 2017 Indivior sponsored a leadership conversation in Washington, D.C. with *The Hill* newspaper. ‘America’s Opioid Epidemic, the Search for Solutions’ featured US federal and state government policy-makers, patient advocates, medical societies and healthcare advocates in thoughtful discussion about solutions to combat the opioid crisis.

Closing the event, Indivior CEO Shaun Thaxter said: “We are facing a tremendous crisis of people suffering from chronic addiction and we must continue to increase access to care, invest in psychosocial support infrastructure and offer evidence-based treatment choices.”

Stakeholder engagement continued



Ms. Burton-Phillips, from DrugFAM, help cut the ribbon to open Indivior's R&D Centre of Excellence in Hull, UK.

DrugFAM, UK

DrugFAM is a UK-based global organization dedicated to providing safe, caring and professional support to families, friends and partners who are struggling to cope with a loved one's addiction.

Indivior has supported DrugFAM for several years in its efforts to give families the strength to break free from the cycle of addiction and rebuild their lives. In the words of DrugFAM founder Elizabeth Burton-Phillips, the two organizations "are united about the need to destigmatize addiction and support those whose lives have been derailed by drug or alcohol misuse."

Indivior's support will help with the development of workshop materials to accompany a DrugFAM play adapted from Elizabeth Burton-Phillips's book, *Mum Can You Lend Me Twenty Quid?* To date, the play, which depicts the effects of addiction on family life, has been performed 125 times in schools and communities, and the new workshop

materials will provide additional tools and potential for education and engagement.

USA Today National Opioid Addiction Awareness Campaign

Recognizing that one of the greatest barriers to the patient journey to treatment and recovery is the stigma, prejudice and misconceptions around addiction and treatment, Indivior was a sponsor of the national Opioid Addiction Awareness Campaign feature in *USA Today*, in 6 major cities across the United States. By helping provide a platform for voices of the Addiction Policy Forum, Shatterproof and Faces and Voices of Recovery (FAVOR), Indivior helped give voice to how imperative 'breaking down the barriers of stigma' is to empowering treatment access for patients and removing the barriers of guilt and shame.

The Moyer Foundation, US

Founded in 2000 by American baseball player Jamie Moyer and child advocate Karen Phelps Moyer, The Moyer Foundation supports thousands of children and families each year with free-of-charge programs and services.

Indivior provides ongoing financial support to Camp Mariposa, The Moyer Foundation's addiction prevention and mentoring program. Camp Mariposa serves youth impacted by the substance use disorder of family members, with the aim of breaking the intergenerational cycle of addiction.

Indivior's three-year grant (beginning September 2016) supports the strengthening, growth and expansion of the Foundation's prevention resources, sites and services. The newest Camp Mariposa location, serving Princeton, West Virginia, US, was launched in June 2017, with two additional locations opening in 2018. Indivior's support also enabled infrastructure improvements for mentoring and addiction prevention, and partnership forming to help tackle stigma.



The Moyer Foundation, US.

Community Anti-Drug Coalitions of America (CADCA), US

For over five years, Indivior has provided educational grant support to the Community Anti-Drug Coalitions of America (CADCA) whose mission is to strengthen the capacity of communities to create and maintain safe, healthy and drug-free communities globally.

In 2017, CADCA implemented programs in those communities in greatest need of access to evidence-based care for opioid use disorder to help reduce the stigma associated with the disease of addiction, educate communities on medication-assisted treatment options and increase the number of health-care providers waived to treat opioid use disorder.

“CADCA supports the whole continuum of care from education to prevention to treatment and recovery. We believe leaders of all levels need to focus on initiatives that increase awareness, reduce stigma, and focus on initiatives to maintain safe, healthy and drug-free communities.”

General Arthur T. Dean
Chairman and CEO, CADCA

Helping to reduce OUD mortality in France

In France, Indivior supported a partnership across several clinical and medico-social associations in support of the early access program for NALSCUE nasal spray for the emergency treatment of characterized or suspected opioid overdose.

During 2017, over 400 centers (addiction centers, hospitals, prisons and harm reduction centers), and 800 doctors, 200 pharmacists and hundreds of nurses, social workers and educators received training on overdose symptoms, risks, mortality and the use and benefits of NALSCUE.

Indivior also supported the patient advocacy group ASUD (Auto-Support des Usagers de Drogues) development of public information materials on harm reduction and treatment approaches.

Driving innovation, strengthening our leadership profile

“Indivior’s R&D program is dedicated to the development of innovative therapeutics that move the international community one step closer to new treatment options that help patients with substance use disorders (SUDs) worldwide improve their quality of life and well-being.”

Christian Heidbreder
Chief Scientific Officer



Indivior’s R&D mission is dedicated to the development of innovative therapeutics that move the international community one step closer to new treatment options that help patients with substance use disorders (SUDs) worldwide improve their quality of life and well-being.

One of our core guiding principles – focus on patient needs to drive decisions – incentivizes R&D to advance treatment innovations in the face of the growing global addiction crisis.

In 2017, we continued to invest in R&D to pioneer significant new treatment options for those suffering from SUDs, and in partnerships worldwide to realize our vision that all patients will have access to evidence-based treatment for addiction and other co-occurring disorders.

During the year, we delivered two NDA submissions to the US FDA, completed two new state-of-the-art R&D Centers of Excellence, achieved FDA approval for our new product, SUBLOCADE, and formed new strategic research partnerships.

We entered into a multi-partner funding collaboration with Virginia Commonwealth University, Inova Fairfax Hospital and Virginia Tech Carilion Research Institute to study the effects of SUBLOCADE in the emergency room environment to possibly prevent repeat opioid overdoses and potentially change the standard of care for those who are recovering from opioid overdose.

We also showcased Indivior’s scientific expertise and know-how in six peer-reviewed publications and no less than 12 published conference abstracts with a focus on the science in support of SUBLOCADE and RBP-7000.

SUBLOCADE™: Expanding access to treatment for opioid use disorder

Our major R&D success of 2017 was the US FDA approval of SUBLOCADE. As the first and only once-monthly injectable buprenorphine formulation to treat moderate to severe opioid use disorder (OUD), SUBLOCADE represents an evidence-based paradigm shift from how we approach treatment of OUD today.

During the development of SUBLOCADE, we worked closely with the FDA through Type C meetings and an End-of-Phase 2 meeting. SUBLOCADE was granted US Fast Track Designation in May 2016. A pre-NDA meeting was successfully conducted in December 2016, which was followed by NDA submission in May 2017, and official NDA filing and PDUFA Priority Review designation in July 2017.

The science behind SUBLOCADE™

SUBLOCADE™ (buprenorphine extended-release) is the first and only therapy that, at steady state, delivers buprenorphine at a sustained rate of at least 2 ng/mL over a one-month period.

A unique delivery system

SUBLOCADE™ (buprenorphine extended-release) uses the ATRIGEL® delivery system, which consists of a polymeric solution of a biodegradable poly-(DL-lactide-co-glycolide) co-polymer dissolved in N-methyl pyrrolidone (NMP), a water-miscible biocompatible solvent.

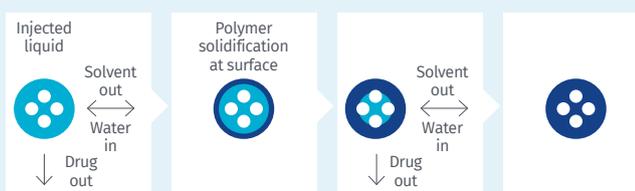
After subcutaneous injection, NMP interacts with body fluids that replace the NMP as it diffuses out of the polymer matrix, triggering polymerization. This traps the buprenorphine inside and forms a solid deposit in place. The depot releases buprenorphine over a one-month period by diffusion as the polymer biodegrades.

SUBLOCADE™ Lifecycle Evidence Generation & Optimization (LEGO)

During 2017, various studies were planned and designed and we will continue to generate and optimize evidence to support SUBLOCADE's efficacy and strengthen Indivior's leadership in the treatment of OUD. These included:

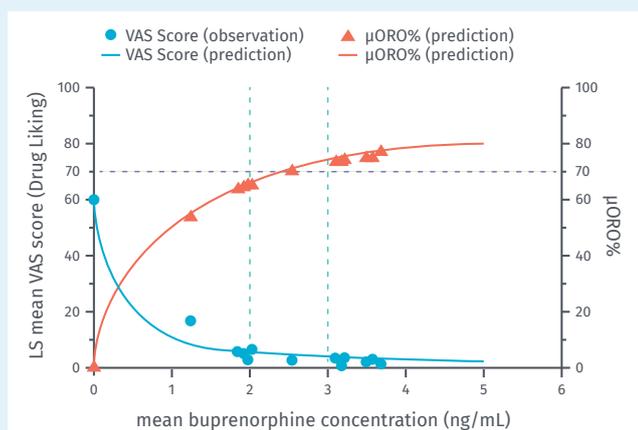
- ◁ Emergency Room Study – to assess the efficacy and safety of initiating SUBLOCADE in ER settings to potentially prevent repeat overdose events in OUD patients.
- ◁ VAS Craving Project – to explore how craving could be used as potential clinical endpoint in clinical trials in OUD patients.
- ◁ Buprenorphine Abuse, Misuse, Diversion (AMD) Epidemiology – to investigate the root causes of abuse and misuse in diverted buprenorphine.

ATRIGEL Delivery System



SUBLOCADE™ sustained-release formulation of buprenorphine. SUBLOCADE™ uses the ATRIGEL delivery system, a solution consisting of a biodegradable poly-(DL-lactide-co-glycolide) co-polymer dissolved in N-methyl pyrrolidone (NMP), a water-miscible biocompatible solvent. After subcutaneous injection, NMP interacts with body fluids that replace the NMP in the matrix, triggering polymerization. Buprenorphine trapped inside the polymer formed in situ is gradually released over a one-month period as the polymer biodegrades.

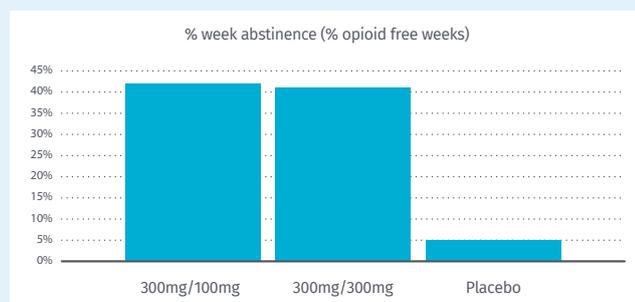
How SUBLOCADE™ works



SUBLOCADE™ (300mg) administration leads to buprenorphine plasma concentrations of 2-3 ng/mL, mu-opioid brain receptor occupancy of $\geq 70\%$ producing significant reductions in drug-liking.

This graph is for illustrative purposes only.

The outcome: Abstinence rate



The primary efficacy endpoint (% abstinence from Week 5 through Week 24) was statistically significantly superior ($P < 0.0001$) for both the 300 mg/100 mg and 300 mg/300 mg groups compared with the placebo group, with mean percentages as shown in the figure above.

Research & development continued

In October 2017, an Advisory Committee of the Psychopharmacologic Drugs Advisory Committee and the Drug Safety and Risk Management Advisory Committee voted 18 to 1 in favor of SUBLOCADE™ approval for the treatment of moderate to severe OUD.

The FDA decision to approve SUBLOCADE™ marks the end of an eight-year long effort to bring to market this innovative novel formulation of buprenorphine in the ATRIGEL delivery system and expand access to treatment options for OUD. SUBLOCADE™ provides sustained plasma levels of buprenorphine that translate into high and sustained mu-opioid receptor occupancy in the brain over a one-month period, thereby suppressing withdrawal

symptoms, reducing the subjective, drug-liking effects of opioid agonists, and ultimately leading to significantly reduced illicit opioid use compared to placebo over a six-month period.

Exposure-response analyses established a correlation between buprenorphine plasma concentration, whole-brain mu-opioid receptor occupancy, opioid-free weeks, and withdrawal. The overall safety profile of SUBLOCADE™ in the clinical trials program was consistent with the known safety profile of transmucosal buprenorphine. The most common adverse reactions associated with SUBLOCADE™ (in ≥5% of subjects) were constipation, headache, nausea, injection site

pruritus, vomiting, increased hepatic enzymes, fatigue, and injection site pain.

We believe that SUBLOCADE™ is an important treatment option for patients, families and communities battling the opioid epidemic.



Innovation through the decades: Indivior's R&D timeline

Indivior has a long history of supporting the addiction treatment community. It has been involved in manufacturing and supplying buprenorphine for OUD patients for decades.

Developing innovative treatments for OUD for decades



- | | | | |
|--|---|---|--|
| 1995* | 2002* | 2010* | 2017* |
| <ul style="list-style-type: none"> ◁ Approval in France ◁ Sublingual Tablet (buprenorphine) ◁ Monodose form | <ul style="list-style-type: none"> ◁ Approval of SUBUTEX and SUBOXONE in US ◁ Sublingual Tablets ◁ SUBOXONE (buprenorphine and naloxone) ◁ Combination form | <ul style="list-style-type: none"> ◁ Combination form ◁ Sublingual Film | <ul style="list-style-type: none"> ◁ ATRIGEL delivery system ◁ Once monthly subcutaneous Injection |

* Date of Approval

Indivior's R&D strategy

Our R&D strategy is to develop products that address the major challenges in the treatment of SUDs, which are: efficacy, safety, and delivery including adherence to treatment and reduction in misuse and diversion.

A pre-requisite for addressing these challenges is understanding SUDs as the result of long-term molecular and cellular adaptations in key neural networks.

R&D partnerships

In 2017 we continued to develop partnerships and collaborations that allow us to understand patients' unmet needs and accelerate the development of new medications.

We developed plans to collaborate with Virginia Commonwealth University (VCU), Inova Fairfax Hospital and Virginia Tech Carilion Research Institute to study the effects of SUBLOCADE™ in the emergency room environment to possibly prevent repeat opioid overdoses and potentially change standards of care.

We also entered a new strategic collaboration with Addex Therapeutics to explore GABA-B positive allosteric modulators (PAMs) as an attractive target to potentially treat various SUDs. Our joint research efforts could help to open new medication pathways for alcohol and cocaine use disorders.

We are also committed to further consolidating our prospective patient outcomes research, which is key to demonstrating the value of medical therapies to patients, physicians, and payers, and can drive new meaningful treatment options for patients suffering from SUDs.

Strategic driver: Infrastructure

State of the art research and development centers

During the year, we completed our new R&D Center of Excellence in Hull (UK) (54,000 sq ft) and the extension of our R&D facilities in Fort Collins (CO, USA) (18,500 sq ft).

The new Hull facility is a \$30 million R&D center dedicated to pioneering novel treatments for patients struggling with SUDs. The new center, which will house over 50 employees, is equipped with cutting-edge technologies, including a 400MHz Nuclear Magnetic Resonance spectrometer, and is constructed to environmental and energy-saving standards, including the installation of a 25kW solar panel farm to increase use of renewable energy.

As Indivior's largest capital investment in R&D, it is hoped the new center will enable us to leverage science and research to help understand the

neurobiological underpinnings of SUDs and advance the SUD treatment paradigm.

In the US, our \$11 million investment in Fort Collins has increased the site's footprint from 23,000 sq ft to 42,000 sq ft. It establishes Fort Collins as a leader in parenteral product development from a chemistry, manufacturing and controls (CMC) perspective.

Altogether, the new UK and US facilities will allow us to significantly expand our capabilities through pilot plant storage, formulation laboratories, analytical laboratories, chemistry laboratories, stability chambers, office spaces, and support spaces. Not only will these facilities help us remain at the cutting edge of innovation and discovery, they will help keep our employees safe, and support our independence as an organization.



Hull: At a glance

\$30m

Cost of Hull facility

50

Employees

400MHz

Nuclear Magnetic Resonance spectrometer

Research & development continued

R&D strategic drivers

In 2017, we made progress against our four R&D strategic drivers: Infrastructure see page 31, People, Processes and Portfolio.

People

Throughout 2017, we focused on bringing new talent into our organization and establishing strong leadership teams. We know that any business is only ever as good as the quality of the people and talent it can recruit. Our facilities enhancements in 2017 deepened the appeal of our organization as a place of scientific excellence where people can thrive and make a difference. Our hiring campaign also focused on lessening organizational layers, building cross-functional networks, rewarding successes, and promoting a 'right decisions' mindset based on sound scientific grounds.

Processes

Another area of focus was improving the quality of our processes and interactions within R&D Functions and with ex-R&D Functions. Our key initiatives, designed to enhance how we work together and make the right decisions on behalf of patients, included:

- ◁ Implementation of a Continuous Improvement Team.
- ◁ Partnership between Medicine Development Leaders (MDLs) and Global Therapy Leaders (GTLs) and implementation of a Manufacturing Process Continuity Team (MPCT).
- ◁ Collaboration with Information Technology Department to move R&D towards industry standard, compliant and scalable platforms to support growth and submission activities and address any immediate compliance and support risks.

- ◁ Partnership with Medical from medical governance to Advisory Boards to Lifecycle Evidence Generation and Optimization (LEGO) design and implementation.

Portfolio

During 2017, we made significant progress across of our portfolio development. True to our vision and mission, we focused on developing innovative treatment solutions for OUD and its co-occurring disorders, such as schizophrenia. We also continued to address the challenge of alcohol use disorder (AUD).

Significant pipeline milestones for the year include:

Opioid use disorder

Product	Milestone
SUBOXONE® Sublingual Tablet	<ul style="list-style-type: none"> ◁ Data from two pivotal pharmacokinetics (PK) studies used to support application for two additional dosage strengths (SUBOXONE 12mg/3mg and 16mg/4mg Sublingual Tablets) in Canada. Final approval received from Health Canada (HC) with Notice of Compliance (NOC) in September 2017. ◁ Three clinical trials finalized and used to submit an NDA to the Chinese FDA in December 2016. NDA submission under review by CFDA.
SUBOXONE® Sublingual Film	<ul style="list-style-type: none"> ◁ SUBOXONE Film added to List of Drugs for an Urgent Public Health Need in British Columbia, Canada, in June 2017 and for use in the Correctional Service Facilities in December 2017.
SUBLOCADE™ injection for subcutaneous use (CIII)	<ul style="list-style-type: none"> ◁ SUBLOCADE™ received US FDA approval in November 2017 as the first and only once-monthly injectable buprenorphine formulation to treat moderate to severe opioid use disorder.

“The US filing of RBP-7000 represents a significant milestone for Indivior in addressing unmet patient needs in schizophrenia. It is a demonstration of our ongoing commitment to developing innovative treatment options and in helping to battle the challenges associated with this serious disease.”

Christian Heidbreder
Chief Scientific Officer

Schizophrenia

Product	Milestone
RBP-7000	<ul style="list-style-type: none"> ◁ NDA for RBP-7000, our once monthly risperidone formulation using the ATRIGEL delivery system, successfully submitted to US FDA in September 2017. ◁ Official NDA filing in December 2017, with PDUFA date set for July 2018. ◁ In the pivotal randomized, double-blind, placebo-controlled study (RB-US-09-0010), RBP-7000 demonstrated statistically significant clinical improvement compared to placebo based on changes in mean Positive and Negative Syndrome Scale (PANSS) total and Clinical Global Impression-Severity of Illness (CGI-S) scores at eight weeks. ◁ The efficacy of RBP-7000 on the reduction in PANSS total scores and CGI-S was statistically significant with the first efficacy assessment on Day 15 through the duration of the eight week study. The most common adverse reactions in clinical trials (reported in ≥ 5% and greater than placebo group) were weight increase, constipation, sedation/somnolence, pain in extremity, back pain, akathisia, anxiety and musculoskeletal pain. The most common injection site reactions (≥ 5%) were injection site pain, erythema and induration/nodule. ◁ Measures of clinical efficacy in the open-label long-term safety extension trial (RB-US-13-0005) demonstrated that patients remained stable or improved across study visits over 12 months, as evidenced by decreases in mean PANSS total and CGI-S scores. This is the first demonstration of safety and durability of effect for an investigational once-monthly injectable form of risperidone administered subcutaneously in a long-term clinical trial.

Alcohol use disorder

Product	Milestone
Arbaclofen Placarbil	<ul style="list-style-type: none"> ◁ Phase 1 Bioavailability Study. ◁ Reformulation and clinical pharmacology assessment. ◁ Currently planning to meet with the FDA to agree on next development stages.

Rescue medications for opioid overdose

Product	Milestone
NALSCUE® (naloxone hydrochloride) Nasal Spray	<ul style="list-style-type: none"> ◁ Received Marketing Authorization (MA) from French Regulatory Agency ANSM for NALSCUE in July 2017; the MA approved intranasal naloxone product for the emergency treatment of characterized or suspected opioid overdose in France.

Managing our business responsibly

Overall approach

Guiding principles and core values

Indivior's Guiding Principles, Core Values and Vision provide the Group's framework for decision-making and create a blueprint for business success. They also support the Group's culture which unites and guides its employees. This genuine competitive differentiator enables and encourages a shared passion to remove the stigma of substance use disorders and shift its treatment into mainstream medical practice.

Responsible business drivers

Indivior's approach to responsible business is driven by its focus on addressing the needs of the patient and reducing the burden of substance use disorders, its aim to achieve regulatory compliance at all times, its understanding of stakeholder expectations concerning the Group's behavior, its management of risk, and the desire across the Group to do the right thing in the right way in all of its day-to-day business activities.

Management of the approach

Indivior's framework addresses seven key areas of its business:

- ◀ Environment and climate change
- ◀ Employee health and safety
- ◀ Patient safety and product quality
- ◀ People
- ◀ Business conduct
- ◀ Information technology
- ◀ Access to medicine, research and education funding and advocacy initiatives

Indivior seeks to continuously improve its standard operating procedures, management systems and performance indicators.

Governance and oversight

Adherence to responsible business performance is overseen by the Executive Committee and managed by comprehensive governance processes.

Environment and climate change

Policies and approach

The Group's environmental policy commits it to operating in a responsible, environmentally sound and sustainable manner at all times. It also recognizes that these responsibilities extend to the Group's supply chain, processes and products and that these aspects of the business have both direct and indirect environmental impacts. The Group has pledged to achieve continuous improvement in its environmental performance and compliance with the law as the minimum standard.

Management systems

The Group's management of its environmental and climate change impacts has been developed at a local level to address the varying impacts at its Fine Chemical Plant in Hull, UK, the new R&D Center of Excellence (also located in Hull, UK), its research and development facility in Fort Collins, Colorado, US and across its various office facilities.

The Fine Chemical Plant has OHSAS 14001 certification and closely monitors its emissions, ground water and effects on local biodiversity in conjunction with the UK Environment Agency. These include regular testing of ground water samples and air quality to ensure that harmful contamination is not taking place through leaks, spills or fugitive emissions. It also conducts a program of ongoing improvements to enhance the Group's approach over time. At all other sites, the Group conducts a variety of energy saving, reuse and recycling initiatives.



Case study Hull Fine Chemical Plant Cryo-Condenser

In 2017, the Group's program of continual improvements included the acquisition and implementation of a state-of-the-art Cryo-Condenser at the Fine Chemical Plant in Hull. The Cryo-Condenser helps ensure that emissions relating to the use of solvents are minimized within limits agreed with the UK Environment Agency and to reduce energy use.

Performance

The Group has recorded no material environmental incidents (e.g. spills, emissions to air) during 2017.

Greenhouse gas emissions

This is the third year Indivior has comprehensively reported greenhouse gas emissions as a stand-alone entity. The baseline year for emissions reporting is 2015. The reporting period for emissions is consistent with Indivior's financial reporting period, being the calendar year ended December 31, 2017.

Indivior has reported on all the emission sources required under the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within the consolidated Financial Statements.

Indivior does not have responsibility for any emission sources that are not included in the consolidated Financial Statements. Indivior has also reported Scope 3 data, where it was available, that relates to transmission and distribution losses (52 tonnes of CO₂e) and water supply (6 tonnes of CO₂e). This assessment has been carried out in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol; a Corporate Accounting and Reporting Standard. This protocol is considered current best practice for corporate or organizational greenhouse gas (GHG) emissions reporting. GHG emissions have been reported by the three WBCSD/WRI Scopes. Scope 1 includes direct GHG emissions from sources that are owned or controlled by Indivior, such as natural gas combustion and Indivior owned vehicles. Scope 2 accounts for GHG emissions from the generation of purchased electricity, heat and steam generated off-site. Scope 3 includes all other indirect emissions. The method used to calculate emissions is the GHG Protocol Corporate Accounting and

Reporting Standard (revised edition) using the location based Scope 2 calculation method, together with the latest emission factors from recognized public sources, including but not limited to, the Department for Environment, Food & Rural Affairs (DEFRA), the International Energy Agency, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change.

Emissions

Type	Tonnes of CO ₂ e
Scope 1	593
Scope 2	2345
Scope 3	172
Total emissions	3110
Per full time employee	5.54
Per tonne of production	647.9



Case study – energy saving initiatives at new Hull R&D center

The Group's new R&D Center of Excellence in Hull is constructed to environmental and energy-saving standards, including the installation of a 25kW solar panel farm to increase use of renewable energy. Other energy saving initiatives include electric car charging points for employee and Group vehicles.

Employee Health and Safety

Policies and approach

Indivior is committed to maintaining the health, safety and welfare at work of its employees. The Group strictly adheres to legal requirements and the continual improvement of its health and safety control arrangements and performance.

Management systems

The Group's occupational health and safety management systems are tailored to local requirements to address specific areas of impact and risk. Since the Group demerged from Reckitt Benckiser (RB) in 2014, the Fine Chemical Plant in Hull has conducted a continuous health and safety improvement program at the site which has OHSAS 18001 (45001) certification. Product safety is an important aspect of the Group's activities at the Fine Chemical Plant and its procedures are regularly reviewed and enhanced to ensure that product integrity and quality are consistently maintained.

The Group maintains health and safety policy and procedural information for each of its sites and this is available to all employees on the Indivior intranet. It conducts regular site risk assessments and provides training for all employees tailored to individual roles and responsibilities. Procedures are in place to ensure that workplace incidents, should they occur, are investigated and that any corrective or investigative action is taken promptly.

Performance

The Group recorded no material employee health and safety incidents in 2017.

Managing our business responsibly continued

Patient safety and product quality

Policies and approach

The Group takes patient safety very seriously. Patient safety is fundamental to the integrity of its global brands and businesses. The Group actively promotes responsibility and concern for the safety of its patients, products, employees and the general public in all aspects of its business.

Management systems

Patient safety and product quality are embedded in the Group's culture and patient-focused business model.



Case study

2017 saw continued investment in health and safety improvements at the Fine Chemical Plant in Hull through the conduct of the Group's capital expenditure program. One important initiative was the introduction of 'glove-box' isolation at the final stage of the production process to provide improved employee protection from active pharmaceutical ingredients and to maintain product quality.

A pharmacovigilance process has been established to monitor the safety of the Group's marketed and investigational products in a comprehensive and thorough manner.

This includes a Risk Evaluation and Mitigation Strategies (REMS) program to mitigate the risks of accidental overdose, misuse and abuse for SUBOXONE Film and to mitigate the risk of serious harm or death that could result from intravenous self-administration for SUBLOCADE™ in the US. The Group measures the impact of the REMS program and reports the results to the US FDA as required.

The Group also operates a Patient and Product Safety Group which includes pharmacovigilance medical teams to monitor the safety profile of both its marketed and investigational products, which are closely monitored on a continuous basis.

Indivior believes that patient safety and product quality are not just an obligation but a responsibility.

Connecting patients to help

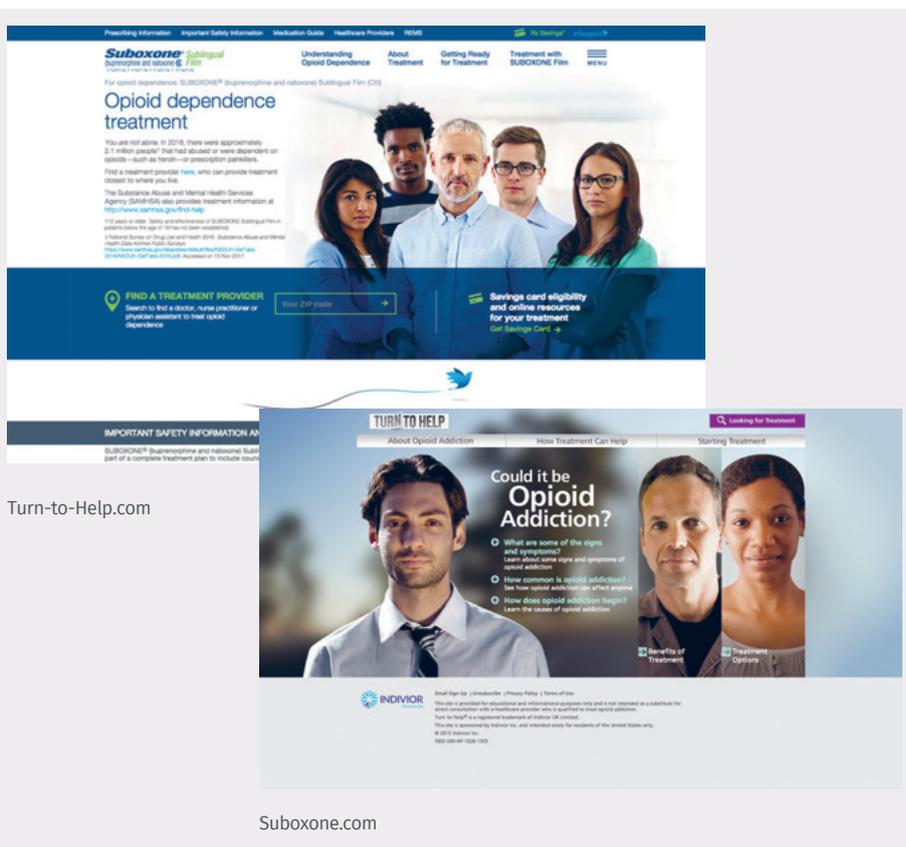
In 2017, over 9.1 million unique visitors in the US accessed Indivior's opioid dependence websites, representing a 3% increase over 2016 visits.

Turn-to-Help.com is a patient and family resource for educational materials on the disease of OUD and treatment options. The site also provides a search tool for patients to help them locate a waived healthcare provider in their area.

Suboxone.com is intended to support patients at each stage of their journey, including providing tools to help patients find a waived healthcare provider as well as providing savings cards for medication.

In 2017, nearly 613,000 'Find A Doctor' searches were completed on these two websites.

In Australia, Indivior also makes available for patients a website, TurntoHelp.com.au, to connect families and patients to resources.



Global quality

Our responsibility is to the patients we serve. To this end, we are committed to a culture of innovation and quality defined by the following four principles:

- ◁ Our patients are at the heart of what we do and we continually seek to build and maintain their trust in us. This drives our passion for the continuous improvement of our products and processes and is at the heart of our guiding principles.
- ◁ Our people are empowered to continuously identify and evaluate risk and we are focused on achieving 'zero' quality defects and waste. Our people have confidence in the products we manufacture and distribute globally.
- ◁ Our regulators are viewed as partners in helping us achieve standards of excellence. We seek to ensure our quality systems and processes are globally harmonized, and view feedback as continual learning opportunities.
- ◁ Our shareholders understand our culture of quality. We focus on creating value by driving continual improvement, seeking to achieve excellence in compliance at all levels, standardizing and simplifying our processes to reduce costs and flawlessly executing our pipeline and supply chain so that our growth potential is exceeded.

People

Policies and approach

The Group has a variety of employment policies that provide a framework to ensure that it is an employer of choice and that it provides a fair, equitable and conducive working environment free from discrimination and harassment.

Its policy documents and Code of Conduct also contain commitments to support the UN Declaration of Human Rights and the provisions of the International Labour Organization Declaration (which embraces free and collective bargaining and organized worker representation and prohibits the use of forced or child labor).

Key policy documents include a diversity and inclusion policy, a flexible working policy, harassment and grievance policies. The Group has, in line with UK reporting requirements, published a statement on its website outlining its approach to addressing slavery. The Group's employment policies also commit Indivior to supporting relevant local initiatives such as the Living Wage Foundation in the UK (which calculates a minimum wage rate based on the average cost of living). They also state that the Group seeks to employ, wherever practicable, people from local communities to support those who may find it difficult to find employment.

Management systems

The Group's adherence, systems development, recruitment and management of employee training and development occur in partnership with other business areas, such as corporate compliance.

Indivior's employees consciously live by the Guiding Principles, and management and employees embed and maintain the Group's culture through the following mechanisms:

- ◁ Annual global survey: Management conducts an annual global survey to assess the Group's culture and identify opportunities for enhancement. These strong and improving results surpass external benchmarks.
- ◁ Culture champions: Designated employees act as ambassadors and create opportunities for employee engagement, as well as informally assessing where the culture is working well and where attention is needed.
- ◁ Performance reviews: Annual performance reviews emphasize both what business results were achieved and how behaviors and actions were aligned with Indivior's Guiding Principles.

Managing our business responsibly continued

- ◁ Leadership development: Leadership development programs focus on specific competencies to cultivate coaching skills that foster growth through the Guiding Principles.
- ◁ New employee orientation: New employees must complete an on-line culture training within the first two months and attend a full-day culture workshop.
- ◁ International Women in Leadership (IWIL): Program supporting diversity in leadership.

Workforce information

At the end of 2017, the Group employed 1,023 people (559 female and 464 male). 673 employees were based in North America. Employee headcount by job function is supplied below:

Function	Employee numbers
Commercial	435
R&D/Clinical/Regulatory	178
General management/support	209
Medical	105
Supply	96
Total	1,023

Business conduct

Approach and policies

The Group requires compliance with laws, regulations and industry practice at all times. Its comprehensive compliance programs include a focused compliance staff and policies across the full panoply of operations, including:

- ◁ An anti-bribery policy
- ◁ A data protection policy
- ◁ A commercial interactions with healthcare professionals policy
- ◁ A healthcare business ethics policy
- ◁ A share dealing policy and code
- ◁ A field medical personnel policy
- ◁ A records and information management policy

Management systems

Regulatory and legal compliance is a key aspect of the Group's patient-focused business model. The Group maintains a Corporate Compliance Department to guide compliance efforts through policies, training education and monitoring. These steps ensure adherence to industry codes, laws and regulations in all the countries in which the Group operates. The department also works to ensure that all of the Group's operations are conducted in line with all regulatory requirements and industry codes of ethics, including those published by US PhRMA; Association of the British Pharmaceutical Industry (ABPI); and by Medicines Australia, along with the Pharmaceutical Manufacturer's Compliance Program Guide published by the Office of Inspector General of the US Department of Health and Human Services.

The Vice President, Corporate Compliance has routine access to the Board and Executive Committee.

The compliance team's responsibilities include oversight of pharmaceutical marketing, Medical's scientific interactions with healthcare professionals, healthcare fraud prevention and anti-bribery guidance to all of the Group's employees.

In 2017, the Group continued to enhance its corporate compliance department as part of its risk mitigation strategy.

The department's responsibilities include:

- ◁ Ensuring that the department has access to the Board and executive team, which oversee the program.
- ◁ Establishing, maintaining and communicating standards of conduct for the business as a whole.
- ◁ Ensuring appropriate internal and external due diligence systems are in place to avoid and mitigate wrongful or potential criminal activity.
- ◁ Maintaining a confidential reporting system and ensuring that its existence and purpose is communicated effectively across the organization.
- ◁ Ensuring that effective and prompt response processes are in place following the receipt of reports submitted through the confidential system.
- ◁ Ensuring that robust monitoring and investigative processes are in place to ensure that allegations of wrongdoing are detected and corrective action is taken promptly; and
- ◁ Designing and conducting enforcement processes that include incentives and disincentives that are consistent with related levels of risk and opportunity.

As part of its continuing mission to identify and mitigate business risks, Corporate Compliance implemented the following in 2017:

- ◁ Added a compliance director in the EMEA region and two employees in the US: a manager responsible for policy development and education, and a director of compliance program operations responsible for project management initiatives.
- ◁ Revised and updated over 25 corporate compliance policies, provided comprehensive education on compliance standards of conduct to employees and contractors globally, and delivered targeted education to clinical liaisons, sales management team, field medical team and field reimbursement specialists. Global policy update trainings were delivered by April 2017 with a 100% completion rate.
- ◁ Enhanced the due diligence processes, both for employees and for third parties, and increased monitoring and oversight to assure appropriate business practices, which will continue in 2018.
- ◁ The Group also has a separate internal audit department that is responsible for designing and implementing its own work programs and reports to the Audit Committee.

Performance

Indivior significantly expanded its compliance and related monitoring activities in 2017. These procedures did not discover any material instances of non-compliance with the Group's business conduct policies and procedures during the year.

Information Technology

The Group invests in Information Technology (IT) as a key competitive enabler. To this end, Indivior has implemented a scalable, cloud-based technology platform to support future growth.

In 2017, the Group completed all IT-focused separation activities from Reckitt Benckiser (RB) across all entities and locations. As part of the transition, Indivior established IT services for R&D sites in Hull (UK) and Fort Collins (US) as well as various global offices. IT also supported a variety of global audits undertaken in 2017 to provide assurance that the Group's systems are 'fit for purpose.'

Technology highlights for 2017 include the following platform and system enhancements: streamline and support cross-functional business processes; provide key business units with data-driven insights; and enable the SUBLOCADE™ approval and commercialization process, and the RBP-7000 NDA submission.

In 2017, Indivior also established a Global Business Services function reporting to the Chief Information and Innovation Officer. Global Business Services provides consolidated global processing for all financial transactions. This enables the Group to standardize, continuously improve and closely align to our Enterprise Resource Planning (ERP) solutions to gain further efficiencies and deliver cost savings.

To support future scalability and reduce IT operational expenses, Indivior also transitioned all remaining data center operations to Amazon.

To protect Indivior data and assets, Indivior invested in comprehensive cyber security measures supported with global employee training.

IT is also partnering with R&D, Medical and Commercial functions to help identify, assess, pilot and launch new digital technology-enabled business capabilities.

These actions, investments and strategic focus further support the Group's approach to providing compliant, secure, streamlined, cost effective and scalable IT platforms to the business, globally.

Managing our business responsibly continued

Access to medicine, research and education funding and advocacy initiatives

Indivior Patient Help Foundation

In 2017, the Indivior Patient Help Foundation provided SUBOXONE Film product valued at \$17 million through its patient assistance program in the US. Since 2010, the foundation has provided access to an average of 5,000 qualified patients per year to obtain medication.

Pricing

Indivior is committed to investing in new science and new technologies to treat the chronic diseases and co-occurring disorders of addiction. Revenues generated from the sales of our products enable Indivior to continue to invest in studies, building on current technologies and developing new treatment innovations.

Indivior wants to help ensure our products are affordable to appropriate patients. When determining the price of our products, multiple factors are considered, including the value the new treatment innovation delivers to patients, significant new scientific evidence generated as part of a robust clinical development program and the potential benefits to the healthcare system.

Investigator initiated studies

Indivior continues to support Investigator initiated studies to expand upon the science in addiction.

Medical education grants

Indivior also has a long-standing history of providing unrestricted educational grants to support medical education.

Stakeholder engagement

In 2017, Indivior engaged with a range of stakeholders to help stimulate and accelerate change for patients. More information about these activities can be found on pages 22 to 27.

Advocacy and public policy

Indivior advocates on public policy issues relevant to the Company by engaging responsibly with public officials, policymakers and stakeholders at all levels of government.

Indivior supports public policies that:

- ◀ Enable long-term OUD recovery for patients.
- ◀ Promote increased access to evidence-based OUD treatments.
- ◀ Reduce and help prevent the abuse; misuse and diversion of our products.
- ◀ Accelerate innovation;
- ◀ Promote public health.

In the US, Indivior's public policy approach is focused in the following key areas:

- ◀ Expanding access to medication-assisted treatment:
Indivior believes that medication-assisted treatment (MAT), including treatment with buprenorphine (BMAT), is a critical part of the solution to the nation's opioid crisis. MAT brings substantial value to both patients and society, but remains, for many reasons, severely underutilized.

- ◀ Removing barriers to innovative treatments:
Indivior believes new, evidence-based buprenorphine long acting injectable medications are innovations in medication-assisted treatment for opioid use disorder and that any ambiguity in current federal and state controlled substance distribution laws should be addressed to ensure patients and providers can realize the full value of these innovations.
- ◀ Disease and treatment education:
Indivior advocates for accelerated public, healthcare provider and patient education on the disease of OUD and evidence-based treatment options, including all FDA approved medication-assisted treatments such as methadone, buprenorphine and naltrexone.
- ◀ Supporting medical education:
Indivior supports education of addiction and evidence-based treatments in medical, physician assistant and nursing schools and as a core requirement for continuing medical education programs within the healthcare system.
- ◀ Supporting the enforcement of the US Parity Act:
Indivior supports robust education, enforcement and awareness of US federal and state parity laws and advocates to strengthen where necessary, working together with key external stakeholders.

Abuse, misuse and diversion of our products

Ensuring best practices in treatment and managing the risks of buprenorphine OUD treatments are critical to patients' safety and their future ability to access treatment.

As the manufacturer of SUBLOCADE and SUBOXONE Film, and the current US market leader in buprenorphine treatments, Indivior works to address the potential risk of abuse, misuse and diversion of buprenorphine treatments for OUD and supports the efforts of other stakeholders to do the same.

Indivior continues to collaborate with medical associations, policy makers, law enforcement and other key stakeholders to help advance solutions.

“Indivior has long believed that education about substance use disorders can and will improve patient treatment and access.”

Dr. Ponni Subbiah
Chief Medical Officer

Case study

In September 2017, Indivior Chief Medical Officer, Dr. Ponni Subbiah, represented Indivior at a meeting of the US President's Commission on Combating Drug Addiction and the Opioid Crisis. In alignment with perspectives of public health and patient advocates, Dr. Subbiah outlined barriers to treatment and recovery that must be overcome for additional progress to be made.

She highlighted the need for: access to evidence-based treatment; additional waived treatment providers; an increase in patient treatment limits to increase the number of patients with access to treatment; and the need to reduce and eliminate structural barriers to effective disease management that exist in the US healthcare system.

Financial review

Full year operating highlights

- US market growth in financial year 2017 improved to low double-digit levels. Suboxone® Film average market share was 59% (2016: 61%), exiting the year at 56% (2016: 61%) primarily due to ongoing generic tablet competition in the most price sensitive US payors (Managed Medicaid).
- SUBLOCADE™ became the first once-monthly buprenorphine long-acting injection delivery system approved by FDA for the treatment of moderate-to-severe opioid use disorder (OUD); launching in the US in March 2018.
- FDA accepted NDA for RBP-7000, a once-monthly risperidone long-acting injection for the treatment of schizophrenia; PDUFA date of July 28, 2018 established; setting up new business unit.

- Indivior entered into a strategic collaboration with Addex Therapeutics on January 3, 2018 that includes exclusive global license rights to their GABAB positive allosteric modulator program.
- Indivior initiated an appeals process against Dr. Reddy's after the US District Court for the District of Delaware found asserted claims of Patent Nos. 8,017,150 (the '150 patent), 8,603,514 (the '514 patent) and 8,900,497 (the '497 patent) valid but not infringed by Dr. Reddy's proposed generic buprenorphine/naloxone film. The appeal is progressing in the Federal Circuit Court of Appeals.
- Indivior took additional actions to secure its intellectual property position by reaching a settlement with Mylan, including the termination of their inter partes

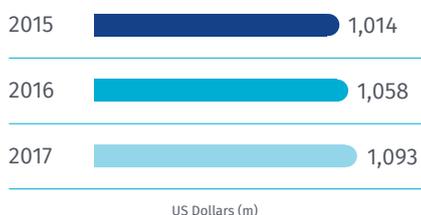
- review (IPR), and is asserting its new Orange Book-listed patents covering SUBOXONE® Film, US Patent Nos. 9,687,454 (the '454 patent) and 9,855,221 (the '221 patent), against the other abbreviated new drug application (ANDA) filers.
- The Group continues in active discussions with the various governmental and other entities about possible resolutions to their investigative and antitrust litigation matters. Please see pages 6 to 9 for a comprehensive Litigation Update.

Period to December 31 (as reported)	2017 \$m	2016 \$m	% Δ actual FX	% Δ constant FX
Net revenue	1,093	1,058	3	3
Operating profit	193	149	30	25
Net income	58	35	66	57
EPS (cents per share)	8	5	60	57

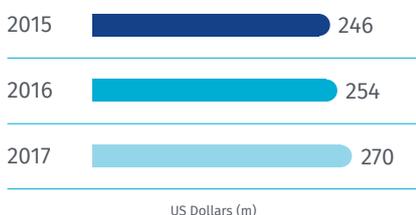
Full year financial highlights

- Net revenue at \$1,093m (2016: \$1,058m) increased 3%. Net revenue at constant FX was also +3%.
- Operating profit was \$193m (2016: \$149m) including exceptional costs of \$210m. Adjusted operating profit, excluding exceptional costs of \$210m (2016: \$238m), grew 4% to \$403m (2016: \$387m).
- Net income was \$58m (2016: \$35m) after net financing costs of \$56m (2016: \$51m) and tax expense of \$79m (2016: \$63m). Adjusted effective tax rate of 25% (2016: 25%). Adjusted net income, excluding exceptional items, was \$270m (2016: \$254m), an increase of 6%.
- Cash balance at year-end was \$863m (2016: \$692m). Net cash of \$376m (2016: \$131m).

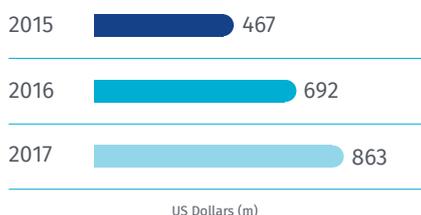
Net Revenue



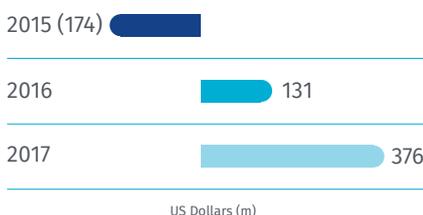
Adjusted Net Income*



Cash Balance



Net (Debt)/Cash



Full year operating review

US market update

The market for buprenorphine products continued to grow strongly in 2017, resulting in low double-digit percentage volume growth compared to 2016. Market growth continues to benefit from legislative changes that have expanded OUD treatment capacity. Growth in both the number of physicians waived to administer medication-assisted treatment and those able to treat to the new allowable level of 275 patients (from 100 patients) continued in 2017. The number of waived nurse practitioners and physician assistants continued to grow as well.

SUBOXONE® Film had an average market share of 57% in 2017, compared to 61% in 2016, and 2017 exit share was 56%, compared to 61% exiting 2016. The decline in share during 2017 was largely due to continued competition in the most price sensitive payors that have prioritized lower priced generic tablet options. Overall commercial formulary access remains solid for SUBOXONE® Film. The list price of SUBOXONE® Film in the US increased modestly in January 2017, but this was offset by tactical rebating to maintain formulary access.

Financial performance for 12 months to December 31, 2017

Net revenue in 2017 increased 3% to \$1,093m (2016: \$1,058m) at actual exchange rates (3% at constant exchange rates). Revenue grew primarily from volume improvement in the US, along with ROW growth from one-off net revenue benefits in Europe and strong growth in Australasia and Canada. These net revenue gains were partially offset by a decline in US Suboxone® Film market share, while price increase in the US was offset by tactical rebating activity in connection with formulary access. Mix was also unfavorable from increased lower margin US Medicaid business. US net revenue increased 2% to \$877m (2016: \$857m).

Rest of World net revenue increased 7% at actual exchange rates (7% at constant exchange rates) to \$216m (2016: \$201m). Continued growth in Australasia and Canada and some one-off revenue benefits in Europe drove the overall net revenue improvement.

Gross margin for the year was 90%, unchanged from last year (2016: 90%). Excluding prior year exceptional items of \$11m, related to strategic planning for a potential negative ANDA outcome, included in Cost of Sales in the prior year, gross margin declined 1% from 91%. The modest decline reflects a slight change in the geographic mix of revenues with an increased contribution from Australasia and Canada who have lower margins.

SD&A expenses increased 4% to \$707m (2016: \$683m). The periods include exceptional items of \$210m and \$227m, respectively. 2017 SD&A included exceptional items of \$185m for additional legal provision related to investigative and antitrust litigation matters partially offset by the release of a legacy litigation reserve. Also included in 2017 was the legal settlement of the Amneal antitrust matter of \$25m. 2016 SD&A expenses included exceptional items of \$220m for a legal provision related to investigative and antitrust litigation matters and \$7m related to strategic planning for a potential negative ANDA outcome.

On an adjusted basis, SD&A expenses increased 9% to \$497m (2016 adj.: \$456m). The increase primarily reflected the expected pre-launch investments for SUBLOCADE™ and RBP-7000 and higher legal expenses related to ongoing ANDA litigation activity and related patent defense costs compared to the prior year.

R&D expenses decreased by 25% to \$89m (2016: \$119m). The decrease reflects lower clinical activity as key pipeline assets either have entered the commercial phase (SUBLOCADE™) or have been successfully submitted to FDA for approval (RBP-7000).

Operating profit for the year was \$193m, a 30% increase from the prior year (2016: \$149m). On an adjusted basis, operating profit was \$403m, 4% ahead of the prior year (2016: \$387m). The underlying year-over-year improvement, which excludes exceptionals, primarily reflects the benefit of higher net sales and lower R&D expenses, partially offset by expected pre-launch investments for SUBLOCADE™ and RBP-7000, as well as higher legal expenses related to ongoing ANDA litigation activity and related patent defense costs.

EBITDA (operating profit plus depreciation and amortization) for the year was \$206m (2016: \$163m). Excluding exceptional costs, adjusted EBITDA increased 4% to \$416m (2016: \$401m).

Operating margin was 18% as reported (2016: 14%). Excluding exceptional costs, the operating margin was 37% (2016: 37%).

Net finance expense for the year was \$56m (2016: \$51m), representing the interest and amortization on the Group's term loan borrowing facility, which was slightly offset by modest interest income. Finance expense for the year also included \$14m of exceptional costs related to the replacement term loan facilities. In December 2017, Indivior entered into an amendment and extension with various lenders to provide replacement term loans in an aggregate principal amount of approximately \$487m, replacing all the Group's U.S. dollar and Euro denominated term loans outstanding under the existing credit agreement. The new term loan facilities reduce the Group's interest coupon to LIBOR plus 4.50% from LIBOR plus 6.00%. The final maturity date has been extended by three years from December 19, 2019 to December 18, 2022.

On an adjusted basis, net finance expense of \$42m was lower than the prior year, resulting from the benefit of required repayments made during the year.

Financial review continued

The 2017 tax charge was \$79m, a rate of 58% (2016: \$63m; 64% rate). The tax charge reflects a \$15m one-time non-cash charge related to the lowering of the US corporate income tax rate to 21%, requiring a revaluation of US deferred tax assets and liabilities. It also includes other one-time items related to the release of uncertain tax provisions of \$18m upon close out of IRS tax audits. Both the current and prior year tax charges assume non-deductibility for tax purposes of the exceptional legal provisions. Excluding exceptional items in the pre-tax income of \$224m (2016: \$238m) and within taxation of \$12m (2016: \$19m), the adjusted effective tax rate was 25% (2016 adj.: 25%).

Net income for the year was therefore \$58m (2016: \$35m), excluding exceptional costs, the adjusted net income was \$270m, an increase of 6% (2016 adj.: \$254m).

EPS for the full year was 8 cents (2016: 5 cents) on both a basic and diluted basis. On an adjusted basis, excluding the effect of exceptional costs, basic EPS was 37 cents (2016: 35 cents) and diluted EPS was 36 cents (2016: 34 cents).

Cash flow

Cash generated from operations in the full year was \$369m (2016: \$512m), a decrease of \$143m, reflecting an investment in net working capital, reflecting trade payables dynamic on working capital.

Net cash inflow from operating activities was \$295m (2016: \$407m), reflecting the decrease in cash generated from operations, plus lower tax payments in the period of \$33m (2016: \$63m), net interest of \$36m (2016: \$42m) and transaction costs relating to the loan facility of \$5m (2016: nil).

Investment in property, plant and equipment, which primarily relate to the new R&D laboratory in Hull, redevelopment of the facility in Fort Collins, and other building refits, was \$30m (2016: \$20m). Investments in intangible assets of \$15m related to the purchase of certain patent rights from DURECT Corporation, further enhancing RBP-7000's IP position.

During the year, the Group repaid \$86m (2016: \$78m) of its term loan as part of its commitment under the syndicated debt facility. As noted above, the Group restructured its debt in December. There were no dividends paid in the year as the Board determined that it does not expect to pay further dividends in the foreseeable future.

The net increase in cash and cash equivalents in the period, therefore, was \$168m (2016: \$225m). Added to the cash and cash equivalents at the beginning of the period of \$692m and exchange differences of \$3m, the Group ended the year with a total cash and cash equivalents balance of \$863m.

Balance Sheet at December 31, 2017

Non-current assets were \$219m at the year-end (2016: \$219m). Although total non-current assets remain unchanged from the prior year, increases in property, plant and equipment relating to additional investments in the Group's R&D facilities, in intangible assets from the patent purchase noted above, and other receivables from long term prepayments were fully offset by a significant decrease in deferred tax assets.

Current assets increased by \$235m to \$1,225m (2016: \$990m) primarily driven by a \$171m increase in cash and cash equivalents, and \$51m increase in trade and other receivables from increased sales.

Current liabilities decreased \$176m to \$854m (2016: \$1,030m), reflecting the lower loan annual amortization rate from 10% to 1% due to the debt restructuring and updates to the legal provision that resulted in a shift from current to non-current position.

Non-current liabilities increased \$319m to \$793m (2016: \$474m) driven by increases in the non-current borrowings due to the lower annual amortization rates and increase in the legal provision as noted in the litigation update on pages 46 and 47.

Therefore, the Group ended the year with net liabilities of \$203m (2016: \$295m), consisting of total assets of \$1,444m (2016: \$1,209m), and liabilities of \$1,647m (2016: \$1,504m).

Adjusted Results

The board and management team use adjusted results and measures to give greater insight to the financial results of the Group and the way it is managed. They believe that the use of adjusted measures such as adjusted operating profit, adjusted net income and adjusted earnings per share provide additional useful information on underlying trends to shareholders. The tables below show the list of adjustments between the reported and adjusted operating profit and net income for both FY 2017 and FY 2016. Further details of each adjustment are available in note 4 of the notes to the Group's Financial Statements on page 129.

Reconciliation of operating profit to adjusted operating profit

	2017 \$m	2016 \$m
Operating profit	193	149
Exceptional selling, distribution and administrative expenses	210	238
Adjusted operating profit	403	387

Reconciliation of net income to adjusted net income

	2017 \$m	2016 \$m
Net Income	193	149
Exceptional selling, distribution and administrative expenses	210	238
Exceptional finance expense	14	–
Exceptional tax expense	(12)	(19)
Adjusted net income	270	254

Litigation update

In relation to the various litigation and investigational matters, the Board agreed with the Executive Committee that it was prudent to increase the provision related to these matters to \$438 million to reflect collectively their current status. Since these matters are ongoing we cannot provide any guarantee in terms of when these matters may be settled and what the ultimate impact to Indivior will be. We continue to cooperate fully with the various parties and are hopeful for resolution in a timely manner.

Department of Justice investigation

A U.S. federal criminal grand jury investigation of Indivior initiated in December 2013 is continuing, and includes marketing and promotion practices, pediatric safety claims, and overprescribing of medication by certain physicians. The U.S. Attorney's Office for the Western District of Virginia has served a number of subpoenas relating to SUBOXONE® Film, SUBOXONE® Tablet, SUBUTEX® Tablet, buprenorphine and our competitors, among other issues. The Group continues in discussions with the Department of Justice about a possible resolution to its investigation. It is not possible at this time to predict with any certainty the potential impact of this investigation on us or to quantify the ultimate cost of a resolution. We are cooperating fully with the relevant agencies and prosecutors and will continue to do so.

State subpoenas

On October 12th, 2016, Indivior was served with a subpoena for records from the State of Connecticut Office of the Attorney General under its Connecticut civil false claims act authority. The subpoena requests documents related to the Group's marketing and promotion of SUBOXONE® products and its interactions with a non-profit third-party organization. On November

16th, 2016, Indivior was served with a subpoena for records from the State of California Department of Insurance under its civil California insurance code authority. The subpoena requests documents related to SUBOXONE® Film, SUBOXONE® Tablet, and SUBUTEX® Tablet. The State has served additional deposition subpoenas on Indivior in 2017. The Group is fully cooperating in these civil investigations.

FTC investigation and Antitrust Litigation

The U.S. Federal Trade Commission's investigation remains pending. Litigation regarding privilege claims has now been resolved. Indivior has produced certain documents that it had previously withheld as privileged; other such documents have not been produced.

Fact discovery is continuing in the antitrust class action litigation. Plaintiffs allege, among other things, that Indivior violated U.S. federal and state antitrust laws in attempting to delay generic entry of alternatives to SUBOXONE® tablets, and plaintiffs further allege that Indivior unlawfully acted to lower the market share of these products.

Amneal Pharmaceuticals LLC (Amneal), a manufacturer of generic buprenorphine / naloxone tablets, alleged antitrust violations similar in nature to those alleged in the class action complaints, and Amneal also alleged violations of the U.S. Lanham Act. The Group has settled the dispute with Amneal, and Amneal has dismissed its claims against the Group with prejudice.

A group of states, now numbering 41, and the District of Columbia filed suit against Indivior in the same district where the antitrust class action litigation is pending. The States' complaint is similar to the other antitrust complaints, and alleges

violations of U.S. state and federal antitrust and consumer protection laws. This lawsuit relates to the antitrust investigation conducted by various states, as discussed in previous filings. Discovery has been coordinated with the antitrust class action litigation.

ANDA litigation and Inter Partes Review

The ruling after trial against Actavis and Par in the lawsuit involving the Orange Book-listed patents for SUBOXONE® Film issued on June 3rd, 2016. The ruling found the asserted claims of the '514 patent valid and infringed; the asserted claims of the '150 patent valid but not infringed; and the asserted claims of the '832 patent invalid, but found that certain claims would be infringed if they were valid. In an August 31st, 2017 ruling, the Court denied motions of Actavis and Par to reopen the June 2016 judgment.

Based on the ruling as to the '514 patent, Actavis and Par are currently enjoined from launching a generic product until April 2024. Par and Actavis have appealed this ruling, and Indivior has filed notices of cross-appeal. On October 24th, 2017 Actavis received tentative approval from FDA for at least its 8 mg/2 mg generic product under ANDA 204383 and on November 15th, 2017 it received tentative approval for its 12 mg/3 mg generic product under ANDA 207087. A tentative approval does not allow the applicant to market the generic drug product and postpones the final approval until all patent/exclusivity issues have been resolved. Actavis therefore remains enjoined by the Delaware court ruling.

Trial against Dr. Reddy's, Actavis and Par in the lawsuits involving the process patent (U.S. Patent No. 8,900,497) took place on November 16th and 21st – 23rd, 2016. Trial against Dr. Reddy's in the lawsuit involving two of the Orange Book-listed patents

for SUBOXONE® Film (U.S. Patent Nos. 8,017,150 and 8,603,514) took place on November 7th, 16th, and 21st – 23rd, 2016. The rulings in these trials issued on August 31st, 2017. The rulings found the asserted claims of the '497, '514, and '150 patents valid but not infringed. Teva had filed a 505(b)(2) New Drug Application (NDA) for a 16 mg/4 mg strength of buprenorphine/naloxone film. The parties had agreed that infringement by Teva's 16 mg/4 mg dosage strength would be governed by the infringement ruling as to Dr. Reddy's 8 mg/2 mg dosage strength that was the subject of the trial in November 2016; therefore, the non-infringement ruling in the Dr. Reddy's case means that the Teva 16 mg/4 mg dosage strength has been found not to infringe. Indivior has appealed the Dr. Reddy's and Teva rulings.

Dr. Reddy's 30-month stay of FDA approval expired on April 17th, 2017. So far as Indivior is aware, FDA to date has not granted tentative or final marketing authorization to Dr. Reddy's generic SUBOXONE® Film alternative.

If FDA were to grant final approval to Dr. Reddy's (or Teva for the 16 mg / 4 mg strength of buprenorphine/naloxone film) this would enable them to market a generic film alternative to SUBOXONE® Film in the U.S. However, any market launch by Dr. Reddy's (or by Teva) before the court of appeals renders its decision would be on an "at risk" basis because Indivior would have a claim for damages against Dr. Reddy's (or Teva) if Indivior ultimately prevails after any appeal.

Trial against Alvogen in the lawsuit involving the '514 Orange Book-listed patent and the '497 process patent for SUBOXONE® Film took place on September 26th – 27th, 2017. Trial was limited to the issue of infringement because Alvogen did not challenge the validity of either patent. The 30-month stay of FDA approval of Alvogen's Abbreviated New Drug Application expired October 29th, 2017. Alvogen agreed not to launch until March 29th, 2018 or until it receives a favorable

ruling from the District Court. That agreement has been extended until April 19th, 2018 in light of a 3-week extension of the post-trial briefing schedule.

By a Court order dated August 22nd, 2016, Indivior's SUBOXONE® Film patent litigation against Sandoz has been dismissed without prejudice because Sandoz is no longer pursuing Paragraph IV certifications for its proposed generic formulations of SUBOXONE® Film.

On September 25th, 2017, Indivior settled its SUBOXONE® Film patent litigation in District Court against Mylan.

Mylan filed a petition seeking an inter partes review (IPR) of the '514 and '497 patents. On May 12th, 2017, the US Patent Trial and Appeal Board ("PTAB") decided to institute the '514 IPR proceedings. On September 29th, 2017, Mylan and MonoSol submitted joint motions to terminate the '514 and '497 IPRs in light of the parties' settlement of their disputes in the District Court litigation. On October 6th, 2017 the PTAB terminated both the '514 and '497 IPR proceedings as to MonoSol and Mylan. Dr. Reddy's and Par had filed petitions and motions in June 2017 to join the Mylan '514 IPR proceeding. On October 20th, 2017 the PTAB refused to institute IPR proceedings and dismissed Dr. Reddy and Par's petitions.

Since August 2017, Indivior received Paragraph IV Notice letters from Actavis, Par, Alvogen, Mylan, and Dr. Reddy's for Indivior's recently granted USP 9,687,454 (the '454 patent). Indivior has filed suit against Alvogen, Dr. Reddy's, Par, and Teva in the District of New Jersey; and against Actavis in the District of Utah. Motions to transfer to another district are pending in all the cases. Par filed a corresponding declaratory judgment action in the District of Virginia. On February 23, 2018 the suit in the District of Virginia was stayed pending the resolution of the Par motion to transfer in the District of New Jersey. Although a complaint against Mylan was filed

in the District of West Virginia, it was dismissed in light of the parties' settlement of their disputes in the Delaware District Court litigation.

In February 2018, Indivior filed suit on the recently granted US Patent No. 9,855,221 against Alvogen, Dr. Reddy's, Par and Teva in the District of New Jersey; and against Actavis in the District of Utah.

In the event that one or more of the generic companies are successful in their patent challenges either on a final non-appealable basis or appealable basis, and should there be FDA approval of one or more of the ANDAs and subsequent commercial launch of generic SUBOXONE® Film and the Group's pipeline products fail to launch successfully or obtain regulatory approval, there is the likelihood that revenues and operating profits of the Group will significantly decline. In these circumstances the Directors believe they would be able to take the required steps to reduce the cost base, however, this would result in a significant change to the structure of the business.

Rhodes Pharmaceuticals

On December 23rd, 2016 Rhodes Pharmaceuticals filed a complaint against Indivior in the District of Delaware, alleging that Indivior's sale of SUBOXONE® Film in the U.S. infringes one or more claims of a patent. The asserted patent, which was issued in June 2016 traces back to an application filed in August 2007. Indivior believes this claim is without merit and will continue to vigorously defend this action.

Estate of John Bradley Allen

On December 27th, 2016 the Estate of John Bradley Allen filed a civil complaint against Indivior, among other parties, in the Northern District of New York seeking relief under Connecticut's products liability and unfair trade practices statutes for damages allegedly caused by SUBOXONE®. Indivior believes this lawsuit is without merit and will continue to vigorously defend this action.

How Indivior reviews and manages its risk



Our Board of Directors determines the company's appetite for Risk and provides governance of Indivior's Principal Risks

Our Executive Committee monitors and reviews the Principal risks. Oversees the internal control programs

Our Internal Audit team provides independent assurance of controls and effectiveness

Our Business Continuity Committee reviews, monitors and tests the risk mitigation plans supporting the Principal risks

Our Corporate Compliance Department develops and implements effective compliance and risk management programs

Our Risk Management team is responsible for and coordinates the risk management programs

Our Business Unit and Corporate Functional leadership establishes internal controls and manages risk remediation programs within their respective functions or areas

Our IT Team continues to invest in system controls to protect Indivior's electronic data and assets.

Risk factors and risk management

The Board of Directors have carried out a robust assessment to ensure that the principal risks, including those that would threaten the Group's business model, future performance, solvency or liquidity are effectively managed and/or mitigated to help ensure the Group is viable. While the Group aims to identify and manage such risks, no risk management strategy can provide absolute assurance against loss.

Set out below are the principal risks that could cause the Group's business model, future performance and solvency or liquidity to differ materially from expected and historical results, and how the risks relate to the Group's strategic priorities. Additional risks, not listed here, that the Group cannot presently predict or does not believe to be equally significant, may materially and adversely affect the Group's revenues, financial condition and results of operations. The principal risk factors and uncertainties are not listed in order of significance.

Risk management

To maintain our position as the leading pharmaceutical company focused on the treatment of addiction, we recognize that we must have a good understanding of the risks we face; those inherent in our strategy and operations, and those presented by external conditions. We take a systematic and robust approach to continuously monitor those risks and adjust internal control systems accordingly.

Our approach

Our systematic risk management approach is designed to identify risks that would threaten the Group's business model, future performance, solvency or liquidity. Effective risk management is fundamental to our ability to meet our operational and strategic objectives. The competitive market in which we operate has industry-specific risks, particularly those relating to new product development, intellectual property enforcement and legal proceedings, and compliance with laws and regulations. This requires that business risks are effectively assessed, appropriately measured and controlled through established disaster recovery and business continuity procedures. Our overall risk management approach is to foster and embed a culture of risk management that is responsive, forward-looking, consistent and accountable.

The Executive Committee establishes the risk agenda for the reporting and ongoing management of risks and for the stewardship of the risk management approach. The Executive Committee reviews the risk register on a quarterly basis and identifies and assesses Indivior's principal risks on an ongoing basis.

Risk control assurance

The Board has overall responsibility for the Group's risk management framework. The Board reviews the Group's principal risks with a focus on the key risk areas framework. The Board's Committees regularly review risks relevant to their area of focus; this includes, but is not limited to, risks relating to legal, financial and compliance matters. Assurance on risk controls is provided by internal management information, internal audits, external audits and Board oversight. There is also an externally supported web-based and confidential employee EthicsLine reporting system in place.

Risk management continued

Principal risks

Business operations and business continuity

- ◁ The Group's future revenues are expected to be primarily derived from sales of SUBOXONE Film and SUBLOCADE™ and any decrease in sales due to competition, supply, or quality issues could significantly affect the groups revenues, financial conditions and results of operations.
- ◁ Competition for qualified personnel in the biotechnology and pharmaceutical industries is intense, and high-performing talent in key positions is a business-critical requirement.
- ◁ Failures or disruptions to the Group's systems, or the systems of third parties on whom the Group relies, due to any number of causes, particularly if prolonged, could result in a loss of key data and/or affect operations.
- ◁ The Group's systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code or cyber threats that could have a security impact. All of these could be costly to remedy and could subject the Group to litigation and/or fines.
- ◁ The Group has a single source of supply for buprenorphine, an active ingredient in the Group's products including SUBOXONE Film, and any disruption to this source of supply could significantly affect the Group's revenues, financial conditions and results of operations.
- ◁ Indivior utilizes contract manufacturers for SUBOXONE Film and SUBLOCADE™, and material interruptions could impact the Group's revenues, financial conditions and results of operations.

Specific risks we may face	How we manage risk	Possible impacts	Link to strategic priorities
<ul style="list-style-type: none"> ◁ Dependence on single product line. ◁ Generic manufacturers seeking approval to launch competing products prior to expiry of existing patents. ◁ Launch of branded products that compete with our products. ◁ Claims that our products infringe third-party patents. ◁ Inability to deliver continuous supply of compliant finished product. ◁ Inability to retain or attract high-performing and high-potential staff. ◁ Significant disruptions of information technology systems or breaches of data security could disable critical systems and cause loss of sensitive data. ◁ Failure to protect and restrict access to critical or sensitive computer systems or information. ◁ Reliance on third party contract manufacturers. 	<ul style="list-style-type: none"> ◁ Continue to expand the market by expanding access to treatment and working with physicians and payors to improve patient outcomes. ◁ Launch SUBLOCADE™ to diversify commercial product portfolio. ◁ Capitalize on international growth opportunities, continued development of our pipeline and disciplined acquisitions to enable diversification. ◁ Obtain and enforce product patents and other IP rights, and develop and implement strategies, including new product(s), to face both generic competition, if the outcome of patent litigation is unfavorable, and new and existing branded competitors. ◁ Develop and implement strategies to ensure freedom to operate. ◁ Explore settlement opportunities. ◁ Continuity planning for certain black swan events to secure business continuity in worst case scenarios. ◁ Establish and closely monitor stock levels and insurance coverage. ◁ Ongoing partnerships with manufacturers and packagers to optimize manufacturing and Quality Assurance (QA) processes. ◁ Continuously review talent retention program with focus on identifying key roles and successors. ◁ IT disaster recovery plans in place to support overall business continuity. Systems in place to protect data and devices. ◁ Various IT policies, processes and systems in place to provide access control and security management for Indivior-used or owned infrastructure and applications. We are continuously engaged in appropriate Cyber Security training and security measures. 	<ul style="list-style-type: none"> ◁ Hinder patient access to treatment. ◁ Loss of market share. ◁ Loss of revenue and profits, which in worst case scenarios may require business restructure and recapitalization. ◁ Damage to reputation. ◁ Exposure to litigation resulting in significant claims and legal costs 	<ul style="list-style-type: none"> ◁ Build resilience of our franchise. ◁ Expand global treatment. ◁ Business development.

Product liability, regulation and litigation

- ◁ As an innovative pharmaceutical company, the Group seeks to obtain appropriate intellectual property protection for its products. Its ability to obtain and enforce patents and other proprietary rights particularly for its products, drug formulation and delivery technologies and associated manufacturing processes is critical to business strategy and success. Specifically see disclosures on pages 46 to 47 referring to the current status of Abbreviated New Drug Application (ANDA) litigation and to the going concern statement on page 112 contained within the Statement of Directors' Responsibilities, which discusses the risks associated with current ANDA litigation, and the contingent liabilities disclosures in Note 20 of the financial statements on page 141 to 142.
- ◁ The manufacture of the Group's products is highly exacting and complex, due in part to strict regulatory and manufacturing requirements. Active Pharmaceutical Ingredients (API) in many of the Group's products and product candidates are controlled substances that are subject to extensive regulation in all the countries in which the Group markets its products.
- ◁ The testing, manufacturing, marketing, and sale of pharmaceutical products are highly regulated and entail a risk of product liability claims, product recalls, litigation, government investigations and enforcement action, and associated adverse publicity, each of which could have a material adverse impact on the business, prospects, results of operations and financial condition. Specifically, see disclosure on page 44 referring to the current status of the DOJ investigation and other investigative and antitrust litigation matters, and the contingent liabilities disclosures in Note 20 of the financial statement on page 141 to 142.
- ◁ As previously disclosed in the Prospectus dated November 17, 2014, Indivior has indemnification obligations in favor of Reckitt Benckiser (RB) (page 43). The demerger agreement between Indivior and RB has certain mutual indemnification provisions in respect of any claims and expenses of or incurred by any company within the Indivior Group or the RB Group arising out of or associated with the Indivior business prior to the Demerger (whether or not in the ordinary course of business) and in respect of certain tax liabilities that may arise after, or as part of, the Demerger. Some of these indemnities are unlimited in terms of amount and duration, and amounts potentially payable by the Indivior Group pursuant to such indemnity obligations could be significant and could have a material adverse effect on the Indivior Group's business, financial condition and/or operating results. Requests for indemnification may be subject to legal challenge.

Specific risks we may face	How we manage risk	Possible impacts	Link to strategic priorities
<ul style="list-style-type: none"> ◁ Failure to obtain, maintain, and protect patents and other proprietary rights, including potential invalidity or non-infringement findings in the current US Federal Court or US Patent and Trademark Office proceedings. ◁ Legal proceedings related to product liability claims, antitrust, government enforcement and/or private litigation associated with the testing, manufacturing, marketing and sale of our products. ◁ Potential liability and/or additional expenses associated with ongoing regulatory obligations and oversight. 	<ul style="list-style-type: none"> ◁ Quality, product safety and compliance are embedded in the Group's processes and culture and monitor and oversee the Company's activities. ◁ Develop and implement strategies to defend against and pursue appropriate resolution of product liability claims. ◁ The Group has instituted policies, systems, and training programs to ensure adherence to regulations governing product quality, patient safety and business standards. ◁ Obtain and enforce patents and other proprietary rights. ◁ Suboxone Film in the US is covered by three Orange Book-listed formulation patents and two process patents, having terms that run from 2022 to 2030, which are currently in litigation in the US Federal Court and/or US Patent and Trademark Office. ◁ Develop and implement strategies, including new product(s), to prepare for generic competition in the event of adverse outcomes in these proceedings. 	<ul style="list-style-type: none"> ◁ Loss of IP could negatively impact revenues, financial conditions and results of operations. ◁ Adverse impact on the Group's ability to raise funds necessary to continue its operations. 	<ul style="list-style-type: none"> ◁ Build resilience of our franchise.

Risk management continued

Product development

- ◁ The regulatory approval process for new pharmaceutical products and expansion of existing pharmaceutical products is expensive, time-consuming and uncertain.
- ◁ Even if product candidates are approved, there is no guarantee that they will be able to achieve expected market acceptance.

Specific risks we may face	How we manage risk	Possible impacts	Link to strategic priorities
<ul style="list-style-type: none"> ◁ Failure to receive regulatory approval to successfully commercialize a pipeline product. ◁ Failure of third-party Clinical Research Organizations to properly/successfully perform their legal, regulatory, and contractual obligations. ◁ Inability of product candidates, if approved, to achieve expected market acceptance. 	<ul style="list-style-type: none"> ◁ Increased R&D investment to enhance clinical capabilities and support the development of pipeline products. ◁ Thorough contract review process in place to ensure that third-party vendors are properly vetted, inherent risks are identified and mitigated, and deliverables and obligations are clearly defined before contracts are finalized. ◁ Ongoing monitoring of the third-parties' activity and performance to ensure that good clinical practices are being followed and milestones are met. ◁ Financial models and external support in place to provide market valuation and due diligence support. 	<ul style="list-style-type: none"> ◁ Potential delays or inability to develop new products. ◁ Hinder patient access to treatment. ◁ Inability to launch products could result in loss of revenues, financial conditions and results of operations, which in worst case scenarios may require business restructure and recapitalization. ◁ Damage to reputation. ◁ Adverse impact to long-term growth. ◁ Adverse impact on the Group's ability to raise funds necessary to continue its operations. 	<ul style="list-style-type: none"> ◁ Develop our pipeline. ◁ Expand global treatment.

Commercial and governmental payor account, pricing and reimbursement pressure

- ◁ The Group's revenues are partly dependent on the availability and level of coverage provided to the Group by private insurance companies and governmental reimbursement schemes for pharmaceutical products, such as Medicare and Medicaid in the US.
- ◁ Changes to governmental policy or practices could adversely affect the Group's revenues, financial condition and results of operations. In addition, the reimbursement of treatment established by healthcare providers, private health insurers and other organizations may be reduced.
- ◁ SUBLOCADE™ requires a very different reimbursement and logistics system that is unfamiliar for current OUD prescribing physicians. A significant amount of revenue will be/could be dependent upon HCP offices learning and adopting these new processes so that they are able to prescribe SUBLOCADE™.

Specific risks we may face	How we manage risk	Possible impacts	Link to strategic priorities
<ul style="list-style-type: none"> ◁ Reduced reimbursement levels and increasing pricing pressures. (e.g. as a result of increasing competition). ◁ Price reductions as a result of commercial and governmental payor austerity measures (e.g. price controls, policy change, or other price-setting action). ◁ New distribution platform hinders HCP adoption of SUBLOCADE™ as treatment option. ◁ Patients reject or do not adhere to SUBLOCADE™ as treatment option if product 'payor' approval process takes too long or perceived as too complicated. 	<ul style="list-style-type: none"> ◁ Continue to work with payors, commercial or governmental, to ensure access to and coverage of our products. ◁ Establishment of health economic business case to justify existing pricing. ◁ Establishment of a Field Reimbursement Specialist team to educate physicians on SUBLOCADE™ reimbursement and logistic options. ◁ Establishment of a patient support platform which provides HUB, field reimbursement, provider locator and co-pay assistance to help facilitate patient access to treatment. 	<ul style="list-style-type: none"> ◁ Could negatively impact revenues, financial conditions and results of operations. ◁ Hinder patient access to treatment. 	<ul style="list-style-type: none"> ◁ Build resilience of our franchise. ◁ Expand global treatment.

Risk management continued

Compliance with laws and ethical behavior

- Business practices in the pharmaceutical industry are subject to increasing scrutiny by government authorities. Failure to comply with applicable laws and rules and regulations in any jurisdiction may result in fines, civil and/or criminal legal proceedings, each of which could have a material adverse impact on the business, prospects, results of operations and financial condition. Specifically see disclosure on page 46 referring to the current status of the DOJ investigation and other investigative and antitrust litigation matters, and the contingent liabilities disclosures in Note 20 of the financial statements on page 141.

Specific risks we may face	How we manage risk	Possible impacts	Link to strategic priorities
<ul style="list-style-type: none"> Non-compliance with anti-corruption, healthcare, data privacy, or local laws could result in business interruption or restructuring, fines, loss of reimbursement, damage to reputation and criminal penalties. Failure to comply with payment and reporting obligations under the US Medicaid Drug Rebate program or other governmental pricing programs. Restrictions on Group's ability to sell products or product candidates in certain markets/ countries due to controlled substance legislation, regulation, and/or classification. Government investigations of the Group's business activities alleged to be improper. 	<ul style="list-style-type: none"> The Group has enhanced, and continues to enhance, its compliance program and compliance capabilities. All employees required to complete a comprehensive compliance training program annually. Reviews and controls put in place over government pricing and reporting. Increased oversight and monitoring of controls and procedures in emerging markets. Continued cooperation with the authorities on ongoing investigations, utilizing external counsel as needed. 	<ul style="list-style-type: none"> Could result in loss of revenues, financial conditions and results of operations, which in worst case scenario may require business restructure and recapitalization. Fines and/or penalties. Hinder patient access to treatment. 	<ul style="list-style-type: none"> Build resilience of our franchise. Expand global treatment.

Patient safety

◁ A pharmacovigilance process has been established to monitor the safety of the Group’s products in a comprehensive and thorough manner. This includes capturing safety-related data from multiple sources (e.g. Medical Information Unit (MIU)), market research, literature search and clinical trials and entering all adverse events received into a safety database. The Company reports to health authorities across the globe within the required and mandatory timelines. Safety signals are identified and assessed for any changes to the benefit/risk profile. Determination is made if further actions are needed to optimize the safe and effective use of our products, including communicating any relevant changes to key stakeholders.

Specific risks we may face	How we manage risk	Possible impacts	Link to strategic priorities
<ul style="list-style-type: none"> ◁ Change in benefit-risk profile based on cumulative evidence internally (from all Indivior cross-functional departments) and externally. 	<ul style="list-style-type: none"> ◁ Quarterly reviews performed by Global Signal detection team of all potential safety sources across Indivior organization and externally. ◁ Recommended actions (e.g. Labelling changes, Risk Management Plan update, Dear Dr. Letters, Post-Authorization Safety Studies) approved by the Global Signal management team to optimize the safe and effective use of all Indivior products. ◁ Risk Evaluation and Mitigation Strategies (REMS) programs to manage known or potential risks associated with Indivior marketed products. 	<ul style="list-style-type: none"> ◁ Product recall. ◁ Hinder patient access to treatment. ◁ Significant legal cost. ◁ Adverse impact on the Group's ability to raise funds necessary to continue its operations could result in loss of revenues, financial conditions and results of operations. ◁ Damage to reputation. 	<ul style="list-style-type: none"> ◁ Build resilience of our franchise. ◁ Expand global treatment.

Risk management continued

Acquisitions and business development

◁ The Group may seek to acquire businesses or products as part of our strategy to enhance our current portfolio.

Specific risks we may face	How we manage risk	Possible impacts	Link to strategic priorities
<ul style="list-style-type: none"> ◁ Inability to identify, acquire, close or integrate acquisition targets successfully. ◁ Acquisitions and strategic alliances, including distributor collaboration, may be unsuccessful. ◁ Inability to raise capital in order to finance acquisitions. 	<ul style="list-style-type: none"> ◁ Board of Directors reviews all significant transactions. ◁ Best Practice Management Tools for Diligence and Integration Planning and Execution have been developed. ◁ Acquisition Governance Model agreed, along with identification of subject matter experts required for Acquisition Integration team. ◁ Internal and external resources in place to ensure rigorous due diligence and integration of acquisitions and/or new product initiatives. ◁ Ongoing regular appraisal of debt and equity capital markets advisors and counterparties. 	<ul style="list-style-type: none"> ◁ Adverse impact on Group's ability to raise funds necessary to finance acquisitions. ◁ Loss of revenue and profits. ◁ Damage to reputation. 	<ul style="list-style-type: none"> ◁ Build resilience of our franchise. ◁ Business development. ◁ Expand global treatment. ◁ Develop our pipeline.

Viability statement

Central to understanding the Group's viability and prospects is our business model and strategy, details of which can be found on pages 10 to 11. The Board's oversight continues to be focused on the successful launch of SUBLOCADE™, upholding our SUBOXONE Film intellectual property and guiding our litigation response strategy. The Board has evaluated the Group's risk profile as the business evolves and determined it is acceptable: the expected longer-term returns achievable through commercialization of successful research and development allow for increased opportunities to expand our treatments in the addiction, co-occurring disorders of addiction and behavioral health markets.

The prospects of the Group are evaluated throughout the year as part of the strategic planning process. This process is led by the Chief Executive Officer and Chief Financial Officer through the Executive Committee and involves all relevant functions such as R&D, supply, commercial, medical, and finance. Development of the strategic plan includes a deep dive into the principal risks and contemplated actions to manage and mitigate those risks.

The output of the strategic plan is a set of objectives, an analysis of key risks that could prevent the plan being delivered, and a financial forecast covering the following year. Within the Group's 10-year strategic horizon, financial forecasts are also prepared. The Board reviews and approves the budget for the upcoming year as well as the long-term strategic plan, which includes challenging key assumptions and risk mitigation plans included therein.

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the Group. In determining a time period to assess the viability of the Group,

the Directors considered the Group's strategic plan, business cycle, potential impacts of new product launches, generic challenges and ongoing litigation. With the launch of SUBLOCADE™ in 2018 and the possible impact of generic products on the SUBOXONE Film business in the US, the Directors believe a period to 2021 factors in the risks in these activities. This assessment period provides a reasonable basis for the financial impact of these significant developments to be fully considered. Accordingly, a four-year period of assessment is deemed appropriate.

Although the strategic plan reflects the Directors' best estimate of the future prospects of the business, they have also "stress tested" the plan under various scenarios. The scenarios, which encompass a wide spectrum of potential outcomes, are designed to explore the resilience of the Group to the potential impact of significant risks set out on pages 48 to 56. These scenarios represent 'severe but plausible' circumstances the Group could experience. The scenarios tested included:

- ◁ unfavorable outcome in the ANDA case involving generic SUBOXONE Film, regulatory approval and subsequent direct generic competition to SUBOXONE Film in the US;
- ◁ unfavorable outcome of investigative and antitrust legal cases; and
- ◁ underperformance in the expected market acceptance of SUBLOCADE™;

Having considered these risk factors along with other principal risks set out on pages 50 to 56, the Directors have assessed the Group's ability to manage its cost structure to maintain compliance with the financial covenant in the Group's debt facility and sufficient liquidity to fund its operations.

Other risks identified in the principal risk table on pages 50 to 56 were also considered, but the above financial risks and operating considerations were considered the most immediate and significant that could prevent the Group from delivering on its strategy. A number of other aspects of the principal risks – because of their nature or potential impact – could also threaten the Group's ability to continue in business in its current form if they were to occur.

The results of this stress testing showed the Group would be able to withstand the impact of these scenarios occurring over the period of the viability assessment by making cuts to its operating costs and planned strategic investments. Depending upon the ultimate realization under the different scenarios, the actions that management would need to take will vary to ensure ongoing viability of the Group.

Based on their assessment of prospects and viability above, the Directors confirm their reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the four year period ending December 31, 2021.

Strategic Report

The Strategic Report set out on pages 1 to 57 was approved by the Board on March 6, 2018.

By Order of the Board

Kathryn Hudson
Company Secretary

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

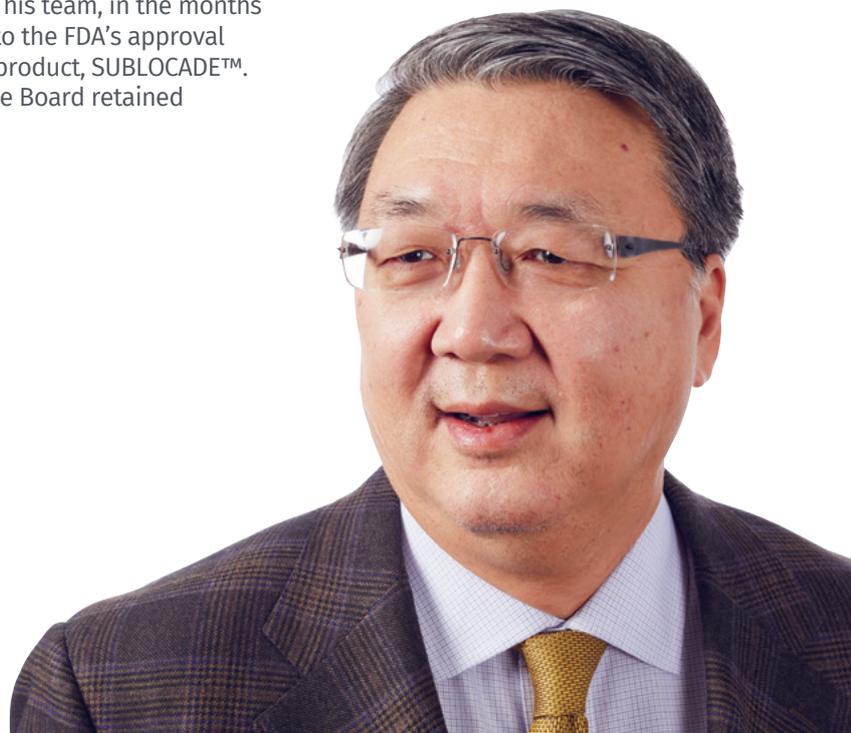
Throughout 2017, the Board and its committees were closely involved in all major developments. In particular, our Science & Policy Committee provided invaluable support and guidance in working closely with Dr. Christian Heidebreder, Chief Scientific Officer, and his team, in the months leading up to 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



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 pharmaceutical and biotechnology industry experience
- < Vanda Pharmaceuticals, Inc.: Non-Executive Chairman (2010-2016)
- < GlaxoSmithKline: various executive positions (1991-2003)
- < 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 D

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 A R

Skills and experience:

- Over 35 years of pharmaceutical and financial industry experience
- Ikaria Holdings, Inc.: CEO and President (2008-2015), Chairman (2009-2015)
- 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 A S (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 N R

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
- The National Youth Orchestra of Great Britain: Trustee

7. A. Thomas McLellan PhD Non-Executive Director N S

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
- White House Office of National Drug Control Policy (2009-2011): Deputy Director

Other current appointments:

- Serves on several editorial boards of scientific journals

8. Lorna Parker Non-Executive Director R N (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)
- Future Academies: Director (2014-2017)

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 R (Chair) N

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 A (Chair) S

Skills and experience:

- Over 20 years of pharmaceutical 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, SVP (2000-2009)
- Merrill Lynch & Co.: MD, Debt Capital Markets (1992-2000)

Other current appointments:

- Apra Therapeutics AB: President and Chief Executive Officer
- Integra LifeSciences Holdings Corporation: Director
- Sapience Therapeutics: Director

11. Lizabeth Zlatkus Non-Executive Director A S

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 D

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

A Audit Committee

R Remuneration Committee

N Nomination & Governance Committee

S Science & Policy Committee

D Disclosure 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 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

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:

- < 14+ years

Professional qualifications:

- < Admitted to practice 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 and Strategy 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 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. Ponn 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. Elizabeth 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.

Indivior Board			
Principal Board Committees	Audit Committee Oversight of financial reporting, audit and risk	Nomination & Governance Committee Oversight of Board composition, succession planning, governance and corporate compliance	Remuneration Committee Oversight of the link of reward to strategy
	Science & Policy Committee Oversight of pipeline research & development		
	Executive Committee Oversight of the implementation of the Company's strategic plan		Disclosure Committee Oversight of disclosure and reporting requirements and the identification of inside information

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.

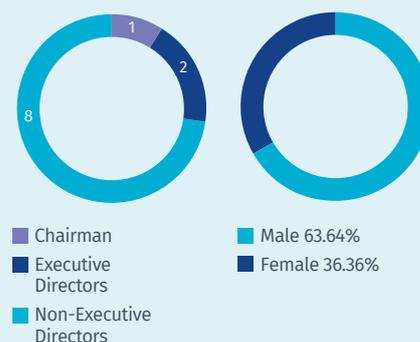
Within the Indivior workplace environment, everyone has an equal opportunity to perform at the highest levels and realize their potential. This applies to all aspects of our employment policies and practices.

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 organization¹, 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

Composition



Experience



Corporate governance report continued

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.

Date of Meeting	Principal topics covered
February	<ul style="list-style-type: none"> ◀ 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)	<ul style="list-style-type: none"> ◀ Review and approval of 2016 full-year results
February (Ad hoc)	<ul style="list-style-type: none"> ◀ Review and approval of 2016 Annual Report
May (Ad hoc)	<ul style="list-style-type: none"> ◀ Q1 2017 financial results review
May	<ul style="list-style-type: none"> ◀ Litigation update ◀ Update on commercial and financial matters ◀ EU strategy ◀ AGM preparation
July	<ul style="list-style-type: none"> ◀ Litigation update ◀ Update on financial matters ◀ Governance and compliance update ◀ Review of progress on strategic projects
July (Ad hoc)	<ul style="list-style-type: none"> ◀ Review of half-year results and guidance for the remainder of the year
September	<ul style="list-style-type: none"> ◀ Review of financial plan ◀ Strategic update ◀ Litigation update ◀ Governance update
November (Ad hoc)	<ul style="list-style-type: none"> ◀ Q3 2017 financial results review ◀ Litigation update
November	<ul style="list-style-type: none"> ◀ Litigation and governance updates ◀ Board and committee performance review ◀ Discussion of various strategic projects and matters ◀ 2017 financial update and 2018 draft financial plan

Corporate governance report continued

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

	Board		Audit Committee		Nomination & Governance Committee	Remuneration Committee	Science & Policy Committee
	Scheduled	Ad hoc	Scheduled	Ad hoc	Scheduled	Scheduled	Scheduled
Chairman							
Howard Pien	5/5	5/5	-	-	-	-	-
Executive Directors							
Shaun Thaxter	5/5	5/5	-	-	-	-	-
Mark Crossley ¹	4/4	5/5	-	-	-	-	-
Non-Executive Directors							
Yvonne Greenstreet	5/5	5/5	5/5	4/4	-	-	5/5
Tom McLellan	5/5	5/5	-	-	5/5	-	5/5
Tatjana May ²	5/5	4/5	-	-	5/5	6/6	-
Lorna Parker	5/5	5/5	-	-	5/5	6/6	-
Dan Phelan	5/5	5/5	-	-	5/5	6/6	-
Chris Schade ³	5/5	5/5	5/5	4/4	-	-	4/5
Daniel Tassé	5/5	5/5	5/5	4/4	1/1	1/1	3/3
Lizabeth Zlatkus	5/5	5/5	5/5	4/4	-	5/5	1/1
Former Directors							
Cary Claiborne ⁴	0/1	0/2	-	-	-	-	-

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.

Corporate governance report continued

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.

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, 2017.

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 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;
- ◀ 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.

Corporate governance report continued

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

Date of Meeting	Principal topics covered	
February	<ul style="list-style-type: none"> ◁ Review Preliminary FY 2016 Financial Results ◁ Review Preliminary FY 2016 Financial Results Announcement and draft Annual Report ◁ Going Concern & Viability Statement ◁ Year-End Accounting Items ◁ Reports from the Internal and External Auditors ◁ Financial Plan 2017 ◁ Financial Guidance 2017 	<ul style="list-style-type: none"> ◁ RBP-6000-buprenorphine monthly depot ◁ RBP-7000-risperidone monthly depot ◁ Policy Review of Non-Audit Services and Non-Audit Fees ◁ Recommendation of re-appointment of External Auditor ◁ Special Projects ◁ Sarbanes Oxley Preparedness
February (Ad hoc)	<ul style="list-style-type: none"> ◁ Review Preliminary FY 2016 Financial Results Announcement 	
April (Ad hoc)	<ul style="list-style-type: none"> ◁ Q1 2017 Financial Results ◁ Key Financial Reporting Matters & Going Concern 	<ul style="list-style-type: none"> ◁ Report from External Auditor ◁ Review of Q1 2017 Financial Results Announcement
May	<ul style="list-style-type: none"> ◁ Finance Update ◁ Report from the Internal Auditor ◁ North American Overview ◁ Technical accounting and regulatory update from External Auditor 	<ul style="list-style-type: none"> ◁ Capital Structure ◁ RBP-6000-buprenorphine monthly depot ◁ Cyber Security
July	<ul style="list-style-type: none"> ◁ Review Half-Year Results 2017 ◁ IR Update ◁ Report from the Internal Auditor ◁ Corporate Compliance Program Update 	<ul style="list-style-type: none"> ◁ 2017 Strategic Plan ◁ Internal Audit Services Charter ◁ Review of External Auditor Plan and fees
July (Ad hoc)	<ul style="list-style-type: none"> ◁ Financial Guidance 2017 ◁ Going Concern ◁ Non-Audit Services ◁ Report from the External Auditor 	<ul style="list-style-type: none"> ◁ Review of H1 2017 Financial Results Announcement ◁ Principal Risks & Uncertainties
September	<ul style="list-style-type: none"> ◁ Finance Update ◁ Related Party Transactions Policy ◁ Non-Audit Services ◁ Reports from the Internal Auditor ◁ Letter from External Auditor 	<ul style="list-style-type: none"> ◁ Review of Viability Statement Process ◁ Capital Structure ◁ RBP-6000-buprenorphine monthly depot ◁ Cost Structure Review
October (Ad hoc)	<ul style="list-style-type: none"> ◁ Q3 2017 Financial Results ◁ Key Financial Reporting Matters & Going Concern ◁ Report from External Auditor 	<ul style="list-style-type: none"> ◁ Review of Q3 2017 Financial Results Announcement
November	<ul style="list-style-type: none"> ◁ Financial Update ◁ Annual Review of External Auditor ◁ Review of Committee Terms of Reference ◁ Tax Strategy 2018 	<ul style="list-style-type: none"> ◁ Training delivered by External Auditor on Viability Statement and Cyber Security ◁ Capital Structure ◁ Review of Internal Audit Plan 2018 ◁ Annual Review of the Committee

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.

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.

Significant issues the Committee considered	How the issue was addressed
Group accounting policies, critical accounting estimates & judgments	<ul style="list-style-type: none"> ◁ 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.
Going Concern	<ul style="list-style-type: none"> ◁ 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.
Viability Statement	<ul style="list-style-type: none"> ◁ 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.
Revenue recognition, including sales rebates, returns and discounts	<ul style="list-style-type: none"> ◁ 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.
Amend and extend external debt	<ul style="list-style-type: none"> ◁ 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.
Taxation	<ul style="list-style-type: none"> ◁ 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.
Sarbanes-Oxley and key business controls	<ul style="list-style-type: none"> ◁ 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.

Corporate governance report continued

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:

- ◁ a report from the External Auditor describing arrangements to identify, report and manage any conflict of interest, and policies and procedures for maintaining independence and monitoring compliance with relevant requirements; and

- ◁ 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.

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;
- ◁ 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

Date of Meeting	Principal topics covered	
February	<ul style="list-style-type: none"> ◁ 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 	<ul style="list-style-type: none"> ◁ 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	<ul style="list-style-type: none"> ◁ 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 	<ul style="list-style-type: none"> ◁ 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	<ul style="list-style-type: none"> ◁ 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 	<ul style="list-style-type: none"> ◁ Agreed the process and timetable for the externally facilitated board effectiveness review ◁ Reviewed the Group's Directors' and Officers' liability insurance arrangements
September	<ul style="list-style-type: none"> ◁ 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 	<ul style="list-style-type: none"> ◁ Reviewed the Group's governance processes in relation to the development and approval of medical and promotional content and documentation
November	<ul style="list-style-type: none"> ◁ 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 	<ul style="list-style-type: none"> ◁ 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

Corporate governance report continued

Science & Policy Committee



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

Directors' remuneration report



Dear Shareholders,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended December 31, 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 proposed for approval continues to support and drive the Group's strategic direction and the ambition of remaining a world-leading specialty pharmaceutical company that is fully aligned with shareholder interests.

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

This report is prepared in accordance with the UK Directors' Remuneration Reporting Regulations 2013 and contains the following sections:

- ◀ the new Directors' Remuneration Policy, which will be put to shareholders for approval at the Annual General Meeting on May 16, 2018; and
- ◀ the Annual Report on Remuneration, which describes how the remuneration policy that was approved by shareholders at the AGM in May 2015 has been applied during the year.

Our new Directors' Remuneration Policy

Over the course of 2017 and early 2018, the Remuneration Committee conducted a full review of remuneration arrangements ahead of proposing the revised Directors' Remuneration Policy for approval at the 2018 AGM, this being three years from the introduction of the current policy. This included consultation

with our major shareholders and investor bodies. Indeed, many of the changes being proposed have arisen as a direct result of this continued dialogue and helpful engagement.

When conducting its review, the Committee was mindful of what is considered best practice in remuneration for a Group operating within the UK listed environment, whilst also recognizing the need to compete for talent in the transatlantic biopharmaceutical sector.

As a result of this review and following feedback from key shareholders and investor bodies, the Committee concluded that the current Remuneration Policy broadly continues to be fit-for-purpose, subject to the following important changes:

- ◀ **Reduction in LTIP maximum.**
We recognize both our market positioning and current executive remuneration environment in the UK, whilst acknowledging we are behind the US market in terms of quantum. In trying to carefully balance these two markets, the Committee has proposed to reduce the annual maximum Long-Term Incentive Plan (LTIP) opportunity for the Chief Executive Officer from 600% of salary to 500% of salary. Threshold vesting will result in 15% of the maximum award vesting. This applies in practice for LTIP awards made in 2018 onwards.
- ◀ **Introduction of annual bonus deferral provisions.**
Again, the Committee recognizes the difference between the two pay models and has implemented provisions which intend to strike an appropriate balance. Although deferral provisions are increasingly prevalent in the UK, they remain far less prevalent in our sector in the US. Notwithstanding this tension, the Committee has proposed to introduce provisions which require deferral into shares for 25% of any bonus for a period of at least two years. This will operate in practice for the bonus for the year ending December 31, 2018. These deferral provisions enhance alignment with shareholder interests and also complement our already existing shareholding requirements of 500%

of salary for Executive Directors, which is significantly ahead of UK market norms.

- ◀ **Other best practice features.**
We are formally incorporating the post-vesting holding period under the LTIP into our policy, which is already in operation in practice. We are also strengthening our malus and clawback provisions in respect of the Annual Incentive Plan and the LTIP (i.e. to include serious reputational damage). Other minor drafting changes have been made to clarify the Committee's intention of the policy.

Although not part of our policy review, shareholders also expressed interest in the key pipeline targets performance element of our LTIP. This is the first year we have had a vesting under these targets and therefore there is now retrospective disclosure of the targets set and performance outcomes for the LTIP awards made in 2015, detailed later in our Annual Report on Remuneration.

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. Our remuneration structure is designed to reflect that the majority of our revenues are from our US operations and the significant 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.

Directors' remuneration report continued

We have designed our remuneration structure 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 or a typical US-listed 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. 2017 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 strong and this continues to provide a solid base for the business going into 2018. This performance was also reflected in our share price, which increased by 38% over the course of the year. Remuneration outcomes for the year reflect this strong performance, as summarized below.

Annual Incentive Plan

As set out above, the performance of the business during 2017 was strong and the Group delivered performance above expectations across all of its key financial targets and key pipeline targets.

In determining the outturn under the Annual Incentive Plan, the Committee considered the impact of the exceptional item relating to the investigative and antitrust matters. As Indivior cannot predict with any certainty the ultimate resolution, the Committee concluded that adjusted net income would be used to determine the outturn against the net income measure. The Committee will consider any impact on remuneration arrangements at the time of any resolution.

The Committee, in conjunction with management, also considered the impact of underspend on certain pre-commercial activities, R&D and legal expenses and used its discretion to reduce the outturn in respect of the net income target. This has resulted in a bonus payment of 78.5% (reduced from 86%) of the maximum opportunity.

Long-Term Incentive Plan

For LTIP awards made in 2015 which vest in 2018, the year ended December 31, 2017 was the final year of the three-year performance period. These awards were subject 50% to key pipeline targets and 50% to absolute TSR performance. Discussion of the targets set, actual performance and remuneration outcomes are set out in the Annual Report on Remuneration. In summary, 47% of the key pipeline targets element vested and 100% of the absolute TSR element vested, resulting in overall vesting of 73.5% of the maximum opportunity.

Implementation of Remuneration Policy for Executive Directors in 2018

Base salary

The Executive Directors received a base salary increase of 3% effective January 1, 2018, aligned with the average increase for the wider workforce.

Annual Incentive Plan

The annual bonus for 2018 will operate on broadly the same basis as 2017, with performance based on net income and net revenue, being the key financial metrics, and the delivery of key pipeline and product targets, all with equal weighting.

75% of the bonus will be delivered in cash and 25% will be deferred into shares for a period of two years.

Long-Term Incentive Plan

Awards in 2018 will be subject to broadly the same measures as in 2017: relative TSR vs the constituents of the FTSE 250 excluding Investment Trusts (one-third weighting); relative TSR vs the constituents of the S&P 1500 Pharmaceutical and Biotech Index (one-third weighting); and key pipeline and product targets (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.

As with the LTIP awards granted in 2017, the awards granted in 2018 to the Executive Directors will be subject to an additional two-year holding period following the end of the three-year performance period. Further details can be found on page 104.

Shareholding requirements

Our executive shareholding requirements of 500% of base salary are significantly higher than UK market practice. At December 31, 2017, the Chief Executive Officer held shares with a value equivalent to 600% of salary and the Chief Financial Officer held shares with a value of 144% of salary.

Changes during 2017

Cary Claiborne stepped down as a Director in March 2017 and remained an employee until January 2018. His remuneration was treated in line with the Remuneration Policy. Further information is set out in the Annual Report on Remuneration.

Mark Crossley was appointed Chief Financial Officer on February 21, 2017. He was previously Chief Strategy Officer and was Finance Director of the Reckitt Benckiser Pharmaceuticals division prior to the demerger. Further information regarding his remuneration is set out in the Annual Report on Remuneration.

All-employee plans

The Group operates all-employee share plans in the US and UK.

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 and consulted with them in advance about the revised Remuneration Policy being put forward to shareholders for approval.

2018 Annual General Meeting

We hope to receive your support for the Remuneration Policy and Directors' Remuneration Report at our AGM in May 2018.

Daniel J. Phelan

Chairman of the Remuneration Committee

March 6, 2018

Directors' remuneration policy

The following tables and accompanying notes in this section of the report set out the Remuneration Policy for Executive Directors and Non-Executive Directors. The policy is intended to apply, subject to approval by shareholders, for three years from the Annual General Meeting to be held on May 16, 2018. Changes have been made to the policy approved by shareholders

at the 2015 AGM, as detailed in the Chairman's Annual Remuneration Statement above. These include a reduction in the LTIP maximum opportunity from 600% of salary to 500% of salary and the introduction of bonus deferral provisions. Further minor changes have been made to formally incorporate the post-vesting holding period under the LTIP and to strengthen the clawback and malus

provisions in respect of the LTIP and the Annual Incentive Plan, as well as some minor drafting changes to clarify the Committee's intention of the operation of the policy.

The Remuneration Policy will be available on the Group's website (www.indivior.com) following the 2018 Annual General Meeting.

Policy table – Executive Directors

Base salary

To provide an appropriate level of fixed remuneration to attract and retain Executive Directors of the caliber required to deliver the Group's strategy.

Operation	Maximum opportunity	Framework used to assess performance
<p>Base salaries are normally reviewed annually, with any increase normally being applied with effect from January 1 each year.</p> <p>Base salary levels/increases take account of:</p> <ul style="list-style-type: none"> ◁ The competitive practice in the Group's remuneration peer group. ◁ The scope and responsibility of the position. ◁ Individual performance. ◁ Salary increases awarded across the Group as a whole. 	<p>The current salaries of the Executive Directors are disclosed in the Annual Report on Remuneration.</p> <p>To avoid setting expectations of Executive Directors and other employees, no maximum salary is set under the Remuneration Policy.</p> <p>However, salary increases will normally be aligned with increases awarded across the Group as a whole.</p> <p>Increases may be made above this level to take account of individual circumstances, which may include (but are not limited to):</p> <ul style="list-style-type: none"> ◁ Increase in the size or scope of the role or responsibilities. ◁ Increase to reflect the individual's development and performance in role. For example, where a new incumbent is appointed on a below-market salary. <p>Where increases are awarded in excess of the wider employee population, the Committee will explain the rationale in the relevant year's Annual Report on Remuneration.</p>	n/a

Directors' remuneration report continued

Pension benefits

To provide Executive Directors with an appropriate allowance for retirement planning.

Operation	Maximum opportunity	Framework used to assess performance
<p>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, Group matching on 401(k) elected deferrals, or a combination thereof.</p>	<p>Up to 17.5% of base salary plus any Company matching on 401(k) elected deferrals.</p> <p>Further details of the level of pension benefits currently provided to the Chief Executive Officer and Chief Financial Officer are provided in the Annual Report on Remuneration.</p>	n/a

Benefits

To provide a market-competitive level of benefits for the Executive Directors.

Operation	Maximum opportunity	Framework used to assess performance
<p>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.</p> <p>Where appropriate, other benefits may be provided to take account of individual circumstances, such as but not limited to: expatriate allowances, relocation expenses, housing allowance and education support.</p> <p>The Company provides Directors' and Officers' liability insurance, and an indemnity to the extent permitted by law.</p>	<p>Benefits for Executive Directors are set at a level which the Committee considers to be appropriate against relevant market data for comparable roles in companies of equivalent size and complexity in similar sectors and geographical locations to the Group.</p>	n/a

Annual Incentive Plan

To drive strong financial performance and reward the delivery of the business strategy on an annual basis.

Operation

Performance is assessed on an annual basis with measures and targets set by the Committee at the start of the performance year. At the end of the performance year, the Committee determines the extent to which these have been achieved.

Bonuses are paid after the end of the performance year. 75% of the annual bonus is delivered in cash and 25% is deferred into shares for a period of two years. During the deferral period, deferred share awards may be reduced or canceled in certain circumstances. Dividend equivalents may be paid in cash or additional shares on deferred share awards up to the end of the deferral period, where relevant.

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.

Maximum opportunity

The maximum annual bonus payable under the Annual Incentive Plan is 200% of base salary.

The current maximum bonus level applying to each individual Executive Director is set out in the Annual Report on Remuneration.

Framework used to assess performance

Bonuses are based on a combination of stretching annual financial and non-financial/strategic performance measures, with the majority of the bonus assessed against the financial performance metrics.

In 2018, the measures are as follows:

- ◀ one-third of the bonus is based upon achievement against net revenue targets
- ◀ one-third of the bonus is based upon achievement against net income targets
- ◀ one-third of the bonus is based upon the achievement of key pipeline and product targets

The Committee retains the discretion to change the measures and their respective weightings to ensure alignment with business priorities. In any event, bonus measures will be based at least 50% on financial and no more than 50% on non-financial and strategic measures.

For threshold performance, up to 12.5% of the maximum bonus opportunity may be received; and for target performance, up to 50% of the maximum bonus opportunity may be received. If performance is below threshold, no bonus will be paid.

Further details, including the performance measures and weightings in respect of the relevant financial year, are disclosed in the Annual Report on Remuneration. Annual bonus payments are subject to malus and clawback arrangements as detailed in the notes following this table.

Directors' remuneration report continued

Long-Term Incentive Plan (LTIP)

To incentivize and reward long-term performance, and align the interests of Executive Directors with those of shareholders.

Operation	Maximum opportunity	Framework used to assess performance
<p>Awards under the LTIP may consist of grants of conditional share awards, nil cost options or market-value share options which vest subject to the achievement of stretching performance targets measured over a performance period of at least three years. Awards granted to Executive Directors from 2016 onwards are subject to an additional holding period following the performance period. For awards with a three-year performance period, this holding period will normally be two years.</p> <p>The LTIP opportunity is reviewed annually with reference to market data and the associated cost to the Group is calculated using an expected value methodology.</p> <p>The performance conditions are reviewed before each award cycle to ensure they remain appropriate and targets are suitably stretching and may be amended in accordance with the terms of the LTIP or if the Committee reasonably considers it appropriate, provided that the amended performance conditions are not materially easier to satisfy.</p> <p>Dividend equivalents may be paid in cash or additional shares on LTIP awards that vest up to the end of the post-vesting holding period, where relevant.</p> <p>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 Group.</p>	<p>The maximum annual award that may be made to any individual in respect of any financial year will be 500% base salary.</p> <p>The value for this purpose is the aggregate grant market value of the shares/option. Market value is the average closing middle market quotations of shares over five business days immediately preceding the grant date.</p> <p>Details of the LTIP opportunity in respect of each year will be disclosed in the Annual Report on Remuneration.</p>	<p>Vesting of the awards granted under the LTIP is subject to continued employment and the achievement of key financial and strategic performance conditions which are aligned to the Group's strategic plan.</p> <p>In 2018, the measures are as follows:</p> <ul style="list-style-type: none"> ◁ one-third is based upon relative TSR performance versus the FTSE 250 excluding investment trusts ◁ one-third is based upon relative TSR versus the S&P 1500 Pharmaceutical and Biotech Index ◁ one-third is based upon the achievement of key pipeline and product targets. <p>The Committee retains the discretion to change the measures and their respective weightings to ensure alignment with business priorities. In any event, LTIP measures will be based at least 50% on shareholder return based measures and no more than 50% on other non-financial and strategic measures.</p> <p>Threshold performance will result in up to 15% of the maximum award vesting. Target performance will result in up to 50% of the maximum award vesting.</p> <p>Further details, including the performance targets attached to the LTIP in respect of each year, are disclosed in the Annual Report on Remuneration.</p> <p>Awards are subject to malus and clawback arrangements as detailed in the notes following this table.</p>

All-employee share plans

To align the interests of employees including Executive Directors and shareholders.

Operation	Maximum opportunity	Framework used to assess performance
<p>Executive Directors may participate in all-employee share plans offered by the Group on the same basis as is offered to the Group's other eligible employees.</p>	<p>Maximum opportunity for awards will be in line with the savings limits set by local regulations.</p> <p>As an example, the current maximum contribution set by HMRC in relation to a Save As You Earn (SAYE) Plan is £500 per month.</p>	<p>n/a</p>

Notes to the policy table

Payments outside policy

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before May 13, 2015 (the date the Company's first shareholder-approved Directors' remuneration policy came into effect); (ii) before the policy set out above came into effect, provided that the terms of the payment are consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed and have not subsequently been amended; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Clawback and malus

The Committee has the discretion to scale back or cancel LTIP awards, extend the performance period or defer the exercise period prior to the satisfaction of awards or after the end of any relevant holding period in the event that results are materially misstated for part of the performance period applicable to an award, an individual's conduct has amounted to gross misconduct or, in respect of awards made from 2018 onwards, in the event of serious reputational damage to Indivior. Where LTIP awards have vested the Committee has the discretion to 'claw back' awards or reduce amounts of other payments due to the individual up to the fifth anniversary of the grant of the awards in the circumstances described above.

Share plan terms

Share-based awards will typically be settled in shares, but may be settled in cash in certain circumstances (for example, where the Committee determines that it is not possible or practical to settle awards with shares).

The terms of awards may be adjusted in the event of a variation of the Company's share capital, a demerger, special dividend or distribution or any other circumstances the Committee considers appropriate.

Performance measure selection and approach to target setting

Annual Incentive Plan

The Annual Incentive Plan performance measures are selected to provide an appropriate balance between incentivizing Executive Directors to meet financial targets for the year and incentivizing them to achieve specific strategic objectives and milestones. The particular measures each year are selected to ensure focus on the key objectives for that particular financial year.

LTIP

In respect of the LTIP, the Committee annually reviews the performance measures which apply to awards to ensure that they are aligned with the Group's strategy and with shareholders' interests over the longer term.

Measures and targets for both the Annual Incentive Plan and LTIP are reviewed annually against a number of internal and external reference points. Measures and targets are set on a sliding scale at levels the Committee considers to be appropriately stretching for the level of performance delivered.

Remuneration Policy for other employees

The Remuneration Policy for Executive Directors in general is more heavily weighted towards variable pay than for other employees.

The majority of employees participate in the Annual Incentive Plan, but LTIP awards are only made to certain senior executives in the Group.

The Group's approach to annual base salary reviews is consistent across the business, with consideration given to the level of experience, responsibility, individual performance and salary levels for comparable roles in comparable companies.

The Group also operates all-employee plans that are open to eligible employees in the relevant jurisdictions.

Employees are also entitled to taxable and non-taxable benefits (including eligibility to participate in defined contribution pension arrangements), with employees being entitled to substantially the same benefit structure as Executive Directors.

Minor amendments

The Committee may make minor amendments to the policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval.

Shareholder alignment

The Committee recognizes the importance of aligning Executive Director and shareholders' interests through executives building up significant shareholdings in the Company. Executive Directors are expected to acquire a significant number of shares over a period of five years and retain these until retirement from the Board of Directors. The shareholding requirement is 500% of base salary for both the Chief Executive Officer and Chief Financial Officer, which is generally to be achieved within five years of the date of demerger or the date of appointment, whichever is the later. Details of the Executive Directors' current shareholdings are provided in the Annual Report on Remuneration.

Directors' remuneration report continued

Scenario analysis

The charts below provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'.

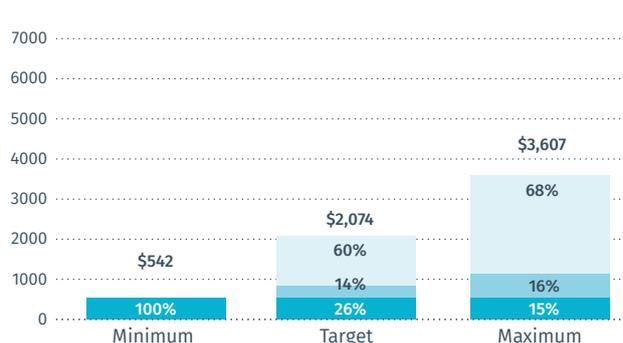
Shaun Thaxter, Chief Executive Officer

\$'000



Mark Crossley, Chief Financial Officer

\$'000



Performance scenario

Minimum performance (below threshold)

Target performance

Maximum performance

Basis of valuation

Fixed Pay

Fixed pay only – base salary, benefits and pension benefits

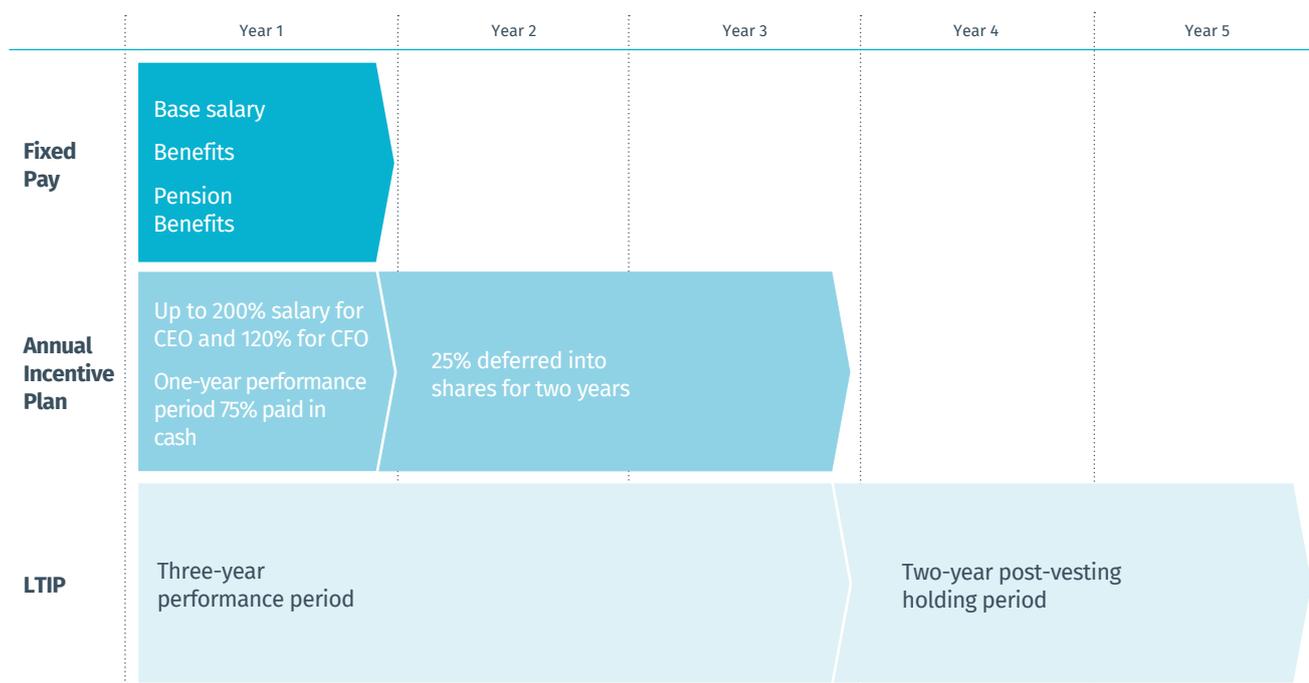
Annual Incentive Plan

Fixed pay plus bonus at target performance and target vesting under the LTIP

LTIP

Fixed pay plus maximum bonus and full vesting under the LTIP (all performance conditions met)

The charts are based on the face value of awards and do not include any share price growth or the value of any dividends. The diagram below shows the structure of each of the elements of pay and the timing of each element for the Executive Directors.



Policy table – Chairman and Non-Executive Directors

The Chairman and Non-Executive Directors do not have service agreements, but are engaged on the basis of a letter of appointment. In line with the UK Corporate Governance Code, all Directors are subject to re-appointment annually at the Annual General Meeting.

The Chairman and Non-Executive Directors are not eligible to participate in the Group's Annual Incentive Plan, Long-Term Incentive Plan or pension schemes.

Details of the policy on fees paid to the Chairman and Non-Executive Directors are set out in the table below:

Component and objective	Approach of the Company
<p>Fees and other arrangements</p> <p>To attract and retain a Chairman and Non-Executive Directors of the highest caliber with broad commercial experience relevant to the Group.</p>	<p>The fees paid to Non-Executive Directors are determined by the Board of Directors, with recommendations provided by the Chairman and Chief Executive Officer.</p> <p>The fees of the Chairman are determined by the Committee.</p> <p>Additional fees may be payable for acting as Senior Independent Director and as Chairman of a Board Committee (including the Audit, Remuneration, Science & Policy and Nomination & Governance Committees). Members of all Board Committees also receive an additional fee. Additional fees may be paid for additional time commitments, including, for example, international travel.</p> <p>Fee levels are reviewed from time to time. Fees are reviewed by taking into account external advice on best practice and competitive levels, in particular at FTSE 250 companies. Time commitment and responsibility are also taken into account when reviewing fees. Chairman and Non-Executive Directors' fees are not subject to performance conditions.</p> <p>Aggregate fees are limited to £1.5m by the Company's Articles of Association.</p> <p>The Chairman and Non-Executive Directors may also be reimbursed for their travel and accommodation costs incurred in the pursuance of their duties (including any tax which may be payable in respect of such costs). The maximum reimbursement is expenses reasonably incurred (including any taxes thereon).</p> <p>The Chairman and Non-Executive Directors are expected to hold an interest in Indivior shares.</p> <p>The Company provides Directors' and Officers' liability insurance, and an indemnity to the extent permitted by law.</p>

Chairman and Non-Executive Directors' letters of appointment

The Chairman and Non-Executive Directors have letters of appointment setting out their duties and the time commitment expected which are available for inspection at the Company's registered office. The Chairman and Non-Executive Directors' appointments can be terminated by one month's notice by either party. The Chairman and Non-Executive Directors have no entitlement to compensation on termination. Details of the date of appointment and expiry of current terms are set out on page 106.

Directors' remuneration report continued

Approach to recruitment remuneration

External appointment

When determining the remuneration package for a new Executive Director, the Committee will take into account all relevant factors based on the circumstances at that time. This may include factors such as the caliber of the individual, market practice in the candidate's location or locations and scope of the role to which they are being appointed.

Typically, the package will be aligned to the Company's Remuneration Policy as set out above. However, should there be a commercial rationale for doing so, the Committee has the discretion to include any other remuneration elements, to vary the composition of the remuneration package, which are not included in the policy table, subject to the overall limit on variable remuneration set out below. The Committee does not intend to use this discretion to make non-performance related awards and is always mindful of the need to pay no more than is necessary.

The overall limit of variable remuneration will be as set out in the policy table taking into account the maximum value under the Annual Incentive Plan and the maximum awards under the LTIP (i.e. 700% of base salary).

The Committee may make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer, i.e. over and above the maximum limit on variable remuneration set out above. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards and the likelihood of those conditions being met with the intention that the value awarded would be no higher than the expected value of the forfeited arrangements and made on a like-for-like basis.

Internal promotion

When appointing a new Executive Director by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above.

Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honor these arrangements even in instances where they would not otherwise be consistent with the prevailing Executive Director remuneration policy at the time of appointment or payment.

Chairman and Non-Executive Directors

In recruiting a new Chairman or Non-Executive Director, the Committee will use the policy as set out in the table on page 105. A basic fee in line with the prevailing fee schedule would be payable for membership of the Board of Directors, with additional fees payable for acting as Senior Independent Director, as Chair of the Audit, Remuneration, Science & Policy and Nomination & Governance Committees, and for being a member of the Audit, Remuneration, Science & Policy and Nomination & Governance Committees.

Service contracts and exit payment policy

Executive Directors' service contracts, including arrangements for termination, are carefully considered by the Committee. In accordance with general market practice, each of the Executive Directors has a rolling service contract which is terminable on 12 months' notice and this practice will also apply for any new Executive Directors. In such an event, the compensation commitments in respect of their contracts could amount to one year's remuneration based on base salary and benefits in kind and pension rights during the notice period.

The treatment of awards under the Annual Incentive Plan and LTIP is set out below. Termination payments may take the form of payments in lieu of notice, payable in a lump sum or in installments.

The Company's policy on any termination payment is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the Executive Director's service contract and the circumstances of the termination. The Committee reserves the right to make any other payments in connection with an Executive Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

Copies of Executive Directors' service contracts are available to view at the Company's registered office.

The table below summarizes how unvested awards under the Annual Incentive Plan and LTIP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion as provided under the rules of the plans:

Reason for cessation	Timing of vesting/payment	Calculation of vesting/payment
<p>Annual Incentive Plan</p> <p>Voluntary resignation or termination with 'cause'.</p> <p>All other circumstances.</p>	<p>Not applicable.</p> <p>Following the end of the financial year at the usual bonus payment date.</p>	<p>No bonus to be paid for the financial year.</p> <p>Deferred share awards are normally forfeited if the executive resigns or is terminated with 'cause'.</p> <p>Annual bonus will be paid only to the extent that objectives set at the beginning of the plan year have been met. Any such bonus will be paid on a pro-rata basis to the termination date.</p>
<p>LTIP</p> <p>Termination with 'cause'.</p> <p>Ill-health, injury, permanent disability, retirement with the agreement of the Company, the sale of the individual's employing company or business out of the Group, redundancy or any other reason that the Committee determines in its absolute discretion.</p> <p>Death.</p>	<p>Not applicable.</p> <p>After the end of the financial year in which the cessation of employment occurs; or at the discretion of the Committee, after the end of the relevant performance period.</p> <p>As soon as possible after date of death.</p>	<p>Unvested awards lapse.</p> <p>The Committee determines whether and to what extent unvested awards vest based on the extent to which performance conditions have been achieved (either to the end of the financial year in which cessation of employment occurs, or over the full performance period) and unless the Committee determines otherwise the proportion of the performance period elapsed.</p> <p>The Committee may disapply performance conditions but unless the Committee determines otherwise will reduce unvested awards to reflect the proportion of the performance period worked.</p>
<p>Change of control of the Company.</p>	<p>On change of control.</p>	<p>Awards will vest to the extent that any performance conditions have been satisfied (unless the Committee determines that the performance conditions should not apply). Awards will also be reduced pro-rata to take into account the proportion of the performance period elapsed, unless the Committee decides otherwise.</p> <p>Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.</p>

Consideration of conditions elsewhere in the Group

The Committee does not consult with employees specifically on executive remuneration policy. However, the Committee considers pay practices across the Group and is mindful of the salary increases and pay practices applying across the rest of the business in relevant markets when considering salaries for Executive Directors.

Consideration of shareholder views

The Committee will consider shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping remuneration policy. This feedback, and any additional feedback received from time to time, will then be considered as part of the Company's annual review of remuneration. It is the

Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

Daniel J. Phelan
Chairman of the Remuneration Committee

March 6, 2018

Annual report on remuneration

The following report outlines our remuneration framework, how the Remuneration Policy was implemented in 2017, and how the Committee intends to apply the policy in 2018. This Annual Report on Remuneration will be submitted to an advisory shareholder vote at the Annual General Meeting on May 16, 2018.

This Directors' Remuneration 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, 2017, the Remuneration Committee comprised four 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:

	Date appointed to the Committee	Date resigned from the Committee	Meetings attended in 2017
Daniel J. Phelan (Chairman)	Nov 4, 2014	-	6/6
Tatjana May	Feb 1, 2017	-	6/6
Lorna Parker	Nov 4, 2014	-	6/6
Daniel Tassé	Nov 1, 2017	-	1/1
Lizabeth Zlatkus	Oct 3, 2016	Nov 1, 2017	5/5

1. Daniel Tassé was previously a member of the Committee between November 4, 2014 and October 3, 2016. He was reappointed a member of the Committee on November 1, 2017.
2. Lizabeth Zlatkus stepped down as a member of the Committee on November 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 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 the Company's annual incentive and long-term incentive plans; and
 - < the targets for the Company's annual incentive 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.

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 Committee for the year, charged on a time spent basis, were £101.6k. Deloitte LLP also provided other employee and tax-related services to the Group during the year.

Willis Towers Watson also provided the Committee with benchmarking information during the year and fees for this were \$15.7k. Willis Towers Watson did not provide any other services to the Group during the year.

Meetings

The Committee met six times during 2017. The Committee meets with the advisors to the Committee at each meeting without management present.

The principal topics considered by the Committee during the year, and since the financial year-end were, as follows:

- ◁ considered and agreed the outturn in respect of the Annual Incentive Plan for the 2016 financial year and in respect of the outturn under the Value Creation Plan;
- ◁ reviewed and agreed the measures and targets for the 2017 Annual Incentive Plan and 2017 LTIP awards;
- ◁ reviewed the remuneration arrangements in respect of the change of Chief Financial Officer;
- ◁ reviewed and approved the 2016 Annual Report on Remuneration and agreed to put it to shareholders for an advisory vote;
- ◁ reviewed the remuneration arrangements for the Executive Directors and members of the Executive Committee taking into account external benchmarking analysis;
- ◁ reviewed the performance of the Committee;
- ◁ reviewed the progress of the Executive Directors and members of the Executive Committee against their shareholding requirements
- ◁ conducted a review of its own performance and reported to the Board on the results of that review;
- ◁ reviewed the Committee's Terms of Reference and made recommendations to the Board regarding amendments; and
- ◁ considered and reviewed the existing Remuneration Policy and, following consultation with shareholders and advisors, agreed to recommend the proposed 2018 Remuneration Policy for shareholders for a binding vote.

Directors' remuneration report continued

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, 2017 and comparative figures for the financial year ended December 31, 2016.

	Base salary \$'000		Taxable benefits ¹ \$'000		Annual bonus ² \$'000		LTIP \$'000		Pension benefits ³ \$'000		Total \$'000	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Executive Directors												
Shaun Thaxter	774.5	751.9	63.9	56.3	1,215.9	1,421.1	6,212.7⁴	2,652.0 ⁵	147.7	143.5	8,414.7	5,024.8
Mark Crossley ⁶	412.9	–	21.3	–	437.8	–	1,555.0⁷	–	19.7	–	2,446.8	–
Total	1,187.4	751.9	85.2	56.3	1,653.7	1,421.1	7,767.7	2,652.0	167.4	143.5	10,861.5	5,024.8
Former Executive Director												
Cary Claiborne ⁸	87.9	479.0	10.2	32.4	39.5	543.1	–	–	4.1	22.5	141.6	1,077.0

1. Taxable benefits consist primarily of healthcare, life and disability insurance.
2. Cash payment for performance during the year. See 'Annual Incentive Plan 2017' on page 96 for details.
3. 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.
4. The LTIP award held by Shaun Thaxter is scheduled to vest on March 12, 2018. The value of this award has been estimated based on the number of shares vesting (1,219,432) and using the three-month average share price to December 29, 2017 (367.4p) and converted to US\$ using the GBP/US\$ exchange rate on December 29, 2017 (GBP £1:US \$1.3513). Shaun Thaxter will also receive cash payment equivalent to the value of the dividends that would have been paid on the vested shares during the vesting period; the estimated value of this cash payment is \$154.9k.
5. The value shown for 2016 reflects the cash payment made in January 2017 in connection with the Value Creation Plan ('VCP') granted to the Chief Executive Officer prior to the demerger from Reckitt Benckiser Group plc. Cary Claiborne was not a participant in the VCP.
6. Mark Crossley was appointed an Executive Director on February 21, 2017. His base salary, benefits and pension benefits shown above are from the date of his appointment.
7. The 2015 LTIP award held by Mark Crossley vested on February 26, 2018. The value of the award has been calculated based on the closing price of Indivior shares on the vesting date (377.0p) and converted to US\$ using the GBP/US\$ exchange rate on that date (GBP £1:US\$1.3968). Mark Crossley also received a cash payment of \$36.6k, equivalent to the value of the dividends that would have been paid on the vested shares during the vesting period.
8. Cary Claiborne resigned a Director on March 7, 2017. His base salary, taxable benefits and pension benefits shown above are to the date he resigned as a Director.

Incentive outcomes for the year ended December 31, 2017 (audited)

Annual Incentive Plan 2017

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 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. Outcome is calculated on a straight-line basis between threshold and target and between target and maximum.

In considering the achievement against the net income measure, the Committee carefully considered the impact of the exceptional item relating to the investigative and antitrust litigation matters. Indivior cannot predict with any certainty the ultimate resolutions or timing of the ultimate resolution of any of the matters. As a consequence, the Committee concluded that adjusted net income would be used to determine the outturn against the net income measure. The Committee will consider any impact on remuneration arrangements at the time of any resolution.

The Committee, in conjunction with management, also considered the impact of underspend on certain pre-commercial activities, R&D and legal expenses. Following review the Committee agreed to use its discretion to reduce the net income achieved for the purpose of the bonus by \$48m from \$270m to \$222m, to ensure that the outturn appropriately reflected business performance. Consequently, the vesting outturn in respect of this measure was reduced to 25.5% (from 33%).

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

Measure	Weighting	Performance targets			Achieved \$m	Bonus outcome as a % of maximum
		Threshold \$m	Target \$m	Maximum \$m		
Net revenue	33%	976	1,074	1,181	1,093	19.5%
Net income ¹	33%	192	211	232	222 ¹	25.5%

1. Adjusted net income was reduced from \$270m by \$48m to \$222m to reflect the impact of underspend during the year.

In respect of the key pipeline targets, three 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.

The table below illustrates the performance against each of these KPIs:

Segment	Project	Target date	Date achieved	KPI	Points allocated	Points awarded
US market growth	RBP-6000 buprenorphine monthly depot	Q2 2017	Q2 2017	US New Drug Application (NDA) Submission	3	3
		Q4 2017	Q4 2017	US Food & Drug Administration approval of NDA for RBP-6000 buprenorphine monthly depot	10	10
Business diversification	RBP-7000 risperidone monthly depot	Q3 2017	Q3 2017	US New Drug Application (NDA) Submission	2	2
Total					15	15

This resulted in maximum performance in respect of the key pipeline targets (33% of the annual bonus).

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

Measure	Weighting	Achievement	Bonus outcome (multiple of total target opportunity)	Bonus outcome as a % of maximum
Net revenue	33%	19.5%	0.39	
Net income	33%	25.5%	0.51	
Key pipeline targets	33%	15/15	0.67	
Total			1.57	78.5%

The Executive Directors will receive a payment of 78.5% of the maximum bonus opportunity: Shaun Thaxter, the Chief Executive Officer, will receive a bonus payment of \$1,215.9m, equivalent to 157% of base salary; and Mark Crossley, the Chief Financial Officer, will receive a bonus payment of \$437.8k, equivalent to 94.5% of base salary for the year ended December 31, 2017.

Cary Claiborne was eligible for a pro-rata bonus for the period of active employment (i.e. January 2017) under the Annual Incentive Plan. The pro-rata bonus was also subject to the satisfaction of the performance conditions set out above and will be paid at the normal time. He will receive a payment of \$39.5k (equivalent to 8% of base salary) in respect of the 2017 bonus.

LTIP

Since the end of the year, the Committee has considered and reviewed the vesting of the conditional awards made to the Executive Directors under the LTIP in February and March 2015. The vesting of these awards was conditional upon continued employment and the achievement of the following performance conditions:

Measure	Weighting
Key pipeline targets	50%
Absolute TSR	50%
Total	100%

Directors' remuneration report continued

Key pipeline targets

For the 2015 awards, two main milestones were set in relation to: geographic expansion excluding US development; and US market growth. For each of these milestones, a maximum of 10 points could be awarded by the Committee as they assess and determine performance against those milestones. The following vesting schedule details the percentage of maximum which vests for each milestone, with straight-line pro-rating between points where applicable.

Achievement level for milestone	Total points for each milestone	% of award vesting (for each milestone)
Below Threshold	0	0%
Threshold	2	3.13%
Target	4	12.50%
Between Target and Maximum	6	18.75%
Maximum	10	25.00%

In assessing the number of points to be awarded, the Committee has reference to both the timing and quality of each achievement. For the geographic expansion milestone, 3 out of 10 points were awarded by the Committee, which resulted in 31.25% vesting of this milestone (8.0% of the overall award). For the US market growth milestone, 5 out of 10 points were awarded by the Committee, which resulted in 62.5% vesting of this milestone (15.5% of the overall award). Therefore, for the key pipeline targets element (50% of the overall award), our performance resulted in 47% of the maximum being achieved.

The following table sets out: the targets set; the actual performance against those targets; and the Committee's assessment of performance in determining the number of points to be awarded under each milestone.

Milestone	Project	Stretch date for completion	Actual date achieved	KPI	Maximum points allocated	Actual points awarded
Geographic expansion – Ex US development	Suboxone tablet development in China	Q2 2016	Q4 2016	Regulatory submission	2	1
		H2 2017	Awaited	Regulatory approval	2	–
	Suboxone film reformulation	Q1 2016	Not advanced	Regulatory submission	2	–
		H1 2017	Not advanced	Regulatory approval	2	–
	Suboxone film buccal indication ¹	H1 2015	Q3 2015	Regulatory approval	2	2
Total					10	3
US market growth	RBP-6000 buprenorphine monthly depot	Q4 2016	Q2 2017	Regulatory submission	4	2
		H1 2017	Q4 2017	Regulatory approval	6	3
Total					10	5

1. Indivior submitted a supplemental New Drug Application in April 2014. At that time, the US Food & Drug Administration (FDA) set an approval date, also known as a PDUFA date, for February 2015, which was in line with the timing required to obtain regulatory approval by the end of H1 2015. The FDA missed the PDUFA date. Had the FDA responded within this timeline, then approval would have been achieved ahead of the stretch target date. The Committee considered that 2/2 points was therefore an appropriate number of points to be awarded on assessment of performance in this context.

Absolute TSR

Absolute TSR was chosen as a performance metric as it is directly aligned to the value that is created for shareholders. Performance was measured over three financial years with the base TSR, in the first year, being a 30-day average from listing (December 23, 2014) and the end TSR being a 30-day average to December 31, 2017. The performance schedule and targets set were as follows.

Absolute TSR achievement	Three-year TSR growth	% of award vesting
Threshold	25%	5%
Target	50%	25%
Maximum	100%	50%

Note: Vesting is on a straight-line basis between threshold and target and between target and maximum.

Actual TSR performance over this period was calculated independently as 170% and therefore significantly in excess of 100%, resulting in 100% of the maximum of the TSR element vesting (50% of the overall award).

In assessing TSR performance, the Committee felt it was appropriate for this award to also consider TSR performance in the period after Indivior's preliminary financial results were announced in February 2018, to ensure that TSR remained an appropriate reflection of TSR performance. The Committee determined that performance under the TSR element remained appropriate, as ultimately the vesting outcome in this period would have been the same as for the period ended December 31, 2017.

This has resulted in the following outturn under the LTIP for the Executive Directors.

Measure	Weighting	Milestone	Points achieved	Outturn as a % of maximum
Key pipeline targets	25%	US market growth	3/10	8.0%
	25%	Business diversification	5/10	15.5%
Absolute TSR	50%	n/a	n/a	50.0%
Total				73.5%

Overall, the conditional awards granted in February and March 2015, which vest in 2018, will vest at 73.5% of the maximum.

Scheme interests awarded in 2017 (audited)

LTIP

Conditional awards were made under the LTIP to the Chief Executive Officer and Chief Financial Officer on February 24, 2017.

	Date of award	No. of shares under award at maximum	Closing share price at date of award	Face value \$'000 ¹	Performance period	Normal vesting date	Normal release date ²
Shaun Thaxter	Feb 24, 2017	1,032,288	343.3p	\$4,788.8	Jan 2017 – Dec 2019	Feb 24, 2020	Feb 24, 2022
Mark Crossley	Feb 24, 2017	533,167	343.3p	\$2,473.4	Jan 2017 – Dec 2019	Feb 24, 2020	Feb 24, 2022

- The face value of the awards has been calculated using the closing share price on the date of the award and converted to US\$ using the US\$ exchange rate on December 29, 2017 (GB£1:US\$1.3513). Shaun Thaxter received an award with a value of 600% of base salary and Mark Crossley received an award with a value of 500% of base salary.
- The awards will normally vest after three years and will then be 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.

Measure	Weighting
Relative TSR vs the constituents of the FTSE 250 excluding investment trusts	33%
Relative TSR vs the constituents of the S&P 1500 Pharmaceutical and Biotech Index	33%
Key pipeline targets	33%

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, with none of the awards vesting if Indivior is ranked below median. 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.

Directors' remuneration report continued

The key pipeline targets relate to regulatory approval of RBP-7000-risperidone monthly depot in the US and the regulatory submission and approval of buprenorphine monthly depot in key markets outside the US. 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 2020, following the completion of the performance period in December 2019, at which point the targets will no longer be considered commercially sensitive. As outlined above, 2017 has been a positive year for Indivior and continued progress has been made in respect of the key pipeline targets, notably the submission of the New Drug Application for RBP-7000-risperidone monthly depot, which was submitted in Q3 2017 and has a PDUFA date in H2 2018. Further details of progress against the key pipeline targets in respect of the submission and approval dates which fall in 2018 will be disclosed in next year's Annual Report on Remuneration.

Outstanding awards made under the LTIP

Details of conditional awards over shares granted to the Executive Directors subject to performance conditions are shown below. These awards were granted under the LTIP.

	Date of award	No. of shares under award at maximum	Performance period	Normal vesting date	Normal release date ¹
Executive Directors					
Shaun Thaxter	Feb 24, 2017	1,032,288	Jan 2017 – Dec 2019	Feb 24, 2020	Feb 24, 2022
	Feb 19, 2016	2,121,354	Jan 2016 – Dec 2018	Feb 19, 2019	Feb 19, 2021
	Mar 11, 2015	1,659,091	Jan 2015 – Dec 2017	Mar 11, 2018	Mar 11, 2018
Mark Crossley	Feb 24, 2017	533,167	Jan 2017 – Dec 2019	Feb 24, 2020	Feb 24, 2022
	Feb 19, 2016 ²	823,356	Jan 2016 – Dec 2018	Feb 19, 2019	n/a
Former Executive Director					
Cary Claiborne	Feb 19, 2016	1,126,060	Jan 2016 – Dec 2018	Feb 19, 2019	Feb 19, 2021
	Mar 11, 2015	1,056,818	Jan 2015 – Dec 2017	Mar 11, 2018	Mar 11, 2018

1. With effect for awards granted from 2016 onwards, Executive Directors are required to hold the vested shares arising from awards granted under the LTIP for a two-year holding period.
2. Awards granted to Mark Crossley in 2016 are not subject to an additional two-year holding period as Mr Crossley was not an Executive Director at the time of grant.
3. Shaun Thaxter and Mark Crossley hold vested but unexercised market value options over 921,431 and 210,619 shares respectively. These options were granted in December 2014 (on demerger) at an option price of 111.0p per share and are scheduled to lapse on December 28, 2024.
4. Cary Claiborne did not receive an award under the LTIP in 2017. Further information regarding the treatment of the awards granted to him in 2015 and 2016 can be found on page 101.

Percentage change in Chief Executive Officer remuneration

The following table illustrates the change in Chief Executive Officer base salary, taxable benefits and bonus between 2016 and 2017 compared to the average percentage change for the rest of the US employee population: the majority of the Group's employees are based in the US.

	Chief Executive Officer (% change 2016-17)	Other employees (% change 2016-17)
Base salary	3%	3%
Taxable benefits	13%	2%
Bonus	(17%)	(3%)

Relative importance of spend on pay

The following table shows total employee pay compared to shareholder distributions and research and development expenses for 2017 and 2016.

	2017 \$m	2016 \$m	% change
Total employee pay	225	209	8%
Shareholder distributions ¹	–	69	–
Research and development expenses	89	119	(25%)

1. In line with the Dividend Policy approved by the Board in 2016, the Company does not intend to pay dividends for the foreseeable future.

Executive Directors' shareholdings and share interests (audited)

In line with Indivior's Remuneration Policy, Executive Directors are required to build a shareholding with a value 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 frames.

The table below shows the shareholding of each of the Executive Directors (together with interests held by their connected persons) at December 31, 2017 and March 6, 2018. The table sets out progress towards their respective shareholding requirement and a summary of outstanding awards as at the date of this report. Shareholding has been calculated based on the number of shares owned outright.

Executive Directors	Number of shares owned outright		At December 31, 2016	Conditional awards held Unvested and subject to performance conditions and continued employment	Options held		Shareholding requirement (% of base salary)	Shareholding at December 31, 2017 (% of base salary) ²	Date by which shareholding requirement to be achieved
	At March 6, 2018	At December 31, 2017			Vested but not exercised ¹				
Shaun Thaxter	841,798	841,798	841,798	4,812,733	921,461	500%	600%	n/a	
Mark Crossley ³	283,372 ⁴	125,528	125,528 ³	1,356,523	210,619	500%	144%	Feb 2022	

- 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.
- Shareholdings as a % of base salary have been calculated using the closing share price on December 29, 2017 (408.20p) and the US/UK exchange rate on the same date (£1:US\$1.3513).
- 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 acquired 157,844 shares following the vesting of the 2015 LTIP award on February 26, 2018. Following this acquisition, Mr Crossley's shareholding increased to 302% of salary, calculated using the closing share price on February 26, 2018 (377.0p) and the US/UK exchange rate on the same date (£1:US\$1.3968).

Payments for loss of office (audited)

The table below sets out the treatment in relation to Cary Claiborne who stepped down as a Director on March 7, 2017. He remained an employee until January 31, 2018.

Policy

Base salary, benefits and pension benefits

The Executive Director may continue to receive base salary, benefits and pension benefits for the duration of their notice period.

LTIP

Awards granted under the LTIP lapse if the Executive Director is terminated for cause. In other circumstances, the Committee determines whether and to what extent outstanding awards vest based on the extent to which performance conditions have been achieved (either to the end of the financial year in which cessation occurs, or over the full performance period) and the proportion of the performance period worked.

Other

Treatment

Mr Claiborne was entitled to his contractual base salary, certain benefits (including relocation expenses) and pension contributions until January 31, 2018. Mr Claiborne received a base salary of \$405.5k, taxable benefits of \$46.9k and pension benefits of \$18.9k between March 7, 2017 and December 31, 2017.

The LTIP award granted to Mr Claiborne in 2015 will vest on March 12, 2018. The award will vest at 73.5% of the maximum, further information regarding the outturn in respect of the performance conditions can be found on pages 97 to 99. No pro-rata reduction will apply as Mr Claiborne will have been employed throughout the 2015–2017 performance period. The estimated value of this award is \$3,858.8m, this has been estimated using the three-month average share price to December 29, 2017 and converted to US\$ using the GBP/US\$ exchange rate on December 29, 2017 (GB£1:US\$1.3513). A cash payment of \$98.5k, being the amount equivalent to the dividend that would have accrued during the vesting period will be paid on vesting.

The LTIP award granted to Mr Claiborne in 2016 will continue to vest in the ordinary course (February 2019), subject to the satisfaction of the applicable performance conditions and a 25/36 pro-rata reduction to reflect the period of employment as a proportion of the 2016–2018 performance period. Dividend equivalents will be payable in cash on vesting. Following vesting, any shares received will be subject to a two-year holding period.

Mr Claiborne is entitled to outplacement assistance with a value up to £5,000. No payment was made during the year in respect of outplacement expenses. Mr Claiborne will continue to receive healthcare benefits for a period of six months after cessation of employment.

Directors' remuneration report continued

External appointments

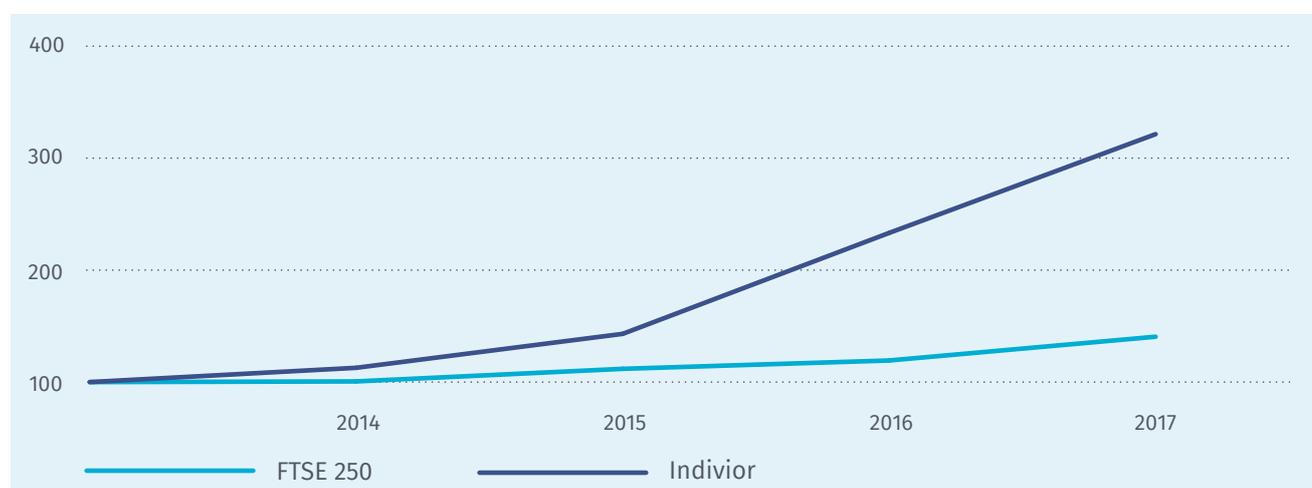
Subject to the approval of the Nomination & Governance Committee, Executive Directors are able to accept an external appointment to a corporate board outside the Company and can retain the fees paid for these services. The Chief Executive Officer and Chief Financial Officer do not hold any external appointments.

Review of past performance

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, 2017. 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, 2017.



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, 2017 is set out in the table below. Historical data is not provided prior to 2014, as the Group was a division of Reckitt Benckiser Group ('RB').

Shaun Thaxter	2017	2016	2015	2014
Single total figure of remuneration (\$'000)	8,414.7	5,024.8	4,317.9	1,968.1
Annual bonus (% of maximum)	78.5%	94.5%	94.5%	100%
LTIP (% of maximum)	73.5%	100%	93.3%	n/a

1. Indivior was a division of RB 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 2016 Directors' Remuneration Report

The table below shows how shareholders voted in respect of the 2016 Directors' Remuneration Report at the AGM held on May 17, 2017.

	Votes for	Votes for (%)	Votes against	Votes against (%)	Votes withheld
Approve the 2016 Directors' Remuneration Report	491,470,055	93.29	35,357,161	6.71	38,905

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.

	Votes for	Votes for (%)	Votes against	Votes against (%)	Votes withheld
Approve the Remuneration Policy	497,219,272	91.25	47,653,919	8.75	92,227

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 number of shares that may be issued to satisfy awards made under those plans must not exceed 10% of the Company's issued share capital 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 2017.

Implementation of Executive Director Remuneration Policy for 2018

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, 2018. The base salaries of the Executive Directors as at January 1, 2018 and January 1, 2017 are set out below.

Base salary \$'000	As at January 1, 2018	As at January 1, 2017	% increase
Shaun Thaxter	797.7	774.5	3%
Mark Crossley ¹	494.4	480.0	3%

1. Mark Crossley was appointed an Executive Director of the Company on February 21, 2017. His base salary on appointment was \$480k.

Pension benefits

No changes have been made to the pension arrangements for 2018. 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.

Directors' remuneration report continued

Annual Incentive Plan 2018

No changes have been made to the opportunity under the Annual Incentive Plan for 2018. 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:

Measure	Weighting
Net revenue	33%
Net income	33%
Key pipeline and product targets	33%

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 2018, as we consider them to be commercially sensitive. However, we commit to disclosing the performance targets retrospectively in next year's Annual Report on Remuneration. The targets are primarily linked to creating shareholder value through the advancement of key pipeline and product milestones.

LTIP

Following consultation with shareholders, the maximum opportunity under the LTIP has been reduced to 500% of base salary for awards granted from 2018 onwards. The Chief Executive Officer and Chief Financial Officer are eligible to receive awards, subject to a three-year performance period, of 250% of base salary respectively at target and 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 2018 remain broadly unchanged from 2017 and will be as set out in the table below.

Measure	Weighting	Rationale for metric
Relative TSR vs FTSE 250 (excluding investment trusts)	33%	Provides alignment with shareholders through the relative outperformance of other UK listed companies.
Relative TSR vs S&P1500 Pharmaceutical and Biotech sector	33%	Provides alignment with shareholders through the relative outperformance of direct sector peers who are subject to similar market influences.
Key pipeline and product targets	33%	The delivery of the pipeline and advancement of our product portfolio remains a fundamental element of the Group's strategy and measure of the success of the business.

In respect of the relative TSR measures, 15% 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, with none of the awards vesting if Indivior is ranked below median.

In respect of the key pipeline and product targets, 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 2018, the pipeline and product targets will relate to the advancement of key pipeline and product assets and the attainment of certain levels of market share or sales targets in respect of these products by the end of 2020.

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 provide an indication of the progress against the targets on an annual basis.

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, 2017. The Chairman and the Non-Executive Directors are not eligible to participate in the Company's annual bonus, long-term incentive or pension schemes.

	2017 £'000	2016 £'000
Howard Pien	275.0	275.0
Yvonne Greenstreet	85.0	85.0
Tatjana May ¹	68.8	–
A. Thomas McLellan	75.0	70.0
Lorna Parker	85.0	71.3
Daniel J. Phelan	85.0	80.0
Chris Schade	85.0	85.0
Daniel Tassé	95.0	78.8
Lizabeth Zlatkus	75.0	24.2

1. Tatjana May was appointed a Director of the Company on February 1, 2017

Implementation of Non-Executive Director Remuneration Policy for 2018

Chairman and Non-Executive Directors' fees

The fees paid to the Chairman and Non-Executive Directors are reviewed on a biennial basis and were last reviewed by the Board at its meeting in November 2016. Fees paid to the Chairman and the Non-Executive Directors who are resident in the US are paid in US dollars. A fixed exchange rate (GB£1:US\$1.4344) is used to translate fees into US dollars, being the average exchange rate from the date of listing in December 2014 to December 31, 2016.

The Chairman and Non-Executive Directors' fees (including the exchange rate at which fees are paid) are next scheduled for review in November 2018.

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

	Fees at January 1, 2018 £'000	Fees at January 1, 2017 £'000	% increase
Chairman	275.0	275.0	–
Non-Executive Director	55.0	55.0	–
Senior Independent Director	20.0	20.0	–
Chair of Audit Committee	20.0	20.0	–
Chair of Remuneration Committee	20.0	20.0	–
Chair of Science & Policy Committee	20.0	20.0	–
Chair of Nomination & Governance Committee	20.0	20.0	–
Member of Audit Committee	10.0	10.0	–
Member of Remuneration Committee	10.0	10.0	–
Member of Science & Policy Committee	10.0	10.0	–
Member of Nomination & Governance Committee	10.0	10.0	–

Directors' remuneration report continued

Chairman and Non-Executive Directors' shareholding (audited)

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, 2017 and March 6, 2018.

	Total number of shares held at March 6, 2018	Total number of shares held at December 31, 2017	Total number of shares held at December 31, 2016
Howard Pien	46,219	46,219	36,531
Yvonne Greenstreet	6,017	6,017	4,598
Tatjana May	–	–	n/a
A. Thomas McLellan	7,546	7,546	6,094
Lorna Parker	6,079	6,079	4,848
Daniel J. Phelan	10,318	10,318	8,249
Chris Schade	5,911	5,911	4,680
Daniel Tassé	12,996	12,996	10,112
Lizabeth Zlatkus	696	696	–

As a result of increased regulation, the Company no longer facilitates the purchase of shares on behalf of the Chairman and Non-Executive Directors and has removed the mandatory requirement for the Chairman and Non-Executive Directors to invest a proportion of their fees into shares in the Company. The Chairman and Non-Executive Directors are expected to acquire an interest in Indivior shares over the course of their appointment.

Terms of service

The terms of service of the Chairman and the Non-Executive Directors are contained in letters of appointment. In accordance with the UK Corporate Governance Code, the Chairman and all 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. The Chairman and Non-Executive Directors are subject to retirement, election and re-appointment, in accordance with the Articles of Association of the Company. None of the Chairman and Non-Executive Directors are entitled to receive compensation for loss of office.

During the year, the terms of appointment of the Chairman and those Non-Executive Directors appointed on demerger were extended for a further three-year term.

The table below sets out the dates of the letters of appointment of the Chairman and the Non-Executive Directors and the expiry of their current terms.

	Date of appointment	Expiry of current term	Length of service at December 31, 2017 in years	Notice period
Howard Pien	November 4, 2014	November 3, 2020	3	1 month
Yvonne Greenstreet	November 4, 2014	November 3, 2020	3	1 month
Tatjana May	February 1, 2017	January 31, 2020	<1	1 month
A. Thomas McLellan	November 4, 2014	November 3, 2020	3	1 month
Lorna Parker	November 4, 2014	November 3, 2020	3	1 month
Daniel J. Phelan	November 4, 2014	November 3, 2020	3	1 month
Chris Schade	November 4, 2014	November 3, 2020	3	1 month
Daniel Tassé	November 4, 2014	November 3, 2020	3	1 month
Lizabeth Zlatkus	September 1, 2016	August 31, 2019	1	1 month

Directors' report

The Directors present their Annual Report together with the audited consolidated financial statements for the year ended December 31, 2017.

Corporate Governance Statement

The Directors' Report forms part of the management report as required under DTR 4.1.8R. The Strategic Report on pages 1 to 57 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 58 to 82 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 28 to 33)
Financial risk management	Strategic Report (pages 48 to 56)
Greenhouse gas emissions	Strategic Report (pages 34 to 41)
Directors' Responsibilities Statement	(pages 111 to 112)

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.

Results and dividends

The consolidated income statement is on page 121. Profit for the financial year attributable to equity shareholders amounted to \$58m.

The Directors do not recommend payment of a dividend in respect of the financial year ended December 31, 2017. This is in line with the dividend policy approved by the Directors 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.

Directors and their interests

Directors of the Company who served during the financial year ended December 31, 2017 and up to the date of signing the financial statements appear on pages 60 to 61. Cary Claiborne resigned as a Director on March 7, 2017. 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 Annual Report on Remuneration on pages 94 to 106.

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

Director indemnities 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 replacement of Directors

The Company's Articles of Association give the Directors power to appoint and replace Directors. Under the Terms of Reference of the Nomination & Governance Committee any appointment must be recommended by that Committee for approval by the Board of Directors.

The Articles of Association require Directors to retire and submit themselves for re-appointment at the first Annual General Meeting ('AGM') following appointment and all Directors who hold office at the time of the two preceding AGMs.

Directors' report continued

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 the shareholders at the 2018 AGM. Details of unexpired terms of Directors' service contracts are set out in the Directors' Remuneration Report on page 106.

Powers of Directors

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 109.

Shares held in the Indivior PLC Employee Benefit Trust

The trustee of the Indivior PLC Employee Benefit Trust (EBT) has agreed not to vote any shares held by the EBT at any general meeting. If any offer is made to shareholders to acquire their shares the trustee will not be obliged to accept or reject the offer in respect of any shares which are at that time subject to subsisting awards, but will have regard to the interests of the award holders and will have power to consult them to obtain their views on the offer. Subject to the above the trustee may take action with respect to the offer it thinks fair.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group have been reviewed by the Directors and detailed on pages 50 to 55, where information is also provided on the performance of the Directors in actively managing those risks.

People

During the year under review, the Group employed an average of 1,012 people worldwide (2016: 934). The Group's business priority is to safeguard the well-being, 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 Group 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. Group 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 Group 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 Group 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 employees and, where appropriate, to employee trade union representatives.

The Group 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 Corporate Responsibility section of the Strategic Report, on page 35, 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 22 on page 144.

The Company has one class of ordinary share which carries 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, 2017, the Company had 721,462,733 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; and
- ◁ pursuant to the EU Market Abuse Regulation, directors and certain employees require clearance to deal in the Company's securities.

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 2018 AGM, the Directors will ask shareholders to renew the authority last granted to them at the 2017 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 2019 AGM.

Two separate special resolutions will be proposed at the 2018 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 2017, 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, 2017 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 2018 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 Directors acknowledge 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 2017 (2016: 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.

Disclosure of information to External Auditor

Each of the persons who are Directors at the time when this Directors' Report is approved confirms 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 reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's External Auditor is aware of that 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 113 and 120.

Directors' report continued

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 pages 137 to 138.

Substantial shareholdings

As at December 31, 2017 and the date of this report, the Company had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules of the following major interests in the voting rights in the capital of the Company:

Name of shareholder	At March 6, 2018 (% of total voting rights)	At December 31, 2017 (% of total voting rights)
Scopia Capital Management	16.02%	15.07%
Old Mutual	4.36%	4.36%
Fidelity Management & Research	9.94%	5.13%

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 83 to 106.

Post-balance sheet events

Indivior entered into an agreement on January 3, 2018 to secure exclusive global license rights to Addex Therapeutics' GABA_B positive allosteric modulator program. Under the terms of the agreement, Indivior is making an upfront payment to Addex of \$5m, and will also invest in joint research efforts.

On February 28, 2018, Indivior completed the out-licensing of nasal naloxone opioid overdose patents for total consideration of \$17.5m, with additional possible future milestone payments.

Viability Statement

The Directors have assessed the prospects of the Company over a four-year period to December 31, 2021 set out on page 57. This has taken into account the business model, strategic aims, risk appetite, and principal risks and uncertainties, along with the Company's current financial position. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the four-year period under review. The viability statement can be found on page 57.

Disclaimer

The purpose of this Annual Report and Accounts is to provide information to members of the Company. The Annual Report and Accounts has been prepared for, and only for, the members of the Company, as a body and no other persons. The Company, its Directors and employees, agents or advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

The Annual Report and Accounts contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and Accounts and the Company undertakes no obligation to update

these forward-looking statements. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

Annual General Meeting ('AGM')

The AGM will be held at 3.00pm on Wednesday, May 16, 2018 in the County Suite, Radisson Blu Edwardian Heathrow, 140 Bath Road, Hayes, Middlesex UB3 5AW. 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.

Strategic Report

The Strategic Report set out on pages 1 to 57 was approved by the Board on March 6, 2018.

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 6, 2018

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). In preparing the Group financial statements, the Directors have also elected to comply with IFRS, issued by the International Accounting Standards Board ('IASB').

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 the Company, and of the profit or loss of the Company and Group 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, IFRS issued by IASB, and applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; and
- ◁ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy, at any time, the financial position of the Company and the Group, 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 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' 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 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's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 60 to 61, 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 IFRS, as adopted by the European Union, give a true and fair view of the assets, liabilities, financial positions and profit and loss of the Company and Group; and
- ◁ the Directors' Report, contained on pages 107 to 112 and the Strategic Report, contained on pages 1 to 57, include a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face.

Statement of directors' responsibilities continued

Disclosure of information to auditors

A Directors' statement in relation to disclosure of relevant audit information can be found in the Directors' Report on page 107.

Going Concern

The Group's business model, strategy, and viability assessment are set out in the Strategic Report on pages 1 to 57, 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 the notes 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 through June 2019. As disclosed in Note 2 of the Group Financial Statements, the Directors have considered the impact of the DOJ, FTC and antitrust litigations. The final settlement amount may be materially different to the \$438m provision recorded at December 31, 2017. This could impact the Group's ability to operate which would be further adversely impacted should revenues decline and pipeline products fail to obtain regulatory approval or SUBLOCADE fail to launch successfully.

In addition, the Directors have considered the impact of the ANDA litigation where the outcome remains uncertain. In the event regulatory approval is obtained by third parties and there is a subsequent commercial launch of generic Suboxone Film, there is the likelihood that revenues and operating profits will decline. In these circumstances the Group has the ability to take necessary measures to reduce its cost base and improve its cash flow to ensure that the Group can continue as a going concern.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence through the period ending June 2019. Accordingly, the Directors continue to adopt the going concern basis for accounting in preparing these financial statements.

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 6, 2018

Independent auditors' report to the members of Indivior PLC

Report on the audit of the Financial Statements

Opinion

In our opinion:

- ◁ Indivior PLC's Group Financial Statements and Parent Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's profit and cash flows for the year then ended;
- ◁ the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- ◁ the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- ◁ the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

We have audited the Financial Statements, included within the Annual Report, which comprise: the Consolidated balance sheet and the Parent Company balance sheet as at 31 December 2017; the Consolidated income statement and the Consolidated statement of comprehensive income; the Consolidated cash flow statement; and the Consolidated statement of changes in equity and the Parent Company statement of changes in equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the Financial Reporting Council's ("FRC's") Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

Other than those disclosed in Note 5 to the Financial Statements, we have provided no non-audit services to the Group or the Parent Company in the period from 1 January 2017 to 31 December 2017.

Emphasis of matter – Group and Parent Company – Outcome of litigation

In forming our opinion on the Financial Statements, which is not modified, we draw your attention to Note 20 that describes the uncertain outcome of the ongoing investigations by the Department of Justice and the Federal Trade Commission as well as antitrust litigation. An amount of \$438 million has been established as a provision for potential settlement for all of these matters. The final aggregate settlement amount may be materially different to this provision.

Material uncertainty relating to going concern – Group and Parent Company

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosure made in Note 20 that describes the uncertain outcome of the ongoing investigations by the Department of Justice and Federal Trade Commission and antitrust litigation. This could impact the Group's ability to operate, which would be further adversely impacted in the event that one or more of the generic companies are successful in their patent challenges on a final non-appealable basis, should there be FDA approval of one or more of the ANDAs and subsequent commercial launch of generic Suboxone® Film, if the Group's pipeline products fail to obtain regulatory approval, together with the market acceptance of SUBLOCADE™ being slower than expected. These conditions could also impact the Parent Company's ability to recover amounts owed by subsidiary undertakings and the value of the Parent Company's investments in shares in subsidiary undertakings. As explained in Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements, the above factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Parent Company's ability to continue as a going concern. In these circumstances, the Directors believe they would be able to take the required steps to reduce the cost base. However this would result in a significant change to the structure of the business. As a result of this potential decline and the extent of its potential impact, the Directors are prepared to change the structure of the business and to reduce its cost base, as also described in Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements. The Financial Statements do not include the adjustments that would result if the Group and Parent Company were unable to continue as a going concern.

Independent auditors' report to the members of Indivior PLC continued

Explanation of material uncertainty

As outlined above and as described in Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements, in these circumstances, the going concern status of the Group and Parent Company would be dependent on the Directors' ability to carry out the necessary measures to reduce its cost base and improve its cash flows. However this would result in a significant change to the structure of the business. The Directors believe that they are able to carry out the necessary measures and that the Group and Parent Company can continue as a going concern for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for accounting in preparing these Group and Parent Company Financial Statements.

Given the risks associated with the investigations by the Department of Justice and the Federal Trade Commission as well as antitrust litigation, the Directors have drawn attention to this in disclosing a material uncertainty relating to going concern in the basis of preparation to the Group and Parent Company Financial Statements.

What audit procedures we performed

In concluding there is a material uncertainty, our audit procedures assessed the impact of: a final aggregate settlement amount in relation to the investigations by the Department of Justice and the Federal Trade Commission as well as antitrust litigation that is materially higher than the current provision; a decline in Suboxone[®] Film revenue should one or more of the generic companies be successful in their patent challenges on a final non-appealable basis, and should there be FDA approval of one or more of the ANDAs and subsequent commercial launch of generic Suboxone[®] Film; pipeline products fail to obtain regulatory approval; and the market acceptance of SUBLOCADE[™] is slower than expected.

In assessing the impact of the above scenarios, which are referred to in Note 2 to the Group Financial Statements and Note 1 to the Parent Company Financial Statements, we performed the following procedures on the Directors' assessment that the Group and Parent Company will continue as a going concern:

- ◁ evaluated the assumptions regarding the impact on revenue decline of Suboxone[®] Film by reference to the historical impact of other generic launches on the revenues of a branded product;
- ◁ assessed the basis of the actions to reduce the Group's cost base by agreeing them to detailed workings, discussing the assumptions used with management, assessing the reductions against underlying calculations and whether such reductions were feasible given our understanding of the business model and operating expenses;
- ◁ assessed the impact of increased provisions combined with lower Suboxone[®] Film and SUBLOCADE[™] revenue against the debt covenants in place as explained in Note 17;
- ◁ assessed the impact of those risks identified in the principal risk table on pages 50 to 55;
- ◁ verified the mathematical accuracy of the spreadsheet used to model future financial performance;
- ◁ tested the forecast results against the debt covenants in place as explained in Note 17; and
- ◁ agreed the underlying cash flow projections to management approved forecasts, assessed how these forecasts are compiled, and assessed the accuracy of management's forecasts by performing look back tests that compared historical forecasts to actual results.

Based on this work we concur with the Directors' conclusion that, should there be a generic entrant and settlement of the investigations by the Department of Justice and the Federal Trade Commission as well as antitrust litigation for a materially higher amount than the current provision, the use of the going concern basis remains appropriate.

Our audit approach

Overview



- ◁ Overall Group materiality: \$18.0 million (2016: \$16.8 million), based on 5% of adjusted profit before tax.
- ◁ Overall Parent Company materiality: \$14.7 million (2016: \$10.0 million), based on 1% of Total assets.
- ◁ We conducted full scope audit work covering three components.
- ◁ Specific audit procedures on certain balances and transactions were performed on a further three components.
- ◁ The components where we performed audit work, taken together with our centralised corporate functions, accounted for 95% of the Group's revenues and 97% of the Group's profit before tax.
- ◁ Significant judgements and estimates in sales rebates, discounts and returns adjustments recognised primarily in the US business (refer to Note 3) (Group).
- ◁ Risk of misstatement relating to ongoing legal claims and regulatory investigations and claims and the related provisions (refer to Notes 18 and 20) (Group).
- ◁ Uncertain tax positions (Group).
- ◁ Carrying value of investments in subsidiaries (Parent).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We designed audit procedures that focussed on the risk of non-compliance related to laws and regulations that could give rise to a material misstatement in the Group and Parent Company Financial Statements, including, but not limited to, pharmaceutical regulatory requirements (including those of the Federal Trade Commission, US Food and Drug Administration and the European Medicines Agency) as well as the Companies Act 2006 and UK and US tax legislation. Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, discussions with external and internal legal counsel, review of correspondence with external and internal legal counsel, review of significant components auditors' work and review of internal audit reports in so far as they related to the Financial Statements. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Risk of misstatement relating to ongoing legal claims and regulatory investigations and claims and the related provisions (refer to Notes 18 and 20) – Group</p> <p>The pharmaceutical industry is a highly regulated industry. Since 80% of the Group operates in the US, compliance is required with the US regulatory requirements, including those of the Federal Trade Commission and US Food and Drug Administration. The Group is engaged in a number of ongoing litigations and investigations, which may have a material impact on the Group Financial Statements.</p> <p>We focused on this area because the outcome of claims is uncertain and the positions taken by the Directors are based on the application of material judgement and estimation. Accordingly, should the outcomes of the regulatory investigations or legal claims differ from those anticipated by the Directors, this could materially impact the Group's reported profit and balance sheet position.</p>	<p>We discussed actual or pending legal or regulatory claims with the Group's internal legal counsel to gain an understanding of the status of each case.</p> <p>Where provisions had been booked in the Group Financial Statements, we substantively tested the amount provided and evaluated management's position of the likely outcome and comparing that to the provision by:</p> <ul style="list-style-type: none"> ◀ using documentation such as correspondence with external legal counsel and Board and Committee minutes; ◀ independent confirmations that we received from the Group's external legal counsel; and ◀ assessing management's valuation methodology and assumptions, including evaluating the impact of sensitising its cash flow forecast based on generic intrusion, the success of SUBLOCADE™ and the discount rate utilised. Based on the work performed we found that the assumptions used were supported by the evidence we obtained. <p>For certain ongoing regulatory investigations where no formal claim had been brought against the Group at 31 December 2017, we met with external legal counsel to discuss the matters and understand the extent of their work to determine whether it was sufficient to support their conclusions regarding the settlement estimate that was established as a provision and to determine that there have been no illegal acts.</p> <p>We used our own accumulated knowledge from working with clients in the pharmaceutical industry operating in the US to challenge whether the Directors had omitted any material relevant factors when drawing their conclusion.</p>

Independent auditors' report to the members of Indivior PLC

continued

Key audit matter

Risk of misstatement relating to ongoing legal claims and regulatory investigations and claims and the related provisions (refer to Notes 18 and 20) – Group continued

During the year, the most significant increase to the Group's litigation provisions, \$185 million, was in respect of management's current expectation of the aggregate settlement amount in relation to the Department of Justice and the Federal Trade Commission investigations as well as antitrust litigations referred to in Notes 2, 18 and 20. At 31 December 2017, the Group held provisions of \$438 million in respect of legal actions (31 December 2016 – \$257 million). The final aggregate settlement amount for the Department of Justice and the Federal Trade Commission investigations as well as antitrust litigations may be materially different than the \$438 million provision.

Significant judgements and estimates in sales rebates, discounts and returns adjustments recognised primarily in the US business (refer to Note 21) – Group

In the US, the Group sells products through distributors and the ultimate selling price is determined based on the contractual arrangements that the Group has with the patient's insurer or other payment programme (Medicaid, Medicare or equivalent scheme). The time between initial shipment to the distributor (when the revenue is recognised), the dispensing of a product to a patient and notification by the relevant insurer or payment programme may be several months. Accordingly, an estimate of the net selling price is necessary at the date of shipment, when the revenue is recognised.

As a result, revenue recognised on sales to wholesale and retail distributors is subject to a final determination of the net sales price in the form of rebates, discounts and sales returns. The process for determining the size of these estimates is complex and depends on contract terms and regulation, as well as forecasts of sales volumes by channel. Our testing focused on the accruals for sales rebates, discounts and sales returns recognised at the year-end.

We focused on this area as the process for calculating sales rebates, discounts and return accruals involves the use of large volumes of data, being sales volumes and discounts from multiple sources, which, taken together, can be subjective and at risk of management manipulation or bias. Given the large quantities of data and significant judgements involved in compiling these calculations, we considered there to be a risk of bias in the calculations and that this risk related to the understatement of these accruals.

We also evaluated whether revenue recognition policies applied were consistent with IFRSs as adopted by the European Union.

How our audit addressed the key audit matter

In addition, we considered the completeness of legal and regulatory matters through open discussions with internal legal counsel and by reading board minutes, without identifying any other legal matters that had not already been disclosed to us. Furthermore, we obtained representations from management that there have been no illegal acts.

Finally, we checked the disclosures relating to legal and regulatory matters in the Financial Statements back to our underlying work. We found that the disclosures in Notes 18 and 20 were in accordance with the requirements of IFRSs as adopted by the European Union.

We consider that the disclosures in respect of the legal and regulatory matters are of such importance that they are fundamental to users' understanding of the financial statements and we have therefore included reference to the disclosures in the emphasis of matter above.

We obtained the accruals calculation for sales rebates, discounts and sales returns and tested the inputs into the calculations by comparing them with:

- < rates included in sales contracts and agreements with third parties; and
- < rebate invoices received after the year-end, on a sample basis, in order to assess the accuracy of the Directors' forecast sales volumes.

We performed look back tests that compared accruals recognised in previous periods to actual rebates, discounts or returns received in order to test the Directors' historical accuracy in calculating these accruals.

We assessed the completeness and accuracy of the accruals by understanding and testing the process management used to record the year-end balances, by comparing such amounts to our own independently developed expectations of the year-end balances. Our independent expectations were developed based upon historical rebate invoices received, adjusted for current volumes, rebate rates and for sales returns, and adjusted for industry experience in the face of competition. The accruals recognised in the Financial Statements were not materially different from our internally generated expectation.

In determining the appropriateness of the revenue recognition policy applied by the Directors in calculating sales rebates, discounts and sales returns under contractual and regulatory requirements, we note there is room for judgement.

From the evidence obtained we found the assumptions, methodology and policies used to be appropriate. Based on the work performed we found that the assumptions used were supported by the evidence we obtained.

Key audit matter

Uncertain tax positions (refer to Notes 8 and 20) – Group

Indivior PLC operates in a multinational tax environment and the tax charge on profits is determined according to complex tax laws and regulations, including those relating to transfer pricing. In addition from time to time the Group enters into transactions with complicated accounting and tax consequences. Where the effect of these tax laws and regulations is unclear, judgements are used in determining the liability for tax to be paid.

As a multinational Group, tax audits can be ongoing in a number of jurisdictions at any point in time and tax returns are subject to possible challenge in most locations in which the Group operates.

Judgement is required in assessing the level of provisions required in respect of uncertain tax positions.

How our audit addressed the key audit matter

Using our US and UK international tax and transfer pricing knowledge, we evaluated and challenged the Directors' judgements in respect of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. In understanding and evaluating the Directors' judgements, we considered:

- ◁ the status of recent and current tax authority audits and enquiries;
- ◁ the outcome of previous claims;
- ◁ recent developments in tax legislation;
- ◁ relevant correspondence with tax authorities;
- ◁ judgemental positions taken in tax returns and current year estimates; and
- ◁ other developments in the tax environment.

We tested tax calculations and challenged the Group's transfer pricing arrangements by assessing the methodology used against third party studies, our own knowledge and experience and tax planning activities to assess the reasonableness of the provisions recorded.

From the evidence obtained, we found that the Directors' assumptions and judgements were supported by the evidence we obtained.

Carrying value of investments in subsidiaries (refer to Note 2 of the Parent Company Financial Statements) – Parent Company

Investments in subsidiaries of \$1,437 million are accounted for at cost less impairment in the Parent Company balance sheet at 31 December 2017.

Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement. The developments within litigation could impact the Parent Company's ability to recover amounts owed by subsidiary undertakings and the value of the Parent Company's investments therefore an indicator of impairment. Judgement is required in the area of impairment testing, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Company's financial condition and results of operations.

We evaluated management's assessment of whether any indicators of impairment existed by comparing the net assets of the subsidiaries at 31 December 2017 with the Parent Company's investment carrying values.

For those investments where the net assets were lower than the carrying values, namely Indivior Global Holdings Limited, a discounted cash flow model was prepared. In conjunction with our assessment of the Group and Parent Company's ability to continue as a going concern, we have tested the reasonableness of the key assumptions. This included revenue, profit and cash flow growth rates, terminal value and the discount rate. We performed our own independent sensitivity analysis to understand the impact of reasonable changes in management's assumptions on the available headroom.

As a result of our work, we considered that the carrying values of the investments held by the Parent Company are supportable in the context of the Parent Company Financial Statements taken as a whole.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group operates a single business activity and therefore has one reportable segment. The Group Financial Statements are a consolidation of 35 components comprising the Group's operating businesses and centralised Group functions. The Group consolidation, financial statement disclosures and corporate functions were audited by the Group audit team. This included our work over legal, tax, borrowings, net finance expense and share-based payments.

Independent auditors' report to the members of Indivior PLC

continued

In addition to centralised Group audit procedures, we conducted our audit by concentrating our work on those parts of the Group that make up the most significant proportions of the Financial Statements. We identified three components in the US and UK that required a full scope audit due to their size. Audit procedures over specific financial statement line items were performed at a further three components in the UK and US to give sufficient audit coverage. With the largest components of the Group being the US and UK we focused our audit work there. For the audit of the US component, we utilised our Richmond, Virginia based team with knowledge and experience of the US pharmaceuticals industry and regulations. These US procedures were supplemented by procedures performed on certain UK and European operations by PwC staff based in the UK.

Taken together, the components and corporate functions where we conducted audit procedures accounted for 95% of the Group's net revenues and 97% of the Group's adjusted profit before tax. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole. This was before considering the disaggregated analytical review procedures, which covers certain of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Our Group engagement team's involvement in the audits of the components included site visits where the component auditors' planned response to areas of focus was discussed, particularly regarding sales rebates, chargebacks and discounts and uncertain tax positions in the US. Group team involvement also included component auditor working paper reviews in the US and UK, regular conference calls and attendance at the US and UK component audit closing meetings.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Overall materiality	\$18.0 million (2016: \$16.8 million).	\$14.7 million (2016: \$10.0 million).
How we determined it	5% of adjusted profit before tax.	1% of Total assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice. Consistent with prior year, we have excluded exceptional items which are non-recurring and do not impact continuing business performance, which is consistent with the measure of performance that the shareholders consider.	Based on our professional judgement, as the Parent Company is a holding company we believe total assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark for holding companies.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between \$5 million and \$17 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$0.9 million (Group audit) (2016: \$0.75 million) and \$0.735 million (Parent Company audit) (2016: \$0.725 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the Group's and the Parent Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the Financial Statements.	We have nothing material to add or to draw attention to other than the material uncertainty we have described in the material uncertainty relating to going concern section above. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.
We are required to report if the Directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- ◁ The Directors' confirmation on page 49 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- ◁ The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- ◁ The Directors' explanation on page 57 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- ◁ The statement given by the Directors, on page 111, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company obtained in the course of performing our audit.
- ◁ The section of the Annual Report on pages 72 to 79 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- ◁ The Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06).

Independent auditors' report to the members of Indivior PLC continued

Responsibilities for the Financial Statements and the audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 111, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- ◁ we have not received all the information and explanations we require for our audit; or
- ◁ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◁ certain disclosures of Directors' remuneration specified by law are not made; or
- ◁ the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the Directors on 23 December 2014 to audit the Financial Statements for the year ended 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 December 2014 to 31 December 2017.

Sarah Quinn (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 March 2018

Consolidated income statement

For the year ended December 31	Note	2017 \$m	2016 \$m
Net revenues	3	1,093	1,058
Cost of sales		(104)	(107)
Gross profit		989	951
Selling, distribution and administrative expenses	4	(707)	(683)
Research and development expenses	4	(89)	(119)
Operating profit		193	149
Operating profit before exceptional items		403	387
Exceptional items	4	(210)	(238)
Net finance expense	7	(56)	(51)
Net finance expense before exceptional items	7	(42)	(51)
Exceptional items	4	(14)	–
Profit before taxation		137	98
Income tax expense	8	(79)	(63)
Taxation before exceptional items	8	(91)	(82)
Exceptional items within taxation	4	12	19
Net income		58	35
Earnings per ordinary share (cents)			
Basic earnings per share	9	8	5
Diluted earnings per share	9	8	5

Consolidated statement of comprehensive income

For the year ended December 31	2017 \$m	2016 \$m
Net income	58	35
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent years:		
Net exchange adjustments on foreign currency translation	8	1
Other comprehensive income	8	1
Total comprehensive income	66	36

Consolidated balance sheet

As at December 31	Note	2017 \$m	2016 \$m
Assets			
Non-current assets			
Intangible assets	10	92	83
Property, plant and equipment	11	54	27
Deferred tax assets	12	58	109
Other receivables	14	15	–
		219	219
Current assets			
Inventories	13	52	41
Trade and other receivables	14	278	227
Current tax receivable		32	30
Cash and cash equivalents	16	863	692
		1,225	990
Total assets		1,444	1,209
Liabilities			
Current liabilities			
Borrowings	17	(5)	(101)
Provisions for liabilities and charges	18	(143)	(219)
Trade and other payables	21	(665)	(658)
Current tax liabilities		(41)	(52)
		(854)	(1,030)
Non-current liabilities			
Borrowings	17	(477)	(434)
Provisions for liabilities and charges	18	(316)	(40)
		(793)	(474)
Total liabilities		(1,647)	(1,504)
Net liabilities		(203)	(295)
Equity			
Capital and reserves			
Share capital	22	72	72
Share premium	22	2	–
Other reserves	23	(1,295)	(1,295)
Foreign currency translation reserve	23	(14)	(22)
Retained earnings	23	1,032	950
Total equity		(203)	(295)

The financial statements on pages 121 to 144 were approved by the Board of Directors on March 6, 2018 and signed on its behalf by:

Shaun Thaxter
Director

Mark Crossley
Director

Consolidated statement of changes in equity

	Notes	Share capital \$m	Share premium \$m	Other reserves \$m	Foreign currency translation reserve \$m	Retained earnings \$m	Total equity \$m
Balance at January 1, 2016		72	–	(1,295)	(23)	967	(279)
Comprehensive income							
Net income		–	–	–	–	35	35
Other comprehensive income		–	–	–	1	–	1
Total comprehensive income		–	–	–	1	35	36
Transactions with owners							
Share-based plans	25	–	–	–	–	10	10
Deferred taxation on share-based plans	12	–	–	–	–	7	7
Dividends paid	24	–	–	–	–	(69)	(69)
Total transactions recognized directly in equity		–	–	–	–	(52)	(52)
Balance at December 31, 2016		72	–	(1,295)	(22)	950	(295)
Balance at January 1, 2017		72	–	(1,295)	(22)	950	(295)
Comprehensive income							
Net income		–	–	–	–	58	58
Other comprehensive income		–	–	–	8	–	8
Total comprehensive income		–	–	–	8	58	66
Transactions with owners							
Share-based plans	25	–	2	–	–	16	18
Deferred taxation on share-based plans	12	–	–	–	–	8	8
Dividends paid	24	–	–	–	–	–	–
Total transactions recognized directly in equity		–	2	–	–	24	26
Balance at December 31, 2017		72	2	(1,295)	(14)	1,032	(203)

Consolidated cash flow statement

For the year ended December 31	Notes	2017 \$m	2016 \$m
Cash flows from operating activities			
Operating profit		193	149
Depreciation and amortization	10, 11	13	14
Share-based payments	25	16	10
Foreign exchange impacts		6	1
Increase in trade and other receivables		(59)	(27)
(Increase)/decrease in inventories		(6)	4
Increase in trade and other payables		5	142
Increase in provisions		201	219
Cash generated from operations			
		369	512
Net financing costs		(36)	(42)
Transaction costs related to borrowings		(5)	–
Taxes paid		(33)	(63)
Net cash inflow from operating activities		295	407
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(30)	(20)
Purchase of intangible assets	10	(13)	(15)
Net cash outflow from investing activities		(43)	(35)
Cash flows from financing activities			
Proceeds from borrowings	17	487	–
Repayment of borrowings	17	(573)	(78)
Dividends paid	24	–	(69)
Proceeds from issuance of ordinary shares	22	2	–
Net cash (outflow) from financing activities		(84)	(147)
Net increase in cash and cash equivalents		168	225
Cash and cash equivalents at beginning of the year	16	692	467
Exchange difference		3	–
Cash and cash equivalents at end of the year	16	863	692

Notes to the Financial Statements

1. General information

Indivior PLC (“the Company”) and its subsidiaries (together, “the Group”) are engaged in the development, manufacture and sale of buprenorphine-based prescription drugs for the treatment of opioid dependence (the “Indivior Business”).

The Indivior Business was previously the pharmaceuticals business of the Reckitt Benckiser Group plc (RB), carried out by RBP Global Holdings Limited and its subsidiary undertakings.

The Company was incorporated and domiciled in the United Kingdom on September 26, 2014 and is the holding company for the Group.

The principal accounting policies adopted in the preparation of these Financial Statements are set out below. Unless otherwise stated, these policies have been consistently applied to all years presented.

2. Basis of preparation and changes in accounting policy

The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union and the Companies Act 2006 (the Act) applicable to companies reporting under IFRS.

The Financial Statements are presented in US\$.

Subject to the following matter, after making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least one year from the financial statements date. However, as disclosed in Note 20, the Group carries a provision of \$438m relating to the Department of Justice and Federal Trade Commission investigations and antitrust litigation. The final settlement amount may be materially different than this provision. This could impact the Group’s ability to operate, which would be further adversely impacted should revenues decline and pipeline products fail to obtain regulatory approval or SUBLOCADE fail to launch successfully, all of which could mean the Group could not 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 ability to continue as a going concern. However, the Directors believe they have the ability to carry out the measures that would be necessary and that the Group can continue as a going concern for the foreseeable future, in particular with reference to the period through June 2019.

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.

Adoption of new and revised standards

There are no new standards, revisions or interpretations which have been adopted for the first time and have a significant impact on the accounting policies applied in preparing the annual consolidated Financial Statements of the Group.

New accounting standards issued but not yet effective

The following standards have been issued but not yet effective:

IFRS 15 ‘Revenue from Contracts with Customers’ is effective for periods beginning on or after January 1, 2018. The standard establishes a principles based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of

goods or services is transferred. It applies to all contracts with customers, except those in the scope of other standards.

The Group has assessed the impact of this IFRS and its adoption did not impact the consolidated results of the Group. The Group adopted IFRS 15 on January 1, 2018.

IFRS 9 ‘Financial Instruments’ replaces all phases of the financial instruments project and IAS 39 ‘Financial Instruments: Recognition and Measurement’. The standard is effective from periods beginning on or after January 1, 2018 and introduces new requirements for the classification and measurement of financial assets and liabilities, a new model for recognising provisions based on expected credit losses, and aligning hedge accounting more closely with an entity’s risk management approach.

The Group has assessed the impact of this IFRS and its adoption did not impact the consolidated results of the Group. The Group adopted IFRS 9 on January 1, 2018.

IFRS 16 ‘Leases,’ which will be effective for annual periods beginning on or after January 1, 2019, replaces IAS 17 ‘Leases’ and will require lease liabilities and ‘right of use’ assets to be recognised on the balance sheet for almost all leases. The Group has performed an initial assessment and expects to adopt this standard on January 1, 2019 using the modified retrospective approach.

Basis of consolidation

The consolidated Financial Statements include the results of the Company and all of its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by the Group. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

Inter-company transactions, balances and unrealized income and expenses on transactions between Group companies have been eliminated on consolidation. All subsidiaries have year-ends which are co-terminus with the Group’s. Subsidiaries’ accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

The Financial Statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated Financial Statements are presented in US dollars, which is the Group’s presentation currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized within SD&A in the income statement.

Notes to the Financial Statements continued

2. Basis of preparation and changes in accounting policy (continued)

The exchange rates used for the translation of currencies into US dollars that have the most significant impact on the Group results were:

	2017	2016
GBP year-end exchange rate	1.3513	1.2340
GBP average exchange rate	1.2881	1.3579
EUR year-end exchange rate	1.2001	1.0519
EUR average exchange rate	1.1287	1.1070

The Financial Statements of subsidiary undertakings are translated into US dollars on the following basis:

- ◀ Assets and liabilities at the year-end rate.
- ◀ Profit and loss account items at the average exchange rate for the year.

Exchange differences arising from the translation of the net investment in foreign entities are taken to equity (and recognized in the statement of comprehensive income) on consolidation.

Accounting estimates and judgments

The Directors make a number of estimates and assumptions regarding the future, and make some significant judgments in applying the Group's accounting policies. These estimates and assumptions may affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The key estimates and assumptions used in the Financial Statements are set out below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Provisions for returns, discounts, incentives and rebates

The Company offers various types of price reductions on its products. In particular, products sold in the United States are covered by various programs (such as Medicare and Medicaid) under which products are sold at a discount. Rebates are granted to healthcare authorities, and under contractual arrangements with certain customers. Some wholesalers are entitled to chargeback incentives based on the selling price to the end customer, under specific contractual arrangements. Cash discounts may also be granted for prompt payment.

The discounts, incentives and rebates described above are estimated on the basis of specific contractual arrangements with customers or of specific terms of the relevant regulations and/or agreements applicable for transactions with healthcare authorities, and of assumptions about the attainment of sales targets. The Company also estimates the amount of product returns on the basis of contractual sales terms and reliable historical data. They are recognized in the period in which the underlying sales are recognized, as a reduction of sales revenue.

Several months may pass between the original estimate of rebates due and when the amount is confirmed, which may increase the estimation risk. For more details of provisions for returns, discounts, incentives and rebates, see note 21 to the consolidated Financial Statements.

Impairment of assets

The Company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves comparing the higher of fair value less costs to sell or value-in-use to the carrying value of the asset. Determining these incorporate a number of key estimates and assumptions. For more details of impairment of assets, see notes 10, 11, 13 and 14 to the consolidated Financial Statements.

Provisions for legal claims

The Company may be involved in litigation, arbitration or other legal proceedings. These proceedings typically are related to product liability claims, intellectual property rights, compliance and trade practices, commercial claims and employment and wrongful discharge claims.

Provisions are valued on the basis of the Directors' best estimates taking into account all available information, external advice, and historical experience. The assessment of provisions can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions, including the amount, timing of payments, and discounting. Given the inherent uncertainties related to these estimates and assumptions, the actual outflows resulting from the realization of those risks could differ materially from the Company's estimates. For more details of provisions for legal claims, see note 18 to the consolidated Financial Statements.

Income taxes

Judgment is required in determining the provision for income taxes, including some transactions and calculations whose ultimate tax treatment is uncertain. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes are likely to be due. The Company recognizes deferred tax assets and liabilities based on estimates of future taxable income and recoverability. Where a change in circumstance occurs, or the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the year in which that change or outcome is known. For more details of income taxes see Note 8 to the consolidated Financial Statements.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO).

The Indivior Group is engaged in a single business activity, which is the development, manufacture and sale of buprenorphine-based prescription drugs for treatment of opioid dependence. The CEO reviews financial information on a geographic basis for evaluating financial performance and allocating resources. The Group has a single reportable segment.

Accounting policy

Revenues

Revenue arising from the sale of goods is presented in the consolidated income statement under net revenues. Net revenues comprise revenue from sales of pharmaceutical products, net of sales returns, customer incentives and discounts, and certain sales-based payments paid or payable to the healthcare authorities.

Revenue is recognized when all of the following conditions have been met: the risks and rewards of ownership have been transferred to the customer at the point of delivery, usually when title passes to the customer either on shipment or on receipt of goods depending on local trading terms; the Company no longer has effective control over the goods sold; the amount of revenue and costs associated with the transaction can be measured reliably; and it is probable that the economic benefits associated with the transaction will flow to the Company.

Returns, discounts, incentives and rebates are estimated and recognized in the period in which the underlying sales are recognized as a reduction of sales revenue.

These amounts are calculated as follows:

- ◁ Provisions for rebates based on attainment of sales targets are estimated and accrued as each of the underlying sales transactions is recognized.
- ◁ Provisions for price reductions under government and state programs, largely in the US, are estimated on the basis of the specific terms of the relevant regulations and agreements, and accrued as each of the underlying sales transactions is recognized.

- ◁ Provisions for sales returns are calculated on the basis of management's best estimate of the amount of product that will ultimately be returned by customers. In countries where product returns are possible, the Company has implemented a returns policy that allows the customer to return products within a certain period either side of the expiry date (usually three months before and six months after the expiry date). The provision is estimated on the basis of past experience of sales returns.

The Company also takes account of factors such as levels of inventory in its various distribution channels, product expiry dates, information about potential discontinuation of products and the entry of competing generics into the market. In each case, the provisions are subject to continuous review and adjustment as appropriate based on the most recent information available to management. The Company believes it has the ability to measure each of the above provisions reliably, using the following factors in developing its estimates:

- ◁ the nature and patient profile of the underlying product;
- ◁ the applicable regulations and/or the specific terms and conditions of contracts with governmental authorities, wholesalers and other customers;
- ◁ historical data relating to similar contracts, in the case of qualitative and quantitative rebates and chargeback incentives;
- ◁ past experience and sales growth trends;
- ◁ actual inventory levels in distribution channels, monitored by the Company using internal sales data and externally provided data;
- ◁ the shelf life of the Company's products; and
- ◁ market trends including competition, pricing and demand.

There may be adjustments to the provisions when the actual rebates are invoiced based on utilization information submitted to the Company (in the case of provisions for rebates related to sales targets or contractual rebates) and claims/invoices received (in the case of regulatory rebates and chargebacks). Management believes the estimates made are reasonable; however such estimates involve judgments on aggregate future sales levels, distribution channel mix, distributors sales performance and market competition.

Notes to the Financial Statements continued

3. Segment information (continued)

Revenues are attributed to countries based on the country where the sale originates. The following table represents revenue from continuing operations attributed to countries based on the country where the sale originates and non-current assets, net of accumulated depreciation and amortization, by country. Non-current assets for this purpose consist of intangible assets, property, plant and equipment, and other receivables.

For the year ended December 31, 2017	Net Revenue from sale of goods \$m	Non-current assets \$m
United States	877	68
Rest of World	216	93
Total	1,093	161

For the year ended December 31, 2016	\$m	\$m
United States	857	64
Rest of World	201	46
Total	1,058	110

Significant customers

Revenues include amounts derived from significant customers that amount to 10% or more of the Company's revenues as follows (in percentages of total net revenue):

Customer	2017 %	2016 %
Customer A	23%	23%
Customer B	28%	29%
Customer C	22%	22%

4. Operating costs and expenses

Accounting policies

Research & Development

Research expenditure on internal activities is charged to the consolidated income statement in the year in which it is incurred.

Development expenditure is written off in the year in which it is incurred, unless the following criteria are met:

- ◁ it must be technically feasible to complete the development project (or intangible asset) so that the related product will be available for use or sale;
- ◁ there is an intention to complete the intangible asset or development project and use or sell it;
- ◁ the Company has the ability to use the intangible asset or to sell it;
- ◁ the way in which the intangible asset will generate probable future economic benefits;
- ◁ the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- ◁ expenditure attributable to the intangible asset during its development is able to be reliably measured.

Amounts capitalized are amortized over the useful life of the developed product.

An internally generated intangible asset arising from the Company's development activities is recognized only if the following conditions are met:

- ◁ an asset is created that can be identified;
- ◁ it is probable that the asset created will generate future economic benefits; and
- ◁ the development cost of the asset can be measured reliably.

The Company has determined that filing for regulatory approval is the earliest point at which internal development costs can be capitalized, however judgment is exercised when assessing the point at which it is probable that the asset created will generate future economic benefits, which may not be until final regulatory approval for certain assets. All internal development expenditure incurred prior to filing for regulatory approval is therefore expensed as incurred. There are currently no internally generated intangibles recognized except for software and technology and licenses acquired in relation to SUBLOCADE. The Company commenced capitalisation and amortisation of SUBLOCADE following receipt of regulatory approval in November 2017.

4. Operating costs and expenses (continued)

Expenses

Expenses are recognized in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Marketing and promotional expenses are charged to the income statement as incurred.

Exceptional Items

Where material expenses or income that do not reflect the Group's ongoing operations are incurred during the year, these items are disclosed as exceptional items in the income statement. Examples of such items could include restructuring and other expenses relating to the integration of an acquired business and related expenses for the reconfiguration of the Company's activities and/or capital structure, impairment of current and non-current assets, certain tax related matters, and costs arising as a result of material and non-recurring regulatory and litigation matters.

The table below sets out selected operating costs and expenses information.

	Notes	2017 \$m	2016 \$m
Research & development expenses		(89)	(119)
Marketing, selling, and distribution expenses		(163)	(144)
Administrative expenses		(525)	(520)
Depreciation and amortization	10, 11	(13)	(14)
Operating lease rentals	19	(6)	(5)
		(707)	(683)

Exceptional items

	2017 \$m	2016 \$m
Cost of sales	–	(11)
Consulting costs	–	(7)
Legal provision	(210)	(220)
Financing costs	(14)	–
Total exceptional items before taxes	(224)	(238)
Tax effect of exceptional items	3	6
Exceptional items within taxation	9	13
Total exceptional items	(212)	(219)

\$210m of FY 2017 pre-tax exceptional items (2016: \$220m) are for investigative and antitrust litigation matters as set out in Note 20 and have been included within operating expenses. \$14m of financing costs are non-cash and relate to demerger debt issuance costs written off early due to the debt restructuring. \$9m (2016: \$13m) of exceptional items within taxation relate to the release of provisions for unresolved tax matters partially offset by the impact of the re-measurement of certain deferred tax assets. In 2016, cost of sales of \$11m and consulting costs of \$7m were for write-offs of manufacturing costs and legal and advisory costs related to the exploration of strategic initiatives in the event of a potential negative ANDA ruling.

5. Auditors' remuneration

	2017 \$m	2016 \$m
Audit of Parent Company and consolidated Financial Statements:		
Audit of the Group's Annual Report and Financial Statements	1.06	1.07
Audit of the Group's subsidiaries	0.22	0.17
Audit-related assurance services	0.70	1.88
Audit and audit-related services	1.98	3.12
Other non-audit assurance services	0.62	1.04
Total auditors' remuneration	2.60	4.16

Total fees charged for audit-related assurance services and other non-audit assurance services in the year relating to the Indivior Group or any of its subsidiaries were \$1.3m (2016: \$2.6m). 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.

Notes to the Financial Statements continued

6. Employees

Accounting policies

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognized in the provision for employee benefits. All other short-term employee benefits are presented as payables.

Post-retirement benefits other than pensions

Some Group companies provide post-retirement medical care to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognized in the balance sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted.

Pension commitments

Some Group companies operate defined contribution and (funded and unfunded) defined benefit pension schemes. The cost of providing pensions to employees who are members of defined contribution schemes is charged to the income statement as contributions are made. The Group has no further payment obligations once the contributions have been paid.

(a) Staff costs	Note	2017 \$m	2016 \$m
The total employment costs, including Directors, were:			
Wages and salaries		(172)	(167)
Social security costs		(28)	(25)
Other pension costs		(9)	(7)
Share-based plans	25	(16)	(10)
		(225)	(209)

Details of Directors' emoluments are included in the Directors' Remuneration Report on pages 83 to 106, which forms part of the Financial Statements.

Compensation awarded to key management (the Executive Committee):

	2017 \$m	2016 \$m
Short-term employee benefits	11	12
	11	12

(b) Staff numbers

The monthly average number of people employed by the Group, including Directors, during the year was:

	2017	2016
Operations	649	627
Management	225	198
Research & Development	138	109
Average number of employees	1,012	934

7. Net finance expense

Accounting policy

Finance costs of borrowings are recognized in the income statement over the term of those borrowings.

	2017 \$m	2016 \$m
Finance income		
Interest income on cash and cash equivalents	7	4
Total finance income	7	4
Finance expense		
Interest payable on borrowings	(37)	(44)
Amortization of finance charges	(12)	(11)
Other finance expense*	(14)	–
Total finance expense	(63)	(55)
Net finance expense	(56)	(51)

* Relates to exceptional items. More details in Note 4

8. Income tax expense

Accounting policy

Income tax on profit for the year comprises current and deferred tax expense. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

	2017 \$m	2016 \$m
Current tax	(37)	(40)
Adjustments for current tax of prior years	19	(4)
Total current tax	(18)	(44)
Origination and reversal of temporary differences	(30)	(30)
Adjustments for changes in tax rates	(15)	
Adjustments for prior year deferred tax	(16)	11
Total deferred tax	(61)	(19)
Tax on profit	(79)	(63)

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from April 1, 2017. The Group's profits for the year ended December 31, 2017 are taxed at an effective rate of 58% (2016: 64%).

The total tax charge for the year can be reconciled to the accounting profit as follows:

	2017 \$m	2016 \$m
Profit before taxation	137	98
Tax at the notional UK corporation tax rate of 19.25% (2016: 20.00%)	26	19
Effects of:		
Tax at rates other than the UK corporation tax rate	6	10
Non-deductible provision	80	78
Permanent differences	(15)	(12)
R&D tax credit	(1)	(5)
UK Patent box	(12)	(50)
Adjustments for losses not benefited	–	13
Adjustments in respect of prior years	(3)	(7)
Adjustments to amounts carried in respect of unresolved tax matters	(18)	16
Impact of changes in tax rates	15	1
Other	1	–
Income tax expense	79	63

The reported rate of 58% (2016: 64%) was impacted by a \$15m one-time non-cash charge related to the revaluation of deferred tax assets due to the lowering of the US corporate income tax rate to 21%, and also includes other one-time items related to release of uncertain tax provisions of \$18m upon close out of IRS tax audits. The company is filing a claim for "Patent Box" regime benefits in the UK that provide a total benefit of \$12m (2016: \$50m). The company also benefited from \$1m (2016: \$5m) for Research credits in the US. No deferred tax has been recognized on the outstanding litigation provision in the period as it is uncertain whether it will be available for tax relief when paid. Adjustments may be necessary once a final determination of the litigation charges has been made. Excluding the impact of exceptional items, the effective tax rate for the year ended December 31, 2017 is 25% (2016: 25%).

On December 22, 2017, the US Tax Cuts and Jobs Act (H.R. 1), the tax reform bill (the "Act"), was signed into law. The Act includes numerous changes in existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction takes effect on January 1, 2018. As a result of the reduction of federal corporate income tax rates, the Group has recorded a charge to tax expense for the revaluation of the Group's deferred tax assets of \$15m.

The United Kingdom ('UK') decision to withdraw from the European Union ('EU') could have a material effect on our taxes. The impact of the withdrawal will not be known until both the EU and the UK develop the exit plan and the related changes in tax laws are enacted. We will adjust our current and deferred income taxes when tax law changes related to the UK withdrawal are substantively enacted and/or when EU law ceases to apply in the UK.

Notes to the Financial Statements continued

8. Income tax expense (continued)

Taxation has been provided at current rates on profits earned for the periods covered by the Group Financial Statements. The 2017 prior period adjustments relate to tax accrual to tax return adjustments of \$1m and another tax true up of (\$4m). The 2016 prior period adjustments relate to tax accrual to tax return adjustments of \$5m and another tax true up of \$2m.

The Group continues to believe it has made adequate provision for the liabilities likely to arise from periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of agreements with relevant tax authorities or litigation where appropriate. In assessing these income tax uncertainties, management makes judgments about the unit of account, the evaluation of the circumstances, facts and other relevant information in respect of the tax position taken together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities. As Indivior operates in a multi-national tax environment, the nature of the uncertain tax positions is often complex and subject to change. Original estimates are refined as additional information becomes known. Indivior has developed its probability assessment to review and measure uncertain tax positions using internal expertise, experience and judgement, together with assistance and opinions from professional advisors. During the year, the IRS completed the tax audits for the years 2010-2012 and 2013-2014. The Group feels that the provisions are adequate to cover any assessments that may arise.

Factors affecting future tax charges

As a group with worldwide operations, Indivior is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different jurisdictions, transfer pricing regulations, tax rates imposed and tax regime reforms. In 2016, the UK Government substantively enacted legislation to reduce the main rate of UK Statutory Corporation Tax to 17% by 2020. In 2017, the US Government reduced the corporate tax rate from 35% to 21% for years beginning in 2018. The company expects this reduction to result in a favourable decrease to the overall effective rate for the group in 2018.

9. Earnings per share

	2017 cents	2016 cents
Basic earnings per share	8	5
Diluted earnings per share	8	5
Adjusted basic earnings per share	37	35
Adjusted diluted earnings per share	36	34

Basic

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in the form of share awards and options. The weighted average number of shares is adjusted for the number of shares granted assuming the vesting of the awards and exercise of stock options.

	2017 thousands	2016 thousands
Weighted average number of shares		
On a basic basis	721,126	719,875
Dilution for share awards and options	27,356	23,345
On a diluted basis	748,482	743,220

Adjusted earnings

The Directors believe that earnings per share, adjusted for the impact of exceptional items after the appropriate tax amount, provides additional useful information on underlying trends to shareholders in respect of earnings per share.

Details of the adjusted net income:

	2017 \$m	2016 \$m
Net income	58	35
Exceptional items*	224	238
Tax effect of exceptional items	(3)	(6)
Exceptional items within taxation	(9)	(13)
Adjusted net income	270	254

* More details in Note 4

10. Intangible assets

Accounting policy

Intangible assets

Intangible assets are carried at cost less accumulated amortization and accumulated impairment.

Payments made in respect of acquired distribution rights are capitalized when it is probable that the expected future economic benefits attributable to the asset will flow to the Group. The useful life of the acquired distribution rights is determined based on legal, regulatory, contractual, competitive, economic or other relevant factors. Acquired rights with finite lives are subsequently amortized using the straight-line method over their defined useful economic lives. Amortization expense related to acquired distribution rights is included in selling, distribution and administrative expenses.

Payments related to the acquisition of rights to a product or technology are capitalized if it is probable that future economic benefits from the asset will flow to the Group. Probability is assumed for all externally acquired products in development, including subsequent milestone payments up to and including approval. Amortization of the asset starts when it becomes available for use, at which point the asset is amortized over its useful economic life. Prior to that date, the intangible asset is tested for impairment annually, irrespective of whether any indication of impairment exists. Amortization of product rights is in COGS.

Impairment of intangible assets

The carrying values of intangible assets are reviewed for impairment either annually or when events or changes in circumstances indicate the carrying value may be impaired depending on the intangible asset type. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which it belongs.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell or its value-in-use. In assessing value-in-use, its estimated future cash flow is discounted to its present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

In carrying out impairment reviews of intangible assets, a number of significant assumptions have to be made. These include the future rate of market growth, discount rates, the market demand for the products acquired, the future profitability of acquired businesses or products, levels of reimbursement and success in obtaining regulatory approvals. If actual results should differ, or changes in expectations arise, impairment charges may be required which would adversely impact operating results.

	Acquired distribution rights \$m	Technology and licenses acquired \$m	Software \$m	Total \$m
Cost				
At January 1, 2017	219	49	36	304
Additions	–	12	1	13
Transfers	–	–	–	–
Disposals and asset write-offs	–	–	–	–
Exchange adjustments	15	3	–	18
At December 31, 2017	234	64	37	335
Accumulated amortization and impairment				
At January 1, 2017	219	–	2	221
Amortization charge	–	–	7	7
Exchange adjustments	15	–	–	15
At December 31, 2017	234	–	9	243
Net book amount at December 31, 2017	–	64	28	92

	Acquired distribution rights \$m	Technology and licenses acquired \$m	Software \$m	Total \$m
Cost				
At January 1, 2016	218	53	–	271
Additions	–	–	15	15
Transfers	–	–	20	20
Disposals and asset write-offs	–	–	–	–
Exchange adjustments	1	(4)	1	(2)
At December 31, 2016	219	49	36	304
Accumulated amortization and impairment				
At January 1, 2016	209	–	–	209
Amortization charge	10	–	2	12
Exchange adjustments	–	–	–	–
At December 31, 2016	219	–	2	221
Net book amount at December 31, 2016	–	49	34	83

Notes to the Financial Statements continued

10. Intangible assets (continued)

Technology and licenses acquired

Technology and licenses acquired includes approved product rights and unapproved product rights in development. Approved product rights are amortised over the patent exclusivity period. All licenses are assessed for impairment at the end of each reporting period. There were no impairments recognized in the year.

As the Group has received regulatory approval for Sublocade in November 2017, amortisation expense of \$0.1m was recognised in COGS in the year.

Software

Acquired computer software licenses are capitalized at cost. These costs are amortized on a straight-line basis over a period of five years.

11. Property, plant and equipment

Accounting policies

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured.

Except for freehold land and assets under construction, the cost of property, plant and equipment is depreciated on a straight-line basis over the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- ◁ Freehold buildings: not more than 20 years; and
- ◁ plant and equipment: not more than 10 years.
- ◁ motor vehicles and computer equipment: not more than 4 years;
- ◁ leasehold improvements: up to lease term.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each balance sheet date. Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds, and are included in the income statement.

	Land and buildings \$m	Plant and equipment \$m	Total \$m
Cost			
At January 1, 2017	25	43	68
Additions	19	11	30
Exchange adjustment	1	2	3
At December 31, 2017	45	56	101
Accumulated depreciation and impairment			
At January 1, 2017	4	37	41
Charge for the year	3	3	6
Exchange adjustment	–	–	–
At December 31, 2017	7	40	47
Net book amount at December 31, 2017	38	16	54

11. Property, plant and equipment (continued)

	Land and buildings \$m	Plant and equipment \$m	Total \$m
Cost			
At January 1, 2016	8	64	72
Additions	18	2	20
Transfers	–	(20)	(20)
Exchange adjustment	(1)	(3)	(4)
At December 31, 2016	25	43	68
Accumulated depreciation and impairment			
At January 1, 2016	3	37	40
Charge for the year	1	1	2
Exchange adjustment	–	(1)	(1)
At December 31, 2016	4	37	41
Net book amount at December 31, 2016	21	6	27

Depreciation expense is included in selling, distribution and administrative expense within the income statement.

Additions in the year relate primarily to the completion of the R&D laboratory in Hull, UK and the redevelopment of the facility in Fort Collins, Colorado.

12. Deferred tax

Accounting policy

Deferred tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. They are revalued for changes in tax rates when new tax rates are substantively enacted. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Unrealised profit in inventory arises due to elimination of inter-company sales that are taxed at different rates between jurisdictions.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the investor is able to control the timing of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis.

	Unrealized profit in inventory \$m	Intangible assets \$m	Short-term temporary differences \$m	Share-based payments \$m	Other \$m	Total \$m
Deferred tax assets						
At January 1, 2016	84	–	24	3	11	122
(Charged)/Credited to the income statement	(34)	7	7	1	–	(19)
Charged directly to equity	–	–	–	7	–	7
Exchange differences	–	–	–	–	(1)	(1)
At December 31, 2016	50	7	31	11	10	109
(Charged)/Credited to the income statement	(37)	–	(17)	2	(9)	(61)
Charged directly to equity	–	–	–	8	–	8
Exchange differences	–	–	–	–	2	2
At December 31, 2017	13	7	14	21	3	58

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority.

The Group has not recognized certain UK group losses in respect of earlier periods \$10m (2016: \$13m) tax benefit as the likelihood of future economic benefit is not sufficiently assured. These losses have unlimited carry-forward period.

Unremitted earnings may be subject to overseas taxes and/or UK taxation (after allowing for double tax relief) if distributed as dividends, but are immaterial and no additional taxes provided.

Notes to the Financial Statements continued

13. Inventories

Accounting policy

Raw materials, stores and consumables, work in progress and finished goods are stated at the lower of cost or net realizable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out basis. Selling expenses, product amortization, and certain other overhead expenses are excluded. Net realizable value is the estimated selling price less applicable selling expenses.

Write-down of inventory occurs in the general course of business. Impairments are recognized in cost of sales.

	2017 \$m	2016 \$m
Raw materials, stores and consumables	14	9
Work in progress	19	16
Finished goods and goods held for resale	19	16
Total inventories, net	52	41

The cost of inventories recognized as an expense and included as cost of sales amounted to \$104m (2016: \$107m). This includes inventory write-offs and losses of \$2m (2016: \$5m). The inventory provision (reflected in the carrying amounts above) at December 31, 2017 was \$14m (2016: \$5m).

14. Trade and other receivables

Accounting policy

Trade receivables are initially recognized at fair value and subsequently held at amortized cost, less provision for impairment which appropriates fair value. Trade receivables consist of amounts due from customers, primarily wholesalers and distributors, for whom there is no significant history of default. The credit risk of customers is assessed, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors. The Group is not aware of any deterioration in the credit quality of these customers and considers that the amounts are still recoverable.

If there is objective evidence the Group will not be able to collect the full amount of the receivable, a provision is recognized. Significant financial difficulties of the debtor, probability that a debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The impairment is calculated as the difference between the carrying value of the receivable and the present value of the related estimated future cash flows, discounted at the original interest rate.

Current assets	2017 \$m	2016 \$m
Trade receivables	260	210
Less: Provision for impairment of receivables	(3)	(5)
Trade receivables – net	257	205
Other receivables	6	10
Prepayments	15	12
Total current receivables	278	227

The aging analysis of past due trade receivables as of December 31 is as follows:

	2017 \$m	2016 \$m
Up to three months past due	17	5
Three to six months past due	1	–
Over six months past due	5	11
	23	16
Neither past due nor impaired	237	194
Provision for impairment of receivables	(3)	(5)
Trade receivables – net	257	205

As at December 31, 2017, trade receivables of \$6m (2016: \$11m) were assessed for impairment. The amount of provision at December 31, 2017 was \$3m (2016: \$5m). It was assessed that a portion of the receivables is expected to be recovered due to the nature and historical collection of trade receivables.

14. Trade and other receivables (continued)

The movement in the provision for impaired receivables consists of increases for additional provisions offset by receivables written off and unused provision released back to the income statement. The gross movements in the provision are considered to be insignificant. The current other receivables balance does not contain impaired assets. They consist of items including reclaimable turnover tax and are from a broad range of countries within the Group.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2017 \$m	2016 \$m
Sterling	11	11
Euro	28	26
US dollar	222	179
Other currencies	17	11
	278	227

Other non-current receivables

Non-current other receivables of \$15m at December 31, 2017 (2016: nil) related primarily to long term prepaid expenses.

The maximum exposure to credit risk at the year-end is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

15. Financial instruments and risk management

The Group's financial assets and liabilities include cash and cash equivalents, borrowings, trade receivables and trade payables as set out in Notes 14, 16, 17 and 21 respectively. The carrying value less impairment provision of current borrowings, cash at bank, trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The non-current borrowing, which is presented at amortized cost, is also assumed to approximate its fair value.

Financial risk management of the Group is mainly exercised and monitored at Group level. The Group's financing and financial risk management activities are centralized into the Global Treasury Group (GTG) to achieve benefits of scale and control with the ultimate goal of maximizing the Company's liquidity and mitigating its operational and financial risks. GTG manages financial exposures of the Group centrally in a manner consistent with underlying business risks. GTG manages only those risks and flows generated by the underlying commercial operations and speculative transactions are not undertaken.

GTG operates under the close control of the CFO and is subject to periodic independent reviews and audits.

Foreign exchange risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group's policy is to align the interest costs and operating profit of its major currencies in order to provide some protection against the translation exposure on foreign currency profits after tax. The Group may undertake borrowings and other hedging methods in the currencies of the countries where most of its assets are located.

Liquidity risk management

Liquidity risk is the risk that the Group is not able to settle or meet its obligations on time or at a reasonable price. The Group's policy is to ensure there is sufficient funding and facilities in place to meet foreseeable borrowing requirements. The Group manages and monitors liquidity risk through regular reporting of current cash and borrowing balances and periodic preparation and review of short- and medium-term cash forecasts, while considering the maturity of its borrowing facility.

At December 31, 2017, Indivior had \$5m (2016: \$101m) of borrowings repayable within one year and held \$863m (2016: \$692m) of cash and cash equivalents.

Credit risk management

The Group has no significant concentrations of credit risk. The Group's exposure to credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and trade receivables. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. Concentration of credit risk with respect to trade receivables are limited given that the balances consist of amounts due from customers, primarily wholesalers and distributors, for whom there is no significant history of default. The credit risk of customers is assessed, taking into account their financial positions, past experiences and other relevant factors. Individual customer credit limits are imposed based on these factors.

Capital risk management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total borrowings less cash and cash equivalents, short-term available-for-sale financial assets and financing derivative financial instruments (refer to Note 17). Total equity includes share capital, reserves and retained earnings as shown in the consolidated balance sheet.

Notes to the Financial Statements continued

15. Financial instruments and risk management (continued)

	Note	2017 \$m	2016 \$m
Net cash	17	376	131
Total equity		(203)	(295)
		173	(164)

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimize the cost of capital.

The Group monitors net debt which at year-end amounted to net cash of \$376m (2016: \$131m). The Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility.

16. Cash and cash equivalents

Accounting policy

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with original maturities of less than three months.

Bank overdrafts are included within borrowings in the balance sheet.

	2017 \$m	2016 \$m
Cash and cash equivalents	863	692
	863	692

There were no bank overdrafts in the current or prior year.

17. Financial liabilities – borrowings

Accounting policy

Interest-bearing borrowings are recognized initially at fair value less attributable transaction cost; the cost of the loan approximates its fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost, with any difference between cost and redemption value being recognized within finance expense in the income statement over the year of the borrowings on an effective interest basis.

Borrowings are classified as a current liability unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current	2017 \$m	2016 \$m
Bank loans	(5)	(101)
	(5)	(101)

Non-current	2017 \$m	2016 \$m
Bank loans	(477)	(434)
	(477)	(434)

Analysis of net cash	2017 \$m	2016 \$m
Cash and cash equivalents	863	692
Borrowings ¹	(487)	(561)
	376	131

1. Borrowings reflect the outstanding principal amount drawn, before debt issuance cost of \$5m (2016: \$26m).

Reconciliation of net cash/(debt)	2017 \$m	2016 \$m
Net cash/(debt) at beginning of year	131	(174)
Net increase in cash and cash equivalents	171	225
Net repayment of borrowings	86	78
Exchange adjustments	(12)	2
Net cash/(debt) at end of year	376	131

The carrying value current borrowings and cash at bank equal their fair value.

17. Financial liabilities – borrowings (continued)

The terms of the loan in effect at December 31, 2017 are as follows:

	Currency	Carrying Value	Nominal interest margin	Maturity	Amortization	Maximum leverage ratio
Term loan facility*	USD	\$415m	Libor (1%) + 4.5%	5 years	1%	3.0
Term loan facility*	EUR	\$72m	Libor (0%) + 4.5%	5 years	1%	3.0

* Also included within the terms of the loan were:

- ◁ Nominal interest margin is calculated over 3m LIBOR subject to the LIBOR floor.
- ◁ A financial covenant to maintain net secured leverage below a specified maximum (adjusted net debt to adjusted EBITDA ratio) which stands at 3.0x, following the debt restructuring.
- ◁ A \$50m revolving credit facility; which remained undrawn at the balance sheet date.

Maturity of debt

	2017 \$m	2016 \$m
Bank loans and overdrafts payable due:		
Within one year or on demand	5	101
Bank loans payable due:		
Later than one and less than five years	482	460
Over five years	–	–
Gross borrowings	487	561

18. Provisions for liabilities and charges

Accounting policy

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed regularly and amounts updated where necessary to reflect the latest assumptions. The assessment of provisions can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. Given the inherent uncertainties related to these estimates and assumptions, the actual outflows resulting from the realization of those risks could differ from the Company's estimates.

	Retirement benefits \$m	Legal provisions \$m	Total provisions \$m
At January 1, 2016	2	40	42
Charged to the income statement	–	220	220
Utilized during the year	–	(1)	(1)
Exchange adjustments	–	(2)	(2)
At December 31, 2016	2	257	259
Charged to income statement	–	258	258
Utilized during the year	–	(47)	(47)
Released to income statement	–	(12)	(12)
Exchange adjustments	–	1	1
At December 31, 2017	2	457	459
Provisions – current	–	143	143
Provisions – non-current	2	314	316
At December 31, 2017	2	457	459
Provisions – current	–	219	219
Provisions – non-current	2	38	40
At December 31, 2016	2	257	259

At December 31, 2017, total provisions consisted of current and non-current legal provisions in the amount of \$457m (2016: \$257m) in relation to a number of litigation and regulatory investigations by various government authorities in a number of markets. The regulatory investigations involve primarily competition law inquiries. Further details can be found in note 20.

Notes to the Financial Statements continued

19. Operating lease commitments

Accounting policy

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the lease.

	2017 \$m	2016 \$m
Total future minimum lease payments under non-cancellable operating leases due:		
Within one year	3	2
Later than one and less than five years	10	4
More than five years	13	2
	26	8

The Group's operating leases relate primarily to property, plant and equipment. Operating lease rentals charged to the income statement in 2017 were \$6m (2016: \$5m).

20. Contingent liabilities

The Group increased its provision for investigative and antitrust litigation matters to \$438m. Because these matters are in various stages, Indivior cannot predict with any certainty the ultimate resolutions, costs or timing of the resolutions of any of the matters. The final aggregate settlement amount may be materially different from this provision. The Group continues in discussions with the Department of Justice about a possible resolution to its investigation. The Group cannot predict with any certainty whether it will reach an ultimate resolution with the Department of Justice or any or all of the parties to the other matters noted below under State Subpoenas and FTC Investigation and Antitrust Litigation.

Department of Justice Investigation

A U.S. federal criminal grand jury investigation of Indivior initiated in December 2013 is continuing, and includes marketing and promotion practices, pediatric safety claims, and overprescribing of medication by certain physicians. The U.S. Attorney's Office for the Western District of Virginia has served a number of subpoenas relating to SUBOXONE® Film, SUBOXONE® Tablet, SUBUTEX® Tablet, buprenorphine and our competitors, among other issues. The Group continues in discussions with the Department of Justice about a possible resolution to its investigation. It is not possible at this time to predict with any certainty the potential impact of this investigation on us or to quantify the ultimate cost of a resolution. We are cooperating fully with the relevant agencies and prosecutors and will continue to do so.

State subpoenas

On October 12th, 2016, Indivior was served with a subpoena for records from the State of Connecticut Office of the Attorney General under its Connecticut civil false claims act authority. The subpoena requests documents related to the Group's marketing and promotion of SUBOXONE® products and its interactions with a non-profit third-party organization. On November 16th, 2016, Indivior was served with a subpoena for records from the State of California Department of Insurance under its civil California insurance code authority. The subpoena requests documents related to SUBOXONE® Film, SUBOXONE® Tablet, and SUBUTEX® Tablet. The State has served additional deposition subpoenas on Indivior in 2017. The Group is fully cooperating in these civil investigations.

FTC investigation and antitrust litigation

The U.S. Federal Trade Commission's investigation remains pending. Litigation regarding privilege claims has now been resolved. Indivior has produced certain documents that it had previously withheld as privileged; other such documents have not been produced.

Fact discovery is continuing in the antitrust class action litigation. Plaintiffs allege, among other things, that Indivior violated U.S. federal and state antitrust laws in attempting to delay generic entry of alternatives to SUBOXONE® tablets, and plaintiffs further allege that Indivior unlawfully acted to lower the market share of these products.

Amneal Pharmaceuticals LLC (Amneal), a manufacturer of generic buprenorphine / naloxone tablets, alleged antitrust violations similar in nature to those alleged in the class action complaints, and Amneal also alleged violations of the U.S. Lanham Act. The Company has settled the dispute with Amneal, and Amneal has dismissed its claims against the Company with prejudice.

A group of states, now numbering 41, and the District of Columbia filed suit against Indivior in the same district where the antitrust class action litigation is pending. The States' complaint is similar to the other antitrust complaints, and alleges violations of U.S. state and federal antitrust and consumer protection laws. This lawsuit relates to the antitrust investigation conducted by various states, as discussed in previous filings. Discovery has been coordinated with the antitrust class action litigation.

20. Contingent liabilities (continued)

ANDA litigation and inter partes review

The ruling after trial against Actavis and Par in the lawsuit involving the Orange Book-listed patents for SUBOXONE® Film issued on June 3rd, 2016. The ruling found the asserted claims of the '514 patent valid and infringed; the asserted claims of the '150 patent valid but not infringed; and the asserted claims of the '832 patent invalid, but found that certain claims would be infringed if they were valid. In an August 31st, 2017 ruling, the Court denied motions of Actavis and Par to reopen the June 2016 judgment.

Based on the ruling as to the '514 patent, Actavis and Par are currently enjoined from launching a generic product until April 2024. Par and Actavis have appealed this ruling, and Indivior has filed notices of cross-appeal. On October 24th, 2017 Actavis received tentative approval from FDA for at least its 8 mg/2 mg generic product under ANDA 204383 and on November 15th, 2017 it received tentative approval for its 12 mg/3 mg generic product under ANDA 207087. A tentative approval does not allow the applicant to market the generic drug product and postpones the final approval until all patent/exclusivity issues have been resolved. Actavis therefore remains enjoined by the Delaware court ruling.

Trial against Dr. Reddy's, Actavis and Par in the lawsuits involving the process patent (U.S. Patent No. 8,900,497) took place on November 16th and 21st – 23rd, 2016. Trial against Dr. Reddy's in the lawsuit involving two of the Orange Book-listed patents for SUBOXONE® Film (U.S. Patent Nos. 8,017,150 and 8,603,514) took place on November 7th, 16th, and 21st – 23rd, 2016. The rulings in these trials issued on August 31st, 2017. The rulings found the asserted claims of the '497, '514, and '150 patents valid but not infringed. Teva had filed a 505(b)(2) New Drug Application (NDA) for a 16 mg/4 mg strength of buprenorphine/naloxone film. The parties had agreed that infringement by Teva's 16 mg/4 mg dosage strength would be governed by the infringement ruling as to Dr. Reddy's 8 mg/2 mg dosage strength that was the subject of the trial in November 2016; therefore, the non-infringement ruling in the Dr. Reddy's case means that the Teva 16 mg/4 mg dosage strength has been found not to infringe. Indivior has appealed the Dr. Reddy's and Teva rulings.

Dr. Reddy's 30-month stay of FDA approval expired on April 17th, 2017. So far as Indivior is aware, FDA to date has not granted tentative or final marketing authorization to Dr. Reddy's generic SUBOXONE® Film alternative.

If FDA were to grant final approval to Dr. Reddy's (or Teva for the 16 mg / 4 mg strength of buprenorphine/naloxone film) this would enable them to market a generic film alternative to SUBOXONE® Film in the U.S. However, any market launch by Dr. Reddy's (or by Teva) before the court of appeals renders its decision would be on an "at risk" basis because Indivior would have a claim for damages against Dr. Reddy's (or Teva) if Indivior ultimately prevails after any appeal.

Trial against Alvogen in the lawsuit involving the '514 Orange Book-listed patent and the '497 process patent for SUBOXONE® Film took place on September 26th – 27th, 2017. Trial was limited to the issue of infringement because Alvogen did not challenge the validity of either patent. The 30-month stay of FDA approval of Alvogen's Abbreviated New Drug Application was set to expire October 29th, 2017. Alvogen agreed not to launch until March 29th, 2018 or until it receives a favourable ruling from the District Court. That agreement has been extended until April 19th, 2018 in light of a 3-week extension of the post-trial briefing schedule.

By a Court order dated August 22nd, 2016, Indivior's SUBOXONE® Film patent litigation against Sandoz has been dismissed without prejudice because Sandoz is no longer pursuing Paragraph IV certifications for its proposed generic formulations of SUBOXONE® Film.

On September 25th, 2017, Indivior settled its SUBOXONE® Film patent litigation in District Court against Mylan.

Mylan filed a petition seeking an inter partes review (IPR) of the '514 and '497 patents. On May 12th, 2017, the US Patent & Trademark Office decided to institute the '514 IPR proceedings. On September 29th, 2017, Mylan and MonoSol submitted joint motions to terminate the '514 and '497 IPRs in light of the parties' settlement of their disputes in the District Court litigation. On October 6th, 2017 the Patent Board terminated both the '514 and '497 IPR proceedings as to MonoSol and Mylan. Dr. Reddy's and Par had filed petitions and motions in June 2017 to join the Mylan '514 IPR proceeding. On October 20th, 2017 the Patent Board refused to institute IPR proceedings and dismissed Dr. Reddy and Par's petitions.

Since August 2017, Indivior received Paragraph IV Notice letters from Actavis, Par, Alvogen, Mylan, and Dr. Reddy's for Indivior's recently granted '454 patent. Indivior has filed suit against Alvogen, Dr. Reddy's, Par, and Teva in the District of New Jersey; and against Actavis in the District of Utah. Par has filed a corresponding declaratory judgment action in the District of Virginia. Motions to transfer to another District are pending in all the cases. Although a complaint against Mylan was filed in the District of West Virginia, it was dismissed in light of the parties' settlement of their disputes in the Delaware District Court litigation.

Indivior has in February 2018 filed suit against Dr. Reddy's, Actavis, Par, Alvogen and Teva for infringement of US Patent No. 9,855,221 (the '221 patent), which is listed in the FDA's Orange Book and relates to certain polymer film compositions having a substantially uniform distribution of active drug.

In the event that one or more of the generic companies are successful in their patent challenges on a final non-appealable basis, and should there be FDA approval of one or more of the ANDAs and subsequent commercial launch of generic SUBOXONE® Film, including the potential on an 'at-risk' basis, and the Group's pipeline products, including SUBLOCADE™, fail to launch successfully or obtain regulatory approval, there is the likelihood that revenues and operating profits of the Group will significantly decline. In these circumstances the Directors believe they would be able to take the required steps to reduce the cost base, however, this would result in a significant change to the structure of the business.

Rhodes Pharmaceuticals

On December 23rd, 2016 Rhodes Pharmaceuticals filed a complaint against Indivior in the District of Delaware, alleging that Indivior's sale of SUBOXONE® Film in the U.S. infringes one or more claims of a patent. The asserted patent, which was issued in June 2016 traces back to an application filed in August 2007. Indivior believes this claim is without merit and will continue to vigorously defend this action.

Notes to the Financial Statements continued

20. Contingent liabilities (continued)

Estate of John Bradley Allen

On December 27th, 2016, the Estate of John Bradley Allen filed a civil complaint against Indivior, among other parties, in the Northern District of New York seeking relief under Connecticut's products liability and unfair trade practices statutes for damages allegedly caused by SUBOXONE®. Indivior believes this lawsuit is without merit and will continue to vigorously defend this action.

IRS Notice on manufacturing deductions

In 2015, the IRS issued notices of a proposed adjustment for the disallowance of certain manufacturing deductions claimed by the Group following its audit of the 2010 to 2014 income tax years. The IRS audits for income tax years 2010 to 2014 have now been completed and the company has accrued for all taxes due for the agreed audit adjustments, and have no unagreed audit positions for these periods. The company continues to maintain tax reserves for uncertain tax positions in open tax periods.

EU State Aid

The European Commission has announced their intention to open a State Aid investigation into the UK's controlled foreign company ("CFC") financing exemption. Management does not believe that there is sufficient certainty at this stage to quantify any potential future liability that may arise following the conclusion of this investigation and so no provision has been made at this time, we will continue to monitor developments in this area.

21. Trade and other payables

	2017 \$m	2016 \$m
Sales returns and rebates	(433)	(402)
Trade payables	(40)	(33)
Accruals and other payables	(179)	(212)
Other tax and social security payable	(13)	(11)
	(665)	(658)

Sales return and rebate accruals, primarily in the US, are provided for by the Group at the point of sale in respect of the estimated rebates, discounts or allowances payable to customers. Accruals are made at the time of sale but the actual amounts paid are based on claims made some time after the initial recognition of the sale. As the amounts are estimated they may not fully reflect the final outcome and are subject to change dependent upon, amongst other things, the channel (e.g. Medicaid, Medicare, Managed Care) and product mix. The level of accrual is reviewed and adjusted in light of historical experience of actual rebates, discounts or allowances given and returns made and any changes in arrangements. Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Group.

The carrying amounts of total trade and other payables are denominated in the following currencies:

	2017 \$m	2016 \$m
Sterling	63	44
US dollar	566	579
Other currencies	36	35
	665	658

22. Share capital

Accounting policy

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity.

	Equity ordinary shares	Issue price \$	Nominal value \$m
Issued and fully paid			
At January 1, 2017	720,597,566	0.10	72
Allotments	865,167	0.10	–
At December 31, 2017	721,462,733	0.10	72

	Equity ordinary shares	Issue price \$	Nominal value \$m
Issued and fully paid			
At January 1, 2016	718,577,618	0.10	72
Allotments	2,019,948	0.10	–
At December 31, 2016	720,597,566	0.10	72

Allotment of ordinary shares

During the year, 865,167 ordinary shares (2016: 2,019,948) were allotted to satisfy vestings/exercises under the Group's Long-Term Incentive Plan and the US Employee Stock Purchase Plan.

23. Other Equity

	2017 \$m	2016 \$m
Retained earnings		
Opening balance at January 1	950	967
Net profit for the year	58	35
Total transactions recognized directly in equity	24	(52)
Closing balance at December 31	1,032	950

Nature and purpose of reserves

Foreign currency translation

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the Financial Statements of the Group's foreign operations arising when the Group's entities are consolidated.

Other reserves

The other reserves balance relates to the Group formation in 2014.

24. Dividends

	2017 \$m	2016 \$m
The following dividends were declared and paid in the year:		
Interim dividend	–	69
	–	69

On July 26, 2016, the Directors declared and paid an interim cash dividend of 9.5 cents per ordinary share. The total amount paid in respect of this was \$69m. No dividends were paid in 2017.

25. Share-based payments

Accounting policy

The Group operates three equity-settled executive and employee share plans. For all grants of share options and awards, the fair value at the grant date is calculated using appropriate pricing models. The grant date fair value is recognized over the vesting period as an expense, with a corresponding increase in retained earnings.

Employee Plans

Legacy Award – Indivior LTIP (formerly Reckitt Benckiser LTIP)

Upon Indivior demerging from RB and listing on the UK Main Market, awards under the Reckitt Benckiser 2007 Long-Term Incentive Plan granted in 2012 were exchanged on a value-neutral basis for new awards over Indivior ordinary shares under the Indivior LTIP for a number of executives.

The Remuneration Committee considered the vesting of these awards, taking into account the performance of RB and Indivior over the vesting period, weighted one-third on RB's performance and two-thirds on Indivior's performance. The Committee concluded that 93.33% of the Award would vest in May 2016. Further information can be found in the Directors' Remuneration Report.

Indivior Long-Term Incentive Plan (LTIP)

In 2015, a share-based incentive plan was introduced for employees (including Executive Directors) of the Group. An award under the LTIP can take the form of a zero-cost option, a market value option, or a conditional award.

The LTIP may comprise grants performance shares and/or share options which vest subject to the achievement of stretching performance targets.

The LTIP has a performance period of at least three years and a minimum vesting period of three years. From 2016 onwards, awards granted to the Executive Directors are subject to a further two-year post-vesting period.

The LTIP opportunity is reviewed annually with reference to market data and the associated cost to the Company, calculated using an expected-value methodology.

The performance condition is reviewed before each award cycle to ensure it remains appropriately stretching.

The fair values of awards granted under the Long-Term Incentive Plans are calculated using a Monte Carlo simulation model. The key assumptions in the simulation model are stock price of the Company, expected volatilities of the Company, risk-free rate, and dividend yield.

Notes to the Financial Statements continued

25. Share-based payments (continued)

Other Employee Plans

The Company operates an HMRC-approved SAYE plan for UK employees and US Employee Stock Purchase Plan (ESPP) for US employees. The amounts recognized for these plans are not material for disclosure.

For all plans, the inputs to the option pricing models are reassessed for each grant. The following assumptions were used in calculating the fair value of options granted.

Award	Grant date	Performance Period	Share price on grant date £	Volatility ¹ %	Dividend yield %	Expected life in years	Risk-free interest rate ² %	Weighted average fair value £
2015	February 26, 2015	2015-17	1.70	39	0.0	3	0.73	1.67
2015	March 11, 2015	2015-17	1.75	38	0.0	3	0.78	1.28
2016	February 19, 2016	2016-18	1.55	38	0.0	3	0.40	1.10
2016	August 2, 2016	2016-18	2.92	46	0.0	3	0.15	2.59
2017	February 24, 2017	2017-19	3.43	43	0.0	3	0.12	2.76

- Given the short trading history as of the valuation dates, we relied on a comparable set of guideline companies. We calculated the expected volatility based on equal weighting of historical volatility and the implied volatility of guideline public companies. This historical volatility was calculated based on a lookback period of three years.
- The risk-free interest rate reflects the continuous risk-free yield based on the UK government interest rates as of the valuation date, based upon a maturity commensurate with the performance period.

At the end of the year, the maximum number of shares that could be awarded under the Group's LTIP was:

	Legacy (LTIP) millions	LTIP millions	Total millions
Outstanding at January 2016	5	10	15
Awarded	–	12	12
Exercised	(2)	–	(2)
Forfeited	–	(3)	(3)
Outstanding at December 2016	3	19	22
Awarded	–	6	6
Exercised	(1)	–	(1)
Forfeited	–	(1)	(1)
Outstanding at December 2017	2	24	26

Charged to income statement

The expense charged to the income statement for share-based payments is as follows:

	2017 \$m	2016 \$m
Granted in current year	6	5
Granted in prior years	10	5
Total share-based expense for the year	16	10

26. Related party transactions

Indivior's former parent, Reckitt Benckiser Group PLC, was a related party through 2016 as a result of certain transition management agreements. During FY 2016, Indivior purchased certain services such as office space rental and other operational services on commercial terms and on an arm's length basis. The amount included within administrative expenses in respect of these services was \$4m.

Key management compensation is disclosed in Note 6a.

The subsidiary undertakings included in the consolidated Financial Statements at December 31, 2017 are disclosed in Note 2 to the Parent Company Financial Statements.

27. Post balance sheet events

Indivior entered into an agreement on January 3, 2018 to secure exclusive global license rights to Addex Therapeutics' GABA_B positive allosteric modulator program. Under the terms of the agreement, Indivior is making an upfront payment to Addex of \$5m, and will also invest in joint research efforts.

On February 28, 2018, Indivior completed the out-licensing of nasal naloxone opioid overdose patents for total consideration of \$17.5m, with additional possible future milestone payments.

Historical financial information

	2017 \$m	2016 \$m	2015 \$m	2014 \$m
Income statement				
Revenue from continuing operations	1,093	1,058	1,014	1,115
Operating profit	193	149	346	562
Net finance (expense)/income	(56)	(51)	(61)	(1)
Profit on ordinary activities before tax	137	98	285	561
Tax on profit on ordinary activities	(79)	(63)	(57)	(158)
Net income	58	35	228	403
Balance sheet				
Net liabilities	(203)	(295)	(279)	(475)
Net working capital ¹	(335)	(390)	(274)	(149)
Statistics				
Reported basis				
Operating margin	17.7%	14.1%	34.1%	50.4%
Tax rate	57.7%	64.3%	20%	28.2%
Diluted earnings per share (cents)	0.08	0.05	0.31	0.56

1. Net working capital includes inventories and trade and other receivables less trade and other payables.

Parent Company balance sheet

As at December 31	Note	2017 \$m	2016 \$m
Fixed assets			
Investments	2	1,437	1,437
Deferred tax	3	21	11
Current assets			
Debtors	4,5	26	10
Cash and cash equivalents	5	1	1
		27	11
Creditors due within one year	6	–	(12)
Net current assets		1,485	1,447
Creditors due after one year	6	–	(12)
Net assets		1,485	1,435
Equity			
Share capital	7	72	72
Share premium		2	–
Retained earnings		1,411	1,363
Total equity		1,485	1,435

The financial statements on pages 146 to 151 were approved by the Board of Directors on March 6, 2018 and signed on its behalf by:

Shaun Thaxter
Director

Mark Crossley
Director

Parent Company statement of changes in equity

	Notes	Share capital \$m	Share premium \$m	Retained earnings \$m	Total equity \$m
Balance at January 1, 2016		72	–	1,350	1,422
Comprehensive income					
Net income		–	–	65	65
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	65	65
Transactions with owners					
Share-based plans	8	–	–	10	10
Deferred taxation on share-based plans		–	–	7	7
Dividends paid	12	–	–	(69)	(69)
Total transactions recognized directly in equity		–	–	(52)	(52)
Balance at December 31, 2016		72	–	1,363	1,435
Balance at January 1, 2017		72	–	1,363	1,435
Comprehensive income					
Net income		–	–	24	24
Other comprehensive income		–	–	–	–
Total comprehensive income		–	–	24	24
Transactions with owners					
Share-based plans	8	–	2	16	18
Deferred taxation on share-based plans		–	–	8	8
Total transactions recognized directly in equity		–	2	24	26
Balance at December 31, 2017		72	2	1,411	1,485

Notes to the Parent Company Financial Statements

The Parent Company Financial Statements of Indivior PLC (the "Company") for the year ended December 31, 2017 were authorized for issue by the Board of Directors on March 6, 2018 and the balance sheet was signed on the Board's behalf by Shaun Thaxter and Mark Crossley. Indivior PLC is an investment holding company and is a public limited company incorporated and domiciled in England and Wales. The address of the registered office and company number are given on page 152.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Financial Statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006.

As permitted by s408 (4) of the Companies Act 2006, no profit and loss account is presented for Indivior PLC. The results of the Company are included in the consolidated Financial Statements of Indivior PLC.

The accounting policies which follow apply to preparation of the Financial Statements for the year ended December 31, 2017. They have all been applied consistently throughout the year and the preceding year. The Financial Statements are prepared in US dollars and are rounded to the nearest million.

	2017	2016
GBP year-end exchange rate	1.3513	1.2340
GBP average exchange rate	1.2881	1.3579

1. Accounting policies

Basis of preparation

Indivior PLC (the "Company") is the Parent Company of the Indivior Group. Indivior PLC is a public limited company incorporated and domiciled in England and Wales.

Indivior PLC ('the Company') and its subsidiaries (together, 'the Group') is engaged in the development, manufacture, and sale of buprenorphine-based prescription drugs for the treatment of opioid dependence.

The Parent Company Financial Statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the "Act") for all periods presented.

The Company is included in the Group Financial Statements of Indivior PLC, which are publicly available on the Company's website.

The Financial Statements are prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 ('the Act') and applicable UK accounting standards. Subject to the following matter, 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 in Note 20 of the notes to the Group Financial Statements, the Group carries a provision of \$438m relating to the Department of Justice and Federal Trade Commission investigations and antitrust litigation. The final settlement amount may be materially different than this provision. This could impact the Group's ability to operate, which would be further adversely impacted should revenues decline and the Group's pipeline products, including SUBLOCADE™, fail to launch successfully or obtain regulatory approval, all of which could mean the Group could not continue in business without taking necessary measures to reduce its cost base and improve its cash flow. These conditions may impact the Parent

Company's ability to recover amounts owed from subsidiary undertakings and value of the Parent Company's fixed assets investments in shares in subsidiary undertakings. As such, this indicates a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. However, the Directors believe they have the ability to carry out the measures that would be necessary and that the Group and Parent Company can continue as a going concern for the foreseeable future, in particular with reference to the period through June 2019.

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.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payments for an ultimate parent, the share-based payment arrangement must concern its own equity instruments and its separate Financial Statements must be consolidated Financial Statements of the Group; And in both cases, this exemption requires that equivalent disclosures are included in the consolidated Financial Statements of the Group in which the entity is consolidated.
- The requirements of paragraphs 17 and 18 of IAS 24 Related-Party Disclosures to disclose information about key management personnel compensation and related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to provide information about the impact of IFRSs that have been issued but are not yet effective.
- The requirements of IAS 7 Statement of Cash Flow to prepare a cash flow statement for any qualifying entity.
- The requirements of paragraphs 10(d), 10(f), 16, 38, 38A-D, 40A-D, 111, 134-6 of IAS 1 Presentation of Financial Statements to present:
 - a cash flow statement;
 - statement of financial position and related notes at the beginning of the earliest comparative period whenever an entity applies an accounting policy retrospectively, makes a retrospective restatement, or when it reclassifies items in its financial statements;
 - an explicit statement of compliance with IFRS. Indeed, FRS 101 prohibits such a statement of compliance and an FRS 101 statement of compliance is required instead;
 - information about capital and how it is managed.

Foreign currency translation

Transactions denominated in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except where hedge accounting is applied.

Taxation

The tax charge/credit is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognized to the extent that they are considered recoverable.

A deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax

losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Cash in bank and in hand

Cash at bank and in hand includes cash held in bank accounts.

2. Investments

Accounting policy

Investments are stated at the lower of cost and their recoverable amount, which is determined as the higher of net realizable value and value-in-use. A review for the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with IAS 36, 'Impairment of Assets'.

	2017 \$m	2016 \$m
At January 1	1,437	1,437
At December 31	1,437	1,437

Investments represent shares in subsidiary undertakings.

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The cost of investments has been determined with reference to the nominal value of shares issues as permitted by s615 of the Act.

Notes to the Parent Company Financial Statements continued

2. Investments (continued)

Subsidiary undertakings

The subsidiary undertakings as at December 31, 2017, all of which are included in the consolidated Financial Statements, are shown below, in accordance with s410 of the Act.

Name	Country of incorporation or registration and operation	Registered Office	Principal activity	Effective % of share capital held by the Group
Indivior Global Holdings Limited	England and Wales	103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom	Holding company	Ordinary 100
RBP Global Holdings Limited	England and Wales	103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom	Holding and Finance company	Ordinary 100
Indivior Finance S.à.r.l	Luxembourg	1, rue de la Poudrerie, Leudelange, L – 3364, Luxembourg	Finance company	Ordinary 100
Indivior Finance (2014) LLC	US	10710 Midlothian Turnpike, Suite 430, Richmond VA 23235, United States	Finance company	Ordinary 100
Indivior US Holdings Inc.	US	10710 Midlothian Turnpike, Suite 430, Richmond VA 23235, United States	Holding company	Ordinary 100
Indivior Finance LLC	England and Wales	103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom	Finance company	Ordinary 100
Indivior Finance (2015) S.à.r.l	Luxembourg	1, rue de la Poudrerie, Leudelange, L – 3364, Luxembourg	Finance company	Ordinary 100
Indivior Pty Ltd	Australia	Pod B.02, Level 3, 78 Waterloo Road, Macquarie Park NSW 2113, Australia	Operating company	Ordinary 100
Indivior UK Limited	England and Wales	103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom	Operating company	Ordinary 100
Indivior South Africa (Pty) Ltd	South Africa	Building 21 C, Woodlands Office Park, 20 Woodlands Drive, Woodmead, 2191, South Africa	Operating company	Ordinary 100
Indivior EU Limited	England and Wales	103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom	Operating company	Ordinary 100
Indivior Europe Limited	Ireland	25-28 North Wall Quay, Dublin 1, Ireland	Dormant company	Ordinary 100
Indivior France SAS	France	15 Rue Ampère, 91300, Massy, France	Operating company	Ordinary 100
Indivior Italia S.r.l	Italy	Via Giovanni Spadolini 7, CAP 20141, Milan, Italy	Operating company	Ordinary 100
Indivior Deutschland GmbH	Germany	Hermesheimer Straße 3, 68163 Mannheim, Germany	Operating company	Ordinary 100
Indivior Solutions Inc.	US	10710 Midlothian Turnpike, Suite 430, Richmond VA 23235, United States	Operating company	Ordinary 100
Indivior Inc.	US	10710 Midlothian Turnpike, Suite 430, Richmond VA 23235, United States	Operating company	Ordinary 100
Indivior Ireland (Investments) Limited	Ireland	12 Merrion Square North, Dublin 2, Ireland	Finance company	Ordinary 100
Indivior Canada Ltd	Canada	Gurdwara Rd., Unit 512, Ottawa ON K2E 1A2, Canada	Operating company	Ordinary 100
Indivior España S.L.U	Spain	Camino de los Gamos nº 1, Edificio Negocenter, 28224 (MADRID), Pozuelo de Alarcón, Spain	Operating company	Ordinary 100
Indivior Nederland B.V.	Netherlands	Kabelweg 57, Unit 1.06.07 A, 1014BA, Amsterdam, Netherlands	Operating company	Ordinary 100
Indivior Portugal Unipessoal LDA.	Portugal	Praça Duque de Saldanha, n.º 1, Edifício Atrium Saldanha, piso 7, 1050-094, Freguesia de Arroios, Concelho de Lisboa, Portugal	Operating company	Ordinary 100
Indivior Austria GmbH	Austria	c/o Dr. Werner Loibl, Schottenfeldgasse 85/11, 1070, Wien, Austria	Operating company	Ordinary 100
Indivior Schweiz AG	Switzerland	Neuhofstrasse 5A, 6340, Baar, Switzerland	Operating company	Ordinary 100
Indivior Hrvatska d.o.o.	Croatia	Ivana Lucica 2a, Zagreb, HR 10000, Croatia	Operating company	Ordinary 100
Indivior Nordics ApS	Denmark	c/o Citco (Denmark) ApS, Holbergsgade 14, 2. tv., 1057, Copenhagen, Denmark	Operating company	Ordinary 100
Indivior (Beijing) Pharmaceuticals Information Consulting Co. Ltd	China	Unit 07, 19 th Floor, Fortune Financial Centre, No. 5, 3 rd middle East Ring Road, Beijing, Chaoyang District, China	Operating company	Ordinary 100
Indivior Belgium SPRL	Belgium	Avenue Louise 331-333, 1050 Bruxelles, Belgium	Operating company	Ordinary 100
Indivior Česko S.R.O	Czech Republic	Pobřežní 394/12, Karlín, 186 00, Praha 8, Czech Republic	Operating company	Ordinary 100
Indivior Israel Ltd	Israel	2 David Ben Gurion St., 17 th floor, Ramat Gan, 5257334, Israel	Operating company	Ordinary 100

Indivior Middle East F2-LLC, a wholly owned subsidiary of Indivior UK Limited, was incorporated on February 6th, 2018.

With the exception of Indivior Global Holdings Limited, none of the above subsidiaries is held directly by Indivior PLC.

3. Deferred tax assets

	2017 \$m	2016 \$m
Deferred tax assets	21	11
	21	11

Deferred tax assets all relate to share awards. Refer to note 12 for further details.

4. Debtors due within one year

	2017 \$m	2016 \$m
Amounts owed by subsidiary undertakings	23	9
Corporate tax receivable	3	1
	26	10

5. Financial Instruments

	2017 \$m	2016 \$m
Financial assets:		
Financial assets that are debt instruments measured at amortized cost	23	9
Financial assets measured at fair value through profit and loss	4	2

6. Creditors

	2017 \$m	2016 \$m
Amounts falling due after one year:		
Amounts owed to subsidiary undertakings	–	(12)
Amounts falling due within one year:		
Amounts owed to subsidiary undertakings	–	(12)
	–	(24)

Amounts owed by/to Group undertakings are unsecured, interest free, and are repayable on demand.

7. Share Capital

Further information on the share capital of the Company can be found in note 22 of the notes to the Group Financial Statements.

8. Share-based payments

The disclosure relating to the Company is detailed in Note 25 of the Notes to the Group Financial Statements.

9. Directors and employees

There were no employees of the company during this or the previous financial year.

Details of the remuneration of key management personnel are given in note 6 to the consolidated Group Financial Statements.

10. Auditors' remuneration

The fee charged for the statutory audit of the Company was \$0.03m (2016: \$0.03m). Details for non-audit fees are given in note 5 of the notes to the Group Financial Statements.

11. Related party transactions

The Company has taken advantage of the exemption within IAS 24 Related Party Disclosures not to disclose related party transactions with wholly owned subsidiaries of the Group. There were no other related party transactions.

12. Dividends

During 2016, the Directors declared and paid a second interim cash dividend of 9.5 cents per ordinary share. The total amount paid in respect of this was \$69m. No dividends were paid in 2017.

For further details, refer to Note 24 of the Group Financial Statements.

13. Post balance sheet events

Indivior entered into an agreement on January 3, 2018 to secure exclusive global license rights to Addex Therapeutics' GABA_B positive allosteric modulator program. Under the terms of the agreement, Indivior is making an upfront payment to Addex of \$5m, and will also invest in joint research efforts.

On February 28, 2018, Indivior completed the out-licensing of nasal naloxone opioid overdose patents for total consideration of \$17.5m, with additional possible future milestone payments.

Information for shareholders

Useful contacts

Registered address

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

Registered in England and Wales
(company number: 9237894)

Website: www.indivior.com

Company Secretary

Kathryn Hudson
Email: cosec@indivior.com

Registrar

Computershare Investor Services PLC
The Pavilions, Bridgwater Road,
Bristol, BS13 8AE, United Kingdom

Website: www.investorcentre.co.uk
Telephone: +44 (0) 370 707 1820

Annual General Meeting ('AGM')

The AGM will be held on May 16, 2018 in the County Suite, Radisson Blu Edwardian Heathrow, 140 Bath Road, Hayes, Middlesex, UB3 5AW, United Kingdom. The Notice of Meeting, together with information regarding the business to be conducted at the meeting and results of voting, will be available on the Company's website www.indivior.com.

Shareholders are entitled to attend and vote at the AGM. Shareholders who are registered for eComms, and receive shareholder documents electronically, are permitted to cast their AGM vote electronically.

Key dates

First Quarter Financial Results Announcement	May 2, 2018
Annual General Meeting	May 16, 2018
Half Year Financial Results Announcement	July 25, 2018
Third Quarter Financial Results Announcement	November 1, 2018

Note: dates may be subject to change

Documents on display

Copies of Directors' service contracts, Articles of Association and Terms of Reference will be available for inspection by shareholders at the AGM.

Dealing in Indivior securities

Ordinary shares

The Company has ordinary shares admitted to the Official List of the Financial Conduct Authority and traded on the London Stock Exchange, a regulated market. Live trading data for the Company's ordinary shares can be accessed through www.indivior.com/share-price-center, or via the London Stock Exchange's website www.londonstockexchange.com.

Shareholders have the opportunity to buy or sell Indivior PLC shares using a share dealing facility operated by our Registrar, Computershare. Internet and telephone dealing is available via the Investor Centre (www.investorcentre.co.uk):

- ◀ Internet Dealing - the fee for this service will be 1% of the value of each sale or purchase of shares (subject to a minimum of £30). Stamp duty of 0.5% is also payable on all purchases. Before you trade you will need to register for this service. This can be done by going online at www.computershare.trade.
- ◀ Telephone Dealing - the fee for this service will be 1% of the value

of the transaction plus £35. Stamp duty of 0.5% is also payable on all purchases. To use the service please call +44 (0)370 703 0084 and have your Shareholder Reference Number to hand.

These services are available Monday to Friday from 8am to 4.30pm. Please note that, due to the regulations in the UK, Computershare are required to check that you have read and accepted the Terms & Conditions before being able to trade, which could delay your first telephone trade. If you wish to trade quickly, we suggest visiting the Registrar's website and registering online first at www.computershare.trade.

American Depositary Receipts

In addition to having its securities listed on the London Stock Exchange, Indivior sponsors a Level 1 American Depositary Receipt program in the US. These ADRs are publicly traded on a US over-the-counter market, under symbol INVVY; the value of one Indivior ADR corresponds to the value of five ordinary shares of the Company.

For questions related to the Company ADR Program, please contact J.P. Morgan shareholder services on the details below, or visit the J.P. Morgan Depositary Receipts Services website at www.adr.com.

J.P. Morgan Depository Bank

4 New York Plaza, Floor 12 New York,
NY 1004, US
In the US: (866) JPM-ADRS

J.P. Morgan Transfer Agent Service Center

ADR Shareholders can contact:
J.P. Morgan Chase Bank N.A.
P.O. Box 64504, St. Paul,
MN 55164-0854, US

General inquiries

In the US: +1 (800) 990 1135
Outside the US: +1 (651) 453 2128
Email: jpmorgan.adr@wellsfargo.com

Managing your shareholding

Investor Center

Investor Centre is Computershare's easy to use self-service website (www.investorcentre.co.uk), available 24/7, through which Company shareholders can do the following:

- ◀ amend personal details;
- ◀ view payment and tax information;
- ◀ register for eComms; and
- ◀ view share balances.

eComms

All Individual shareholders will be sent various Company communications, such as the Annual Report and Accounts and Notice of AGM. Our Registrar, Computershare Investor Services PLC, is responsible for sending you these communications as well as handling any queries you may have.

Indivior would like to invite you to join the growing number of its shareholders who have opted to receive their shareholder communications via email. Registering for eComms means that

you will receive information by email quickly and efficiently, and helps to assist us with our commitment to the environment and focus on cost control.

By registering you will no longer receive paper copies of Annual Reports or other communications that are available electronically, and instead will receive emails advising you when and how to access documents online. Shareholders who receive eComms are entitled to request a hard copy of any such document at any time free of charge from the Company's Registrar, and can also revoke their consent to receive eComms at any time.

Visit www.investorcentre.co.uk/eComms to register for the eComms service, or alternatively contact Computershare via the telephone number on page 152.

Shareholder analysis

Analysis of shareholder bands at December 31, 2017

Range	No. of Shareholders	%	No. of Shares	%
1 - 1,000	9,870	74.58	3,192,335	0.44
1,001 - 5,000	2,424	18.32	4,957,858	0.69
5,001- 10,000	264	1.99	1,864,776	0.26
10,001 - 100,000	376	2.84	12,565,568	1.74
100,001 – 999,999,999	300	2.27	698,882,196	96.87
Total	13,234	100.00	721,462,733	100.00

Analysis of shareholder categories as at December 31 2017

	Holdings	%	Shares	%
Individuals	11,440	86.45	11,672,757	1.62
Bank or Nominees	1,048	7.92	410,817,640	56.94
Investment Trust	17	0.13	55,773	0.01
Insurance Company	28	0.21	66,367	0.01
Other Company	671	5.07	175,603,979	24.34
Pension Trust	3	0.02	6,626	0.00
Other Corporate Body	27	0.20	123,239,591	17.08
Total	13,234	100.00	721,462,733	100.00

Information for shareholders continued

ShareGift

We support ShareGift, a charity share donation scheme (registered charity number: 1052686).

Through ShareGift shareholders who have only a very small number of shares, which might be considered uneconomic to sell, are able to donate them to charity. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK registered charities.

Please contact ShareGift with any queries or for further information using the details below, or visit the ShareGift website at www.sharegift.org.

Email: help@sharegift.org
Telephone: +44 (0)20 7930 3737
Address: PO Box 72253, London, SW1P 9LQ

Dividends

The Board, as indicated in the prospectus for the demerger in November 2014, considered future dividend policy in the light of the Company's current financial position, strategy and prospects. Given the uncertainties facing the Company, including generic challenges to the intellectual property of Suboxone[®] Film, the level of gross debt together with the associated covenants and the need to seek to diversify the sources of revenue and cash-flow, the Company does not expect to pay ordinary dividends for the foreseeable future.

Indivior PLC's demerger from Reckitt Benckiser Group plc ('RB')

Base cost apportionment

This information is provided as indicative guidance only. Indivior can accept no responsibility for the use that may be made of this information. Any individual wishing to calculate their capital gains tax should consult an appropriate and authorized professional adviser.

The demerger of Indivior PLC from RB was approved by RB's shareholders on December 11, 2014, and completed with the admission of Indivior securities to the London Stock Exchange at 8.00 am on December 23, 2014. Shareholders registered on the RB share register at the Demerger Record Time of 6.00 pm on December 22, 2014 received one Indivior ordinary share for each RB ordinary share held.

For the purposes of taxation of chargeable gains, the base cost of RB shares held immediately before the demerger is the companies' respective market values on December 23, 2014.

Using the valuation methodology prescribed by section 272(3) TCGA, the market values of RB and Indivior shares were as follows:

- < RB: £51.975
- < Indivior: £1.325

Boiler Room Scams

Shareholders are advised to be wary of any offers of unsolicited investment advice or offers of free company or research reports. These are typically from overseas brokers who target UK shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK securities.

If you receive any unsolicited investment advice you should firstly obtain the name of the person and organization and check that they are properly authorized by the FCA before getting involved, by visiting www.fca.org.uk/register.

Using an unauthorized firm to buy or sell shares or other securities will prohibit access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS).

References and sources

Page Number	Statement	Reference source
Page 4	More than 250 million people worldwide -- used an illicit drug* (defined as opioids, opiates, cocaine, cannabis, amphetamines, psychoactive substances) in 2015.	UNODC, World Drug Report, 2017 (https://www.unodc.org/wdr2017/field/Booklet_1_EXSUM.pdf)
Page 4	Opioids, including heroin, remain the most harmful drug type	UNODC, World Drug Report, 2017 (https://www.unodc.org/wdr2017/field/Booklet_1_EXSUM.pdf)
Page 4	Opioid use disorders account for the heaviest burden of disease attributable to drug use disorders: in 2015, approximately 70 percent of the global burden of disease attributable to drug use disorders, were attributable to opioids.	UNODC, World Drug Report, 2017 (https://www.unodc.org/wdr2017/field/Booklet_1_EXSUM.pdf)
Page 4	The US Centers for Disease Control and Prevention (CDC) in December 2017 reported a 21% increase in the age-adjusted rate of drug overdose deaths from 63,632 lives lost in 2016 vs. 52,404 lives lost in 2015.	US Centers for Disease Control and Prevention https://www.cdc.gov/nchs/data/databriefs/db294.pdf https://www.cdc.gov/nchs/data/databriefs/db294_table.pdf#1
Page 4	In fact, the rate of increase in deaths from synthetic opioids like fentanyl doubled from 2015 to 2016.	US Centers for Disease Control and Prevention https://www.cdc.gov/nchs/data/databriefs/db294.pdf https://www.cdc.gov/nchs/data/databriefs/db294_table.pdf#4
Page 4	In 2012, approximately 3.3 million deaths, or 5.9% of all global deaths, were attributable to alcohol consumption	World Health Organization, Global Status Report on Alcohol and Health 2014 (http://apps.who.int/iris/bitstream/10665/112736/1/9789240692763_eng.pdf)
Page 5	The same report concludes that the harmful use of alcohol ranks among the top five risk factors for disease, disability and death throughout the world	World Health Organization, Global Status Report on Alcohol and Health 2014 (http://apps.who.int/iris/bitstream/10665/112736/1/9789240692763_eng.pdf)
Page 5	In 2016, approximately 20.1 million people had a substance use disorder (SUD) related to alcohol or illicit drug use in the past year.	Substance Abuse and Mental Health Services Administration (SAMHSA); 2016 National Survey on Drug Use and Health https://www.samhsa.gov/data/sites/default/files/NSDUH-FFR1-2016/NSDUH-FFR1-2016.htm
Page 5	Of the 20.1 million people with a SUD, there were 15.1 million people with an alcohol use disorder	Substance Abuse and Mental Health Services Administration (SAMHSA); 2016 National Survey on Drug Use and Health https://www.samhsa.gov/data/sites/default/files/NSDUH-FFR1-2016/NSDUH-FFR1-2016.htm
Page 5	An estimated 2.1 million people suffered from an opioid use disorder, which includes 1.8m people with a prescription pain reliever use disorder and approximately 626,000 people with a heroin use disorder.	Substance Abuse and Mental Health Services Administration (SAMHSA); 2016 National Survey on Drug Use and Health https://www.samhsa.gov/data/sites/default/files/NSDUH-FFR1-2016/NSDUH-FFR1-2016.htm
Page 5	In Canada, in 2012, as many as 200,000 people were estimated to be addicted to prescription painkillers.	Canadian Medical Association Journal. Medically induced opioid addiction reaching alarming levels. February 21, 2012; 184(3):285-286 (http://www.cmaj.ca/content/184/3/285)
Page 5	In Europe, in 2015, there were potentially 1.3 million high-risk opioid users, the majority of whom were heroin users.	European Drug Report 2017, European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)
Page 5	Of these 1.3 million high-risk opioid users, five countries in the European Union (Germany, Spain, France, Italy, United Kingdom) accounted for the majority (76%) of high-risk use.	European Drug Report 2017, European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)
Page 5	And, as in the US, the emergence of highly potent synthetic opioids, like fentanyl, are causing much concern.	European Drug Report 2017, European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)
Page 5	The 2017 European Drug Report notes an overall increase in opioid-related overdose deaths.	European Drug Report 2017, European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)
Page 5	In 2014, Australia ranked as the third highest country worldwide for prescription painkiller misuse per year.	UNODC, World Drug Report 2014, (https://www.unodc.org/documents/wdr2014/World_Drug_Report_2014_web.pdf)
Page 5	China had an estimated 7.3 million people dependent on opioids and 27.3 million people dependent on alcohol	China Narcotics Control Report, 2015-2014, NNCC Office
Page 5	Canada: 0.2 million Opioid dependent	Canadian Medical Association Journal. Medically induced opioid addiction reaching alarming levels. February 21, 2012; 184(3):285-286 (http://www.cmaj.ca/content/184/3/285)

References and sources continued

Page Number	Statement	Reference source
Page 5	Canada: 1.4 million Alcohol dependent	WHO Global Status Report on Alcohol and Health 2014 (http://apps.who.int/iris/bitstream/10665/112736/1/9789240692763_eng.pdf)
Page 5	United States: 2.1 million Opioid use disorder	Substance Abuse and Mental Health Services Administration (SAMHSA); 2016 National Survey on Drug Use and Health (https://www.samhsa.gov/data/sites/default/files/NSDUH-FFR1-2016/NSDUH-FFR1-2016.htm)
Page 5	United States: 15.1 million Alcohol use disorder	WHO Global Status Report on Alcohol and Health 2014 (http://apps.who.int/iris/bitstream/10665/112736/1/9789240692763_eng.pdf)
Page 5	Europe and Middle East: 1.3 million High risk opioid users (Europe only)	European Drug Report 2017, European Monitoring Centre for Drugs and Drug Addiction (EMCDDA)
Page 5	Europe: 14.2 million Alcohol dependent	WHO Global Status Report on Alcohol and Health 2014 (http://apps.who.int/iris/bitstream/10665/112736/1/9789240692763_eng.pdf)
Page 5	South Africa: 0.1 million Opioid dependent	CIA World FactBook, South Africa (July 2015 estimate 15+ population); The global epidemiology and burden of opioid dependence; results from the global burden of disease 2010 study, Louisa Degenhardt, Fiona Charlson, Bradley Mathers, Wayne D. Hall, Abraham D. Flaxman, Nicole Johns, Theo Vos; Addiction, 109, 1320-1333, 2014 Society for the Study of Addiction
Page 5	South Africa: 1.2 million Alcohol dependent	WHO Global Status Report on Alcohol and Health 2014 (http://apps.who.int/iris/bitstream/10665/112736/1/9789240692763_eng.pdf)
Page 5	China: 7.3 million Opioid dependent	China Narcotics Control Report, 2015-2014, NNCC Office
Page 5	China: 27 million Alcohol dependent	WHO Global Status Report on Alcohol and Health 2014 (http://apps.who.int/iris/bitstream/10665/112736/1/9789240692763_eng.pdf)
Page 5	Australia: 0.2 million Opioid dependent	CIA World Factbook, Australia (July 2015 estimate of 15+ population); Treatment of patients with opioid dependence, Nicholas Lintzeris, BMedSci, MB BS, PhD, FACHAM; Medicine Today, Prescription Opioid Misuse Supplement, June 2015
Page 5	Australia: 0.3 million Alcohol dependent	WHO Global Status Report on Alcohol and Health 2014 (http://apps.who.int/iris/bitstream/10665/112736/1/9789240692763_eng.pdf)
Page 5	28 million healthy years of life lost as a result of drug use	UNODC, World Drug Report, 2017 (https://www.unodc.org/wdr2017/field/Booklet_1_EXSUM.pdf)
Page 5	70% of the global burden of disease attributable to drug use disorders were attributable to opioids	UNODC, World Drug Report, 2017 (https://www.unodc.org/wdr2017/field/Booklet_1_EXSUM.pdf)
Page 5	17 million healthy years of life lost as a result of drug use disorders	UNODC, World Drug Report, 2017 (https://www.unodc.org/wdr2017/field/Booklet_1_EXSUM.pdf)
Page 5	Fewer than one in six persons with drug use disorders are provided with treatment each year.	UNODC, World Drug Report, 2017 (https://www.unodc.org/wdr2017/field/Booklet_1_EXSUM.pdf)
Page 12	According to new data released by the US Centers for Disease Control and Prevention (CDC), there weremore than 63,600 total drug overdose deaths in 2016, or 174 drug overdose deaths per day. This number is up 21% in just one year - from 144 a day in 2015.	US Centers for Disease Control and Prevention https://www.cdc.gov/nchs/data/databriefs/db294.pdf https://www.cdc.gov/nchs/data/databriefs/db294_table.pdf#1
Page 13	In fact, despite extensive evidence of the personal and societal benefits of medication-assisted treatment (MAT), only a small minority of OUD patients receive it, and OUD diagnoses are currently outpacing MAT prescriptions at an alarming rate of nearly eight to one.	Blue Cross Blue Shield. The Health of America™ Report: America's opioid epidemic and its effect on the nation's commercially-insured population. https://www.bcbs.com/the-health-of-america/reports/americas-opioid-epidemic-and-its-effect-on-the-nations-commercially-insured . Accessed January 2018.

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