



Addressing patient needs – *together*

Annual Report 2016

As the world leader in opioid addiction treatment, our vision is for all patients around the world to have access to quality treatment for the chronic relapsing condition and co-morbidities of addiction.

We focus on you.

Key performance highlights

\$1,058m

Net revenue

(+4% vs. 2015: \$1,014m)

35c

Adjusted earnings per share

(cents per share)

(+3% vs. 2015: 34c)

\$387m

Adjusted operating profit*

(+3% vs. 2015: \$377m)

61%

US average market share

(vs. 2015: 60%)

*excluding exceptional costs

\$254m

Adjusted net income*

(+3% vs. 2015: \$246m)

842,176

US unique patients received

Suboxone® Film

(vs. 2015: 818,811)

Key pipeline highlights

\$119m

R&D investment

(-20% vs. 2015: \$148m)

Eleven

Peer reviewed publications

Four

New Phase 1 trials

One

New Phase 2 trials

Four

Phase 3 trials

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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 quality treatment for addiction worldwide.

www.indivior.com



We collaborate to address patient needs together by...

Understanding the global opioid addiction crisis

Find out more on page 2



Recognizing that every patient journey is different

Find out more on page 8



Educating stakeholders and expanding access to treatment

Find out more on page 16



Pioneering potentially life-transforming treatments

Find out more on page 28

Understanding

the global opioid addiction crisis

Tom McLellan, Ph.D. has been an expert in the field of addiction since the 1970s. During his career, Tom has published over 400 articles and chapters on addiction research, and received several awards including Life Achievement Awards from the American, Swedish, Italian and British Societies of Addiction Medicine, as well as from the American Public Health Association.

Tom is a Non-Executive Director at Indivior.

How has the addiction crisis and landscape changed over the years?

In the late 1970s, there was a terrible opioid crisis. This was followed by an LSD and hallucinogens crisis, which was followed by a cocaine and amphetamine crisis. And now it's prescription opioids and heroin.

In terms of the scale of the present crisis – and it is very much a global crisis – it's important to distinguish between addiction, use and misuse. People use these terms interchangeably, but they are qualitatively different. While we have global figures for addiction, it's almost impossible to tell how many people are misusing – by which we mean using any potentially addictive substance in a way that can cause harm to themselves or those around them.

What does this crisis mean to you personally?

I am the son, grandson, father, brother and ex-husband of addicts. I lost my son, father and brother to addiction. I have another son who's in stable recovery. So, for me, focusing my medical expertise on addiction is far more than a way to make a living.

I have decades of experience in this field, and yet I didn't recognize impending addiction in my eldest son or know where to get treatment for him, and I didn't recognize the potential for overdose that finally took my second son. Unlike other chronic illnesses, the public, and even the experts, are terribly uninformed about addiction. And we've got it wrong for centuries. For so long, it was thought that people struggling with addiction lacked willpower and moral fiber. But the fact is, all drugs susceptible to misuse operate in the same way: they affect your brain. Addiction is not a moral failing; it's a chronic brain disorder.

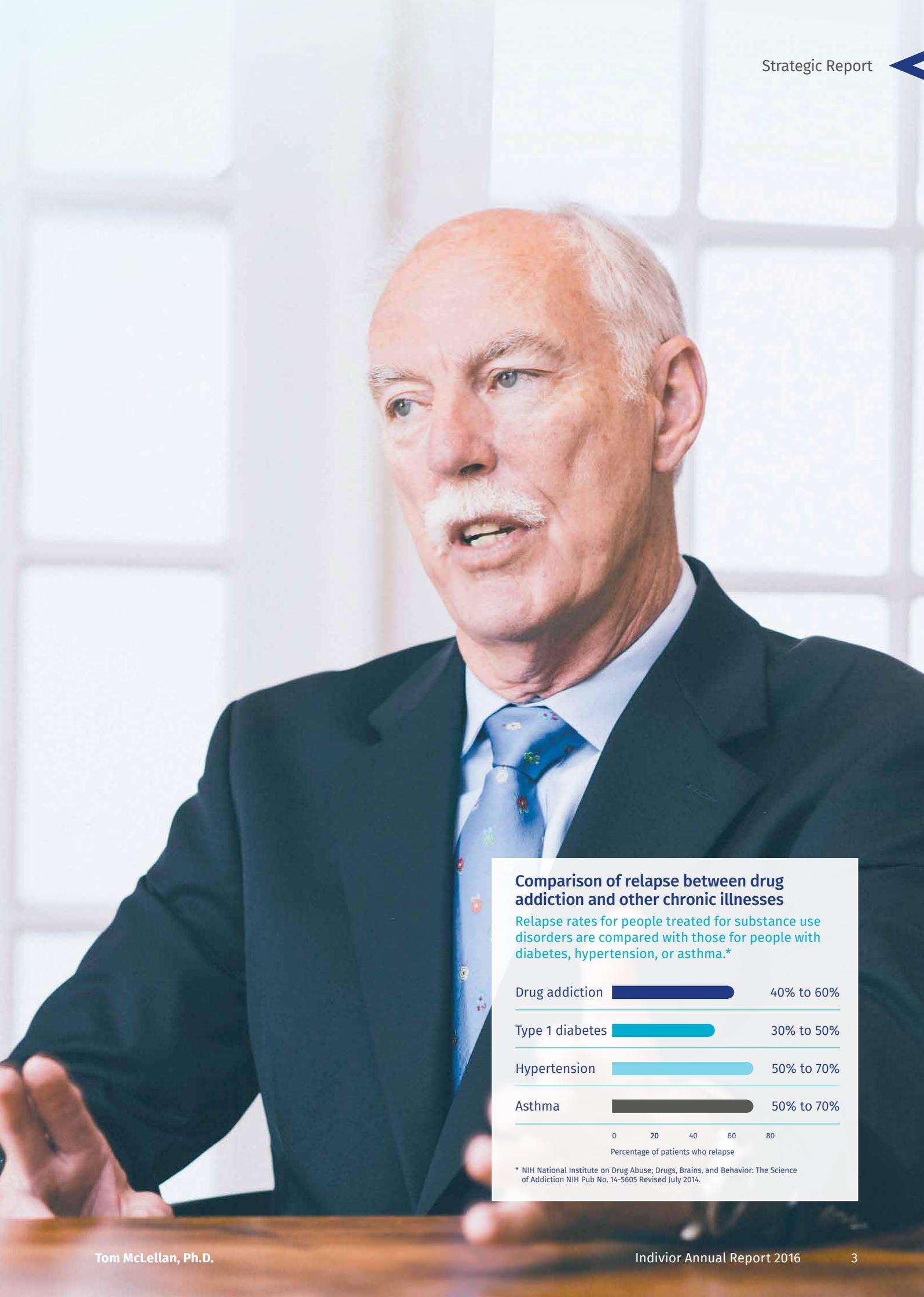
Based on your own experience and understanding, can you explain why people struggling with addiction can't just stop?

Addiction is a chronic disease. Like other chronic diseases, addiction can be effectively managed – but not yet cured. Moreover, repeated drug use produces long-term changes in the brain circuits. These brain changes account for the loss of control over drug use that is now understood to be the cardinal feature of all addictions. The loss of control is due to drug-induced changes in the specific circuits of the brain associated with impulse control, vulnerability to stress, and reward. These brain changes can be long-lasting and can lead to many harmful, often self-destructive, behaviors.

Historically, however, approaches to the treatment of opioid addiction have not acknowledged these facts, with incarceration and punishment chosen over evidence-based and cost-effective treatment. Addiction has been approached as an acute condition – not a chronic disease – with the main goal being abstinence, and expectations for recovery which do not reflect current scientific thought.

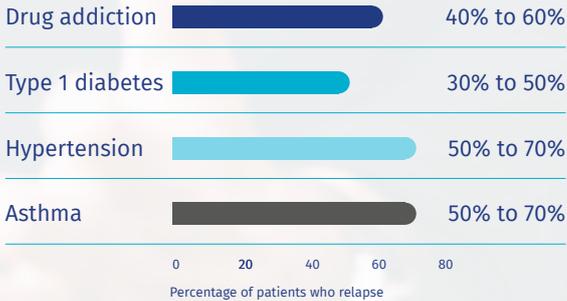
The good news is that addiction can be managed successfully. Medication-assisted treatment (MAT) that uses approved pharmacological medications in combination with counseling and behavioral therapies has been shown to help enable people to regain control of their lives and counteract the powerful disruptive effects of substance abuse or dependence on the brain and behavior. But treatment with MAT is only part of the solution; you also need the ability to change a person's lifestyle, to get them in a drug-free environment, with family support for continued sobriety – these are the proper ingredients for recovery. Recovery is not only possible, with good care it can be achieved.

> See more: [NIH National Institute on Drug Abuse; Drugs, Brains, and Behavior: The Science of Addiction NIH Pub No. 14-5605 Revised July 2014.](#)



Comparison of relapse between drug addiction and other chronic illnesses

Relapse rates for people treated for substance use disorders are compared with those for people with diabetes, hypertension, or asthma.*



* NIH National Institute on Drug Abuse; Drugs, Brains, and Behavior: The Science of Addiction NIH Pub No. 14-5605 Revised July 2014.

We are in a unique position to address this global epidemic

Our people, culture, expertise and insight, coupled with our innovative technology and stakeholder relationships, mean we are well placed to address patients' needs around the world.

A human crisis

Addiction is a chronic, relapsing condition. It is a disease reaching epidemic proportions – a global human crisis we are committed to addressing.

According to the 2016 World Drug Report, it is estimated that 1 in 20 adults, or a quarter of a billion people worldwide aged 15 to 64, used an illicit drug* in 2014, which is roughly equivalent to the combined populations of France, Germany, Italy and the United Kingdom. In 2010, 3.6 million years of life were lost due to premature death caused by drug use. Opioid dependence contributed most to the burden of the disease, being responsible for 55% of years of life lost due to premature death.

But the global addiction crisis is not restricted to drug use disorders and drug dependence. According to the World Health Organization (WHO), there were approximately 124 million people dependent on alcohol globally (2014), with over 3 million deaths caused by harmful alcohol use each year.

What's more, addiction doesn't discriminate. It can affect people from all walks of life. In 2015, according to a Kaiser Health Tracking Poll, more than half (56%) of Americans reported that they had some personal connection to the issue of opioid dependence, saying that they or someone they knew had abused, been addicted to, or died from prescription painkillers.

Global addiction overview

Addiction differs in prevalence and severity in different parts of the world. According to the 2015 National Survey on Drug Use and Health, 2.4 million people suffered from opioid use disorder (1.8m prescription pain reliever, 344,000 heroin, and 241,000 both prescription pain relievers and heroin) in the US, while over 12.4 million adults were alcohol dependent (2014).

In Canada, as many as 200,000 people were estimated to be addicted to prescription painkillers (2012), while in Europe there were potentially 1.3 million high-risk opioid users, the majority of whom were heroin users (2014). In 2014, Australia ranked as the third highest country worldwide for prescription painkiller misuse per year, and China has a potential unmet patient need – with 7.3 million people estimated to be dependent on opioids and 27 million people dependent on alcohol (2014).

Rising to the challenge – our global presence

Responding to patients' needs, we focus and evolve our products and educational support to help expand access to treatment. In the countries where we have a presence, we work closely with medical professionals, advocating on patients' behalf and educating the public about opioid painkiller addiction.

Indivior has a global presence in over 40 countries. Our core products are: Suboxone® Film (buprenorphine and naloxone), Suboxone® Tablet (buprenorphine and naloxone), and Subutex® Tablet (buprenorphine). Indivior's main geographic market (based on the country where sales originate) is the US, which in 2016 accounted for 81% of net revenues (2015: 80%), and where Suboxone® Film is the buprenorphine market leader. In the rest of the world, our Suboxone® products and Subutex® Tablet are also market leaders based on market share.

Addiction affects many millions worldwide. Our aim is to expand access to quality treatment for patients



Canada

0.2m

Opioid dependent (opioid painkillers only)

1.2m

Alcohol dependent

United States

2.4m

Opioid dependent

12.4m

Alcohol dependent

* Opiates, cocaine, cannabis, amphetamines, psychoactive substances
2016 World Drug Report.



Global Burden of Disease 2010

3.6m

years of life lost due to premature death due to drug use

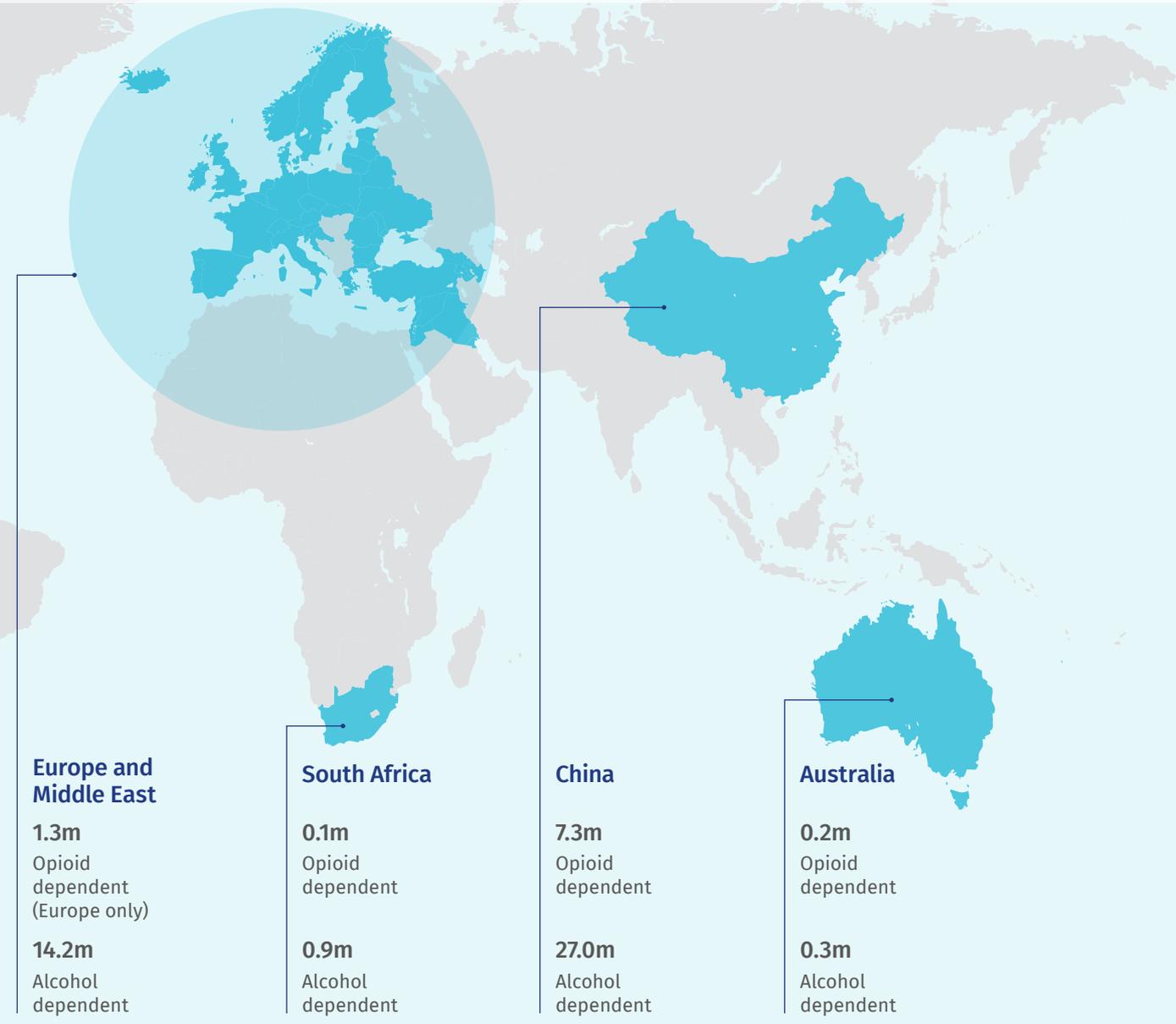
Opioid dependence contributed most to the burden of disease, being responsible for:

55%

of years of life lost due to premature death

44%

of years of life lost through disability



Focused on empowering patients

“This is our third annual report and second full year as a public company. I am pleased to report another 12 months of continued progress in our efforts to help patients reclaim their lives from opioid addiction.”



At Indivior, our people share a passion for and commitment to helping patients struggling with addiction, and enabling those in the medical profession who can treat them. This passion runs through everything we do and underpins our patient-focused business model, culture and relationships, which the Board believes form the basis of Indivior's leadership in opioid addiction medicine. Indeed, the Board is confident that Indivior is uniquely positioned to leverage its core competencies of patient focus, policy development, stakeholder relationships and proven management expertise to help expand treatment access in the rapidly evolving opioid use disorder (OUD) market.

Our achievements in 2016

In 2016, Indivior continued to make good progress in a number of areas. Our financial performance for the year ran well ahead of our plan and delivered net revenue growth. This over-delivery enabled us to reinvest in organic growth drivers for the business.

During the year, we demonstrated visible success against our strategic priorities, including maintaining the US market share for Suboxone® (buprenorphine and naloxone) Sublingual Film, advancing pipeline projects, tackling a number of business risks, and expanding global treatment through the pursuit of international growth opportunities.

Notable among these achievements was the excellent progress we made in our pipeline product developments. Key highlights for RBP-6000 buprenorphine monthly depot include reporting positive Phase 3 efficacy and safety trial top-line results, receiving fast track designation by the US Food and Drug Administration (FDA), and remaining on track for a Q2 2017 new drug application (NDA) submission.

We also reported positive top-line results in our Phase 3 efficacy and safety trial for RBP-7000 risperidone monthly depot for the treatment of schizophrenia. In August, the FDA agreed with our proposed NDA submission strategy, keeping us on track for a Q4 2017 NDA submission. All in all, an exciting year.

Building on our strong financial performance, our focus in 2017 will be to reinvest in driving organic growth opportunities in the long term. Both RBP-6000 and RBP-7000, if approved, will require a different distribution and reimbursement model than the existing business. Our investment will be focused on preparing to launch RBP-6000 buprenorphine monthly depot on its approval, and will include the expansion of medical affairs capacity to enhance physician education on the science related to receptor occupancy and blockade; a new capability to address the mechanisms of reimbursement that will be required; and the development of a specialty pharmaceutical distribution architecture.

These investments will help ensure that appropriate patients have access to a potentially important new option for the treatment of OUD and help to drive long-term value for our shareholders. In addition, investment will be directed at increasing access to treatment for patients with OUD in the US in light of recent legislative and regulatory changes that expanded the number of medical professionals eligible to treat the condition. We are committed to continuing to enhance our compliance capability in order to keep up with our pipeline investments and expected market growth.

Challenges and uncertainties

The promise of our pipeline, on top of the scale of the opioid crisis in the US, suggests that there is room for sustained long-term growth in the business. At the same time, we continue to work intensively to manage the risks to the business. Our legal team continues to rigorously defend our intellectual property in relation to Suboxone® Film. While we experienced an ANDA win against Par and Actavis in 2016, we expect results from further ongoing ANDA litigation with Dr. Reddy's in early Q2 2017 and will face trial against Mylan in September 2017. In the third quarter of 2016, the Board recorded a charge of \$220m for ongoing investigative and antitrust litigation matters, including a Department of Justice (DOJ) investigation and a Federal Trade Commission investigation.



The Company continues in discussions with the DOJ about a possible resolution to its investigation. The Company cannot predict with any certainty whether we will be able to reach an ultimate resolution with the DOJ or any or all of the other parties, or the ultimate cost of resolving all of the matters. The final cost may be materially higher than this reserve.

However, I am confident that we have the strength and experience of leadership to respond to these challenges, and we will take the appropriate and necessary steps as and when the outcomes are known. Through the rigor and integrity of our Board, its Committees, and our overarching governance structure, we will ensure stakeholder interests remain our key priority in these matters. Maintaining a high level of transparency with our shareholders and other stakeholders has been our primary concern throughout, and will remain so as we navigate these uncertainties in the months ahead.

Management and the Board

Indivior has a strong, experienced and inspiring management team, led by Shaun Thaxter, our CEO. The Board has confidence in Indivior's leadership and management teams, which are notable for their talent, their resilience under pressure, and their unwavering commitment to responding to the unmet needs of patients. Indeed, our management team shapes and embodies Indivior's unique culture and passion for patients, leading by example in their can-do attitude, innovative thinking and entrepreneurial flair.

During the year, there were several changes to the composition of the Board. Adrian Henna, Non-Executive Director, stepped down from the Board and Audit Committee. I would personally like to thank Adrian for his valuable contribution in helping to guide us through the demerger of Reckitt Benckiser Pharmaceuticals, which became Indivior as we know it today. Rupert Bondy, Senior Independent Director, also stepped down. During his time on the Board, Rupert's wise counsel and insight was much appreciated.

“Key highlights include positive top-line results for the Phase 3 efficacy and safety trials for RBP-6000 buprenorphine monthly depot, with fast track designation granted and NDA submission on track.”

In early 2017, Cary Claiborne stepped down from his role as Chief Financial Officer to pursue other opportunities. We thank Cary for his many contributions to the successful evolution of Indivior since the demerger process. We welcome Mark Crossley, previously Chief Strategy Officer, to his new role as Chief Financial Officer and look forward to benefiting from his experience and knowledge of the business in leading the finance function into the next phase of Indivior's development.

Following a rigorous and independent recruitment process, Lizabeth Zlatkus joined the Board and became a member of the Audit and Remuneration Committees. Liz brings with her years of senior financial and public sector experience. We also, more recently, welcomed Tatjana May to the Board and as a member of the Nomination & Governance and Remuneration Committees. Tatjana has extensive legal and governance experience together with deep experience in the global pharmaceutical industry.

Meanwhile, Ponni Subbiah was appointed to the Executive Committee as Chief Medical Officer, replacing Tim Baxter, with responsibilities for strategic and operational leadership of pharmacovigilance and medical affairs. These appointments underscore Indivior's commitment to diversity in its broadest sense, and to securing the very best in medical, financial and leadership talent. In addition, Ingo Elfering, Chief Information Officer, was appointed to the Executive Committee, bringing with him a wealth of experience in IT platforms, systems and solutions.

The new management team is fully engaged with growing Indivior through its next phase of development: broadening access to treatment,

developing its pipeline of new products, and expanding the geographic reach of its patient-focused business model, while delivering value to shareholders. The Board believes the team, supported by all our colleagues, has made excellent progress, and on behalf of the Board and shareholders, I would like to thank everyone at Indivior for their hard work in 2016, and for their ongoing commitment to patients.

Dividends

In July 2016, the Group paid a second interim dividend of 9.5 cents per share, bringing the total dividend for the 2015 financial year to 12.7 cents per share. Together, these dividend payments fulfilled the Company's commitment at the time of the demerger to pay out 40% of 2015 net income as a dividend. In 2015, we reviewed our dividend policy in relation to our financial position, strategy and prospects. Given the need to invest in pipeline and market development, the uncertainties facing the Company, and the need to diversify our sources of revenue and cash flow, we do not expect to pay ordinary dividends in the foreseeable future.

Looking ahead

As we move forward, we can look to the future with confidence, while being mindful of the ongoing challenges we face as an organization. In 2017, we will continue to focus on creating sustainable value for our shareholders and wider stakeholders. I look forward to meeting many of our shareholders in the year ahead, and working together to shape an exciting future for our Company as we extend our efforts to help patients around the world reclaim their lives from addiction.

Howard Pien
Chairman

Recognizing

every patient journey
is different



Dr. Staton, Physician

Matt, Patient



Matt is a self-employed businessman from a small town in Tennessee. At the age of 30 he became addicted to a narcotic painkiller. It wasn't until he met Dr. Brent Staton, a local doctor specializing in family medicine and addiction, that Matt realized he had a serious lifelong disease. With Dr. Staton's help, Matt is now in stable recovery and has started to reclaim his life.

Can you describe your journey as someone who has struggled with addiction?

Matt

My journey's a little odd for most folk. I've always been self-employed and never had any trouble with addiction until I was 30 years old. At that time, the economy went into recession and things were quite tough at work. I guess I was under pressure, and one night I went out and, well, that was it. Things quickly got out of control. Addiction turned my life upside down. My work went downhill, I fell behind and I ended up owing everybody. I felt very alone and that there was no way out.

Stigma was the main thing I struggled with. I had enough money to pay for treatment for myself, but I couldn't let anybody know what I was going through. I'd worked with these people my whole life, and for me to be addicted to drugs would be unheard of. I thought I would be ridiculed, or seen as someone who had a moral problem. I was afraid the community would turn away from me.

Dr. Staton

Stigma is a real problem here. This is a relatively low-income, conservative area, with easy access to street drugs. The community teaches you that if you fall into hard times, if you're addicted, it's your fault; you've made bad decisions and you need to pick yourself up by the bootstraps. And because of this stigma, people don't seek out treatment. So, I've set my office up differently – I do all my addiction work through a private office so people can see me and get treatment without fear. Nobody even has to know they're here. But we need wider cultural change, supported by educated, non-judgmental physicians, to really evolve addiction treatment.

Can you describe any moments of triumph or achievement you've experienced on this journey?

Matt

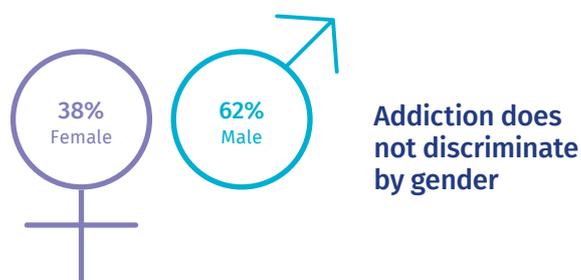
I saw changes early in my treatment, but it was definitely a struggle. It used to be like going up a staircase, sometimes you're going two steps at a time, sometimes you're struggling to get up one. Now that I am in recovery, I feel hopeful for the future.

Dr. Staton

Matt's treatment has gone well. And it's wanting to help people like Matt that got me into addiction treatment. I started off in family medicine, and saw a problem with addiction and wanted to help, which is why I got a waiver to prescribe buprenorphine in my office. It's a generational issue; it affects parents, kids, the entire family. And it feels good, when treatment works, to see the children of parents I've treated, seeing them thrive and getting on with their lives.

Matt

This is what people don't see – they don't see those who've been through it and come out the other side. If they did, they might feel differently about seeking treatment. My wife stood by me all the while. Without treatment, counseling, and the support of my wife, I would not have been able to work on rebuilding my business and restoring relationships that had fallen apart.

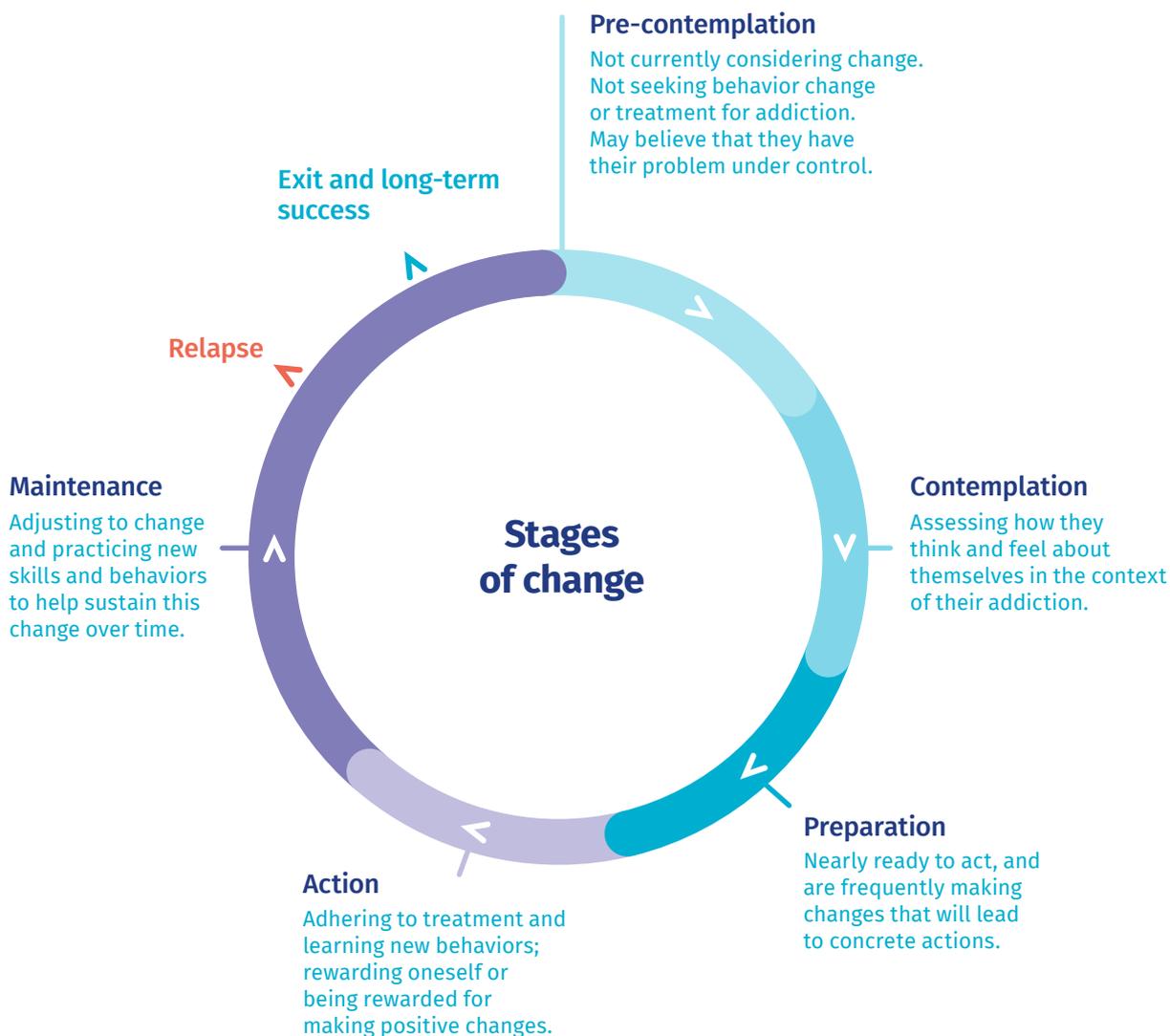


The patient journey is complex

Patients are individuals, and different patients may have different needs. Understanding these needs is critical to supporting patients along their journey to recovery. In fact, our Company name, Indivior, is iconic of the **individual** patient's journey to reclaim life from the disease of addiction, and our **endeavor** to address patients' unmet needs.

Cravings, stigma and instability can impact a patient's chances of recovery, which is why we provide educational resources and continue to advance treatment innovations to support patients' needs.

The patient's journey – stages of change*



* Adapted from Prochaska, et al. (1992).



Addiction is a disease that can be medically treated

While millions of people suffer from addiction, many people are not aware that addiction is a disease that can be medically treated. As a result, the majority of those who need help go untreated.

Even when they want to stop, cravings or withdrawal symptoms can be so intense that generally there is only a small window of time in which a person is emotionally and physically able to pursue treatment.

Furthermore, for those who do decide to take action and make changes in their life, there are many obstacles to accessing quality treatment and achieving treatment success. Stigma, prejudice and misconceptions, for instance, coupled with feelings of guilt and shame, often prevent people from coming forward and seeking the help they need. Other obstacles to successful treatment may include:

- ◁ Difficulty adhering to a treatment plan, including education compliance, especially when confronted with relapse, due to the chronic nature of the disease.
- ◁ Stigma surrounding the disease and treatment, especially when treatment services are specialized instead of a part of mainstream medicine.
- ◁ Affordability and lack of coverage for treatment, similar to other health conditions.
- ◁ Proposed limits on treatment dose and duration by payors and policymakers which could result in sub-optimal treatment.
- ◁ Family and friends applying pressure to patients to stop taking “addiction medication”, due to their lack of understanding about the disease.

“For a long time, everybody wanted treatment for me, but I didn’t want it. I had to want it for myself.”

— Faith, Patient, Missouri, US

In 1992, Faith was involved in a car accident which left her suffering from severe pain. Her doctor prescribed high doses of opioid painkillers. Faith became addicted. As things spiraled out of control, Faith’s daughter, Jordan, went to live with her grandparents. Now, after more than 20 years, Faith is in recovery. With their improving relationship, she and Jordan are close again and fully focused on the future.

Can you describe the impact of opioid addiction on you and your family?

Faith

My addiction overran my life. Within three years of the car wreck I was completely uncontrollable and addicted to opioids, sometimes taking up to 45 pills a day. I couldn’t take my kids to the park unless I had my pills. I couldn’t go to bed at night unless I knew I had pills to wake up to. I would steal, I would lie. I would do whatever it took to get my pills for the day. I felt like I became someone I’m not. The cravings took over. And you know, I come from a good family, I had good grades at school – it can happen to anyone.



Faith, Patient

Indivior: We endeavor to be part of the solution

Indivior is a global specialty pharmaceutical company with a legacy of leadership in opioid addiction treatment, patient advocacy, health policy and evidence-based best practice models that have contributed to the growing acceptance that addiction is a chronic, relapsing medical condition. During this time, we have built strong relationships with physicians, conducted research to support treatment options, developed expertise communicating relevant information to key stakeholders, and acquired extensive and varied experiences to help improve access to treatment.

Using this collective experience, insight and knowledge, we strive to meet unmet patient needs on the journey to recovery.

We always understood that success in treating addiction requires more than just effective medications. Our core task is shifting societal attitudes towards addiction and expanding access to quality treatment options. To this end, we have created a sustainable growth model by placing patients firmly at the heart of our business, at the center of our decision-making, and always at the front of our minds.

Pioneers from the treatment community acknowledge that Indivior is dedicated to improving patients' lives, not just enhancing the marketability of medications. Our partnerships are underpinned by shared commitment, passion, trust and understanding.

People at Indivior have a passion to help patients suffering from addictions and to enable those who can treat them. We play an important role in educating healthcare professionals about the medical aspects of opioid addiction treatment, including best practice, effective dosing, treatment adherence and compliance, and risk mitigation.

Jordan

I was young when it started, and my grandparents sheltered me from my mother's addiction. Then the girls at school started to say my mom was different, and other moms wouldn't let their kids come over. I remember my 11th birthday – I got a pogo-stick and a small piano, but the very next day mom pawned them both for drug money. She was never mean or abusive, she just wasn't there and she slept a lot, and for many years we didn't have a relationship.

What were the challenges you faced during this time?

Faith

For a long time, everybody wanted treatment for me, but I didn't want it. I had to want it for myself and be prepared to make the effort. But then, when I did want help, I couldn't find enough information out there and I didn't know what treatment options were available. I went into rehab three times.

Then I read about Suboxone® Film as another treatment option for opioid dependence, together with counseling and psychosocial support. But I live in a remote rural area. It was a long drive to the hospital, and it was difficult to find a local doctor who was qualified to prescribe medication as part of my treatment plan.

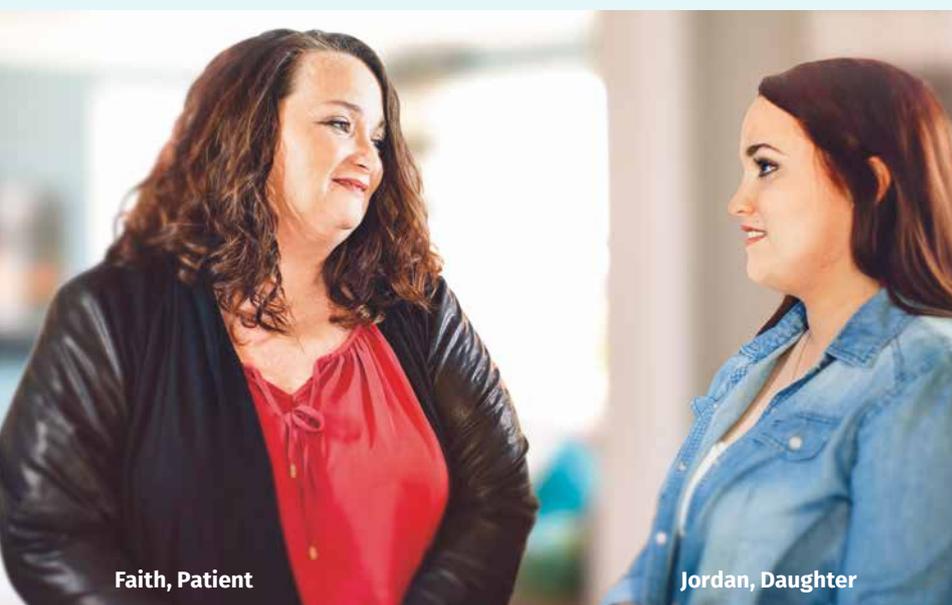
Jordan

I felt really alone and blamed myself. This went on for a long time. The turning point for me came at my own daughter's first birthday. Mom turned up high and I said 'that's it, no more'. We didn't speak after that for six months. But then she started taking Suboxone® Film and together with counseling and the support of her family, mom began to work towards her recovery. The fact that she had to be tested regularly gave her real motivation to start making some positive decisions for herself.

How does it feel now to be in recovery?

Faith

With my addiction being managed, I made the decision to study for a Bachelor's degree and was able to complete the requirements to graduate. I've also been able to begin rebuilding certain relationships in my life.



Faith, Patient

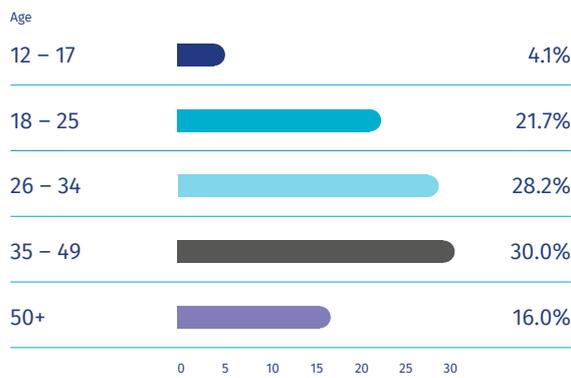
Jordan, Daughter



As we continue to educate and work with physicians, advocacy groups, medical societies, payors, policymakers and other stakeholders to help broaden access to opioid addiction treatment, our ability to cultivate relationships and long-standing partnerships will continue to form the basis of our leadership position.

Through these partnerships and networks that we are building across different geographies, we aim to help overcome the stigma of addiction, improve access to treatment, and transform addiction from a global human crisis to a recognized and widely treated disease.

Who are the people with opioid addiction?



Source: National survey on Drug Use and Health (NSDUH) Data.

- > **61.4%** are likely to be employed either full or part time
- > **82.2%** are likely to be insured
- > **81.2%** are high school or college educated

“It feels really good to be in recovery, I feel like I’m in control of my life.”

— Faith

Of course, it’s taken a while – you spend so long breaking walls, they can take time to repair. But counseling and treatment have brought me and Jordan closer. It’s important for me to let others struggling with opioid addiction know that they don’t have to stay stuck and feel stigmatized – there is help available.

Jordan

My mom’s always been a kind and remarkable person. She would give the shirt off her back. Now, because she is able to manage her addiction, she can be involved with my children, and she was able to be there for us when my youngest child had health issues. I have a relationship with my mom.

What is addiction?

Addiction is a chronic, relapsing disease characterized by: the compulsion to seek and take a particular drug; the loss of control in limiting intake of the drug; a negative emotional state, such as anxiety or irritability, when access to the drug is withdrawn.

What makes it a disease?

Addiction is not a moral failure: it changes the brain. The disorder is believed to trigger progressive changes to molecular and cellular mechanisms in specific neural networks, causing structural and functional changes that can be seen on MRI scans.

How is addiction treated?

By aiming to reduce drug use by decreasing cravings and addressing any withdrawal symptoms and co-occurring disorders through pharmacological and behavioral therapy, as well as psychosocial support to eventually end drug-taking behavior.

What are the treatment options for addiction?

Medication-assisted treatment – the use of medications in combination with counseling and behavioral therapies – is one approach to the treatment of substance use disorder. There are two main types of medication-assisted treatment for opioid dependence: methadone and buprenorphine.

Our purpose is to pioneer potentially life-transforming treatments

We are a global specialty pharmaceutical company and the world leader in addiction treatment. Every decision we make is informed by our Guiding Principles, and everything we do is intended for the benefit of patients.

Our Guiding Principles

Focus on patient needs to drive decisions



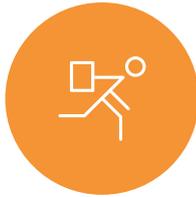
Seek the wisdom of the team

Believe that people's actions are well intended



Care enough to coach

See it, own it, make it happen



Demonstrate honesty and integrity at all times

What makes us different

We rely on the following competencies to achieve our vision that all patients around the world will have access to quality treatment:

Patient focus

Our patient insights enable deeper understanding of the needs of patients and their journey to recovery.

Culture

Our strong culture is a differentiator and our Guiding Principles influence our decision-making along with how we conduct ourselves.

Proven management experience

Our ability to leverage proven strategic and executional skills in a highly complex and regulated market.

Intellectual property

Our intellectual property on R&D technology and processes delivers significant value.

Policy development

Our ability to develop and execute a coordinated strategy of stakeholder engagement to transform attitudes and treatment models for marginalized diseases.



What we do

We work in partnership with other addiction thought-leaders and stakeholders to:

- ◀ Broaden awareness that addiction is a complex, chronic, relapsing disease, and patients deserve to be treated, not stigmatized or punished.
- ◀ Expand access to quality care by educating healthcare providers, payors, governments, policy makers, stakeholders and patients about the disease and clinically-proven treatment methods.
- ◀ Enhance scientific understanding of the disease and patients' unmet needs to stimulate innovation and drive better patient outcomes.
- ◀ Demonstrate the positive impacts of a changed addiction treatment paradigm, from improved quality of life for individuals and families to the positive social and economic impacts to society.

Our treatment and pipeline focus is:

- ◀ Opioid use disorder
- ◀ Alcohol use disorder
- ◀ Overdose rescue
- ◀ CNS disorders/schizophrenia

➤ See more in our Research & Development section on page 30

The value we create

Through focusing on patients' unmet needs Indivior delivers value to a broad range of stakeholders.

Patients

- ◀ Expanding access to treatments
- ◀ Improving patient outcomes

Investors

- ◀ Delivering financial returns and investing for future long-term growth and growing the value of investment over time

People

- ◀ Providing a rewarding place to work for motivated employees

Society

- ◀ Shifting attitudes towards addiction
- ◀ Reducing healthcare costs

➤ See more in our Managing our business responsibly section on page 35

Educating

and breaking down barriers to treatment

Michelle began taking an OTC pain medicine containing codeine to help relieve her headaches and backaches. She wasn't looking to get high, she just wanted to be rid of the pain so she could get on with her busy life of working, being a mother, and teaching karate. Addiction took her totally by surprise. At one point, she was taking up to 50 pills a day. To make matters worse, information, help, treatment and support came way too late.

Here, Michelle, Dr. Mark Hardy*, along with Clinical Liaison** Vanessa, from Sydney, Australia, discuss how connections and communication within the treatment community could be improved to better serve patients.

Can you describe the information, help and support that enable the first steps towards recovery?

Michelle

For me, these things came late into my addiction. It wasn't until I was being treated for eight stomach ulcers and dangerously high blood pressure, believed to be caused by the pills I was taking, that I was told I needed to get help.

But at first I was just told to go cold turkey, without any warning of the withdrawal symptoms. Cold turkey left me in a terrible state. I had to search the internet to find out about opioid withdrawal. Only during my second detox did I start to get any useful help. So, that was five years of addiction without proper information, knowledge or support.

Thankfully, I then met Dr. Hardy, who specializes in addiction. He and a psychiatrist worked with me to develop coping mechanisms and behaviors. We met daily at first, then weekly, and now every four-to-six weeks. It's been a real stabilizer for me emotionally and has paved the way to recovery.

Dr. Hardy also prescribes Suboxone® Film as part of my treatment plan. Because of the support from Dr. Hardy and my psychiatrist, I'm able to function again; I'm back teaching and training and I'm optimistic about the future.

Dr. Hardy

Michelle's story is a familiar one. Here in Australia, there is very little training on addiction and GPs need education in this area. This situation is reflected in the media and society at large, where the belief is that people struggling with addiction are back-alley addicts. But in reality, they are often everyday people hooked on painkillers. It's largely a middle-class problem. There's also the notion that we have to cure people with addiction, and this paradigm, cure or nothing, leads to high levels of relapse. You don't cure other chronic diseases like diabetes or schizophrenia.

Because there aren't so many experts here, we need alliances with other healthcare specialists and connections in the psychosocial space - links with mental healthcare nurses and doctors - to provide the help that's required. I've found that Indivior's Clinical Liaisons have played a role in educating and simplifying things for doctors by the resources that they provide.

Vanessa

Many doctors, like those Michelle saw before she met Dr. Hardy, need education to help spot the signs of addiction - even among their own patients that they currently treat in their practice. For example, how long has a patient been on pain medications, are they still in pain, are they always coming back for more? Understanding what's happening in a patient's life is key for the physician. Clinical Liaisons can help doctors by providing educational materials and tools to help build communication and trust to better uncover and understand the needs of their patients.

By educating physicians about addiction, they can let people know that there are treatment options. This way, patients don't need to feel stuck, afraid or ashamed.

* Staff Specialist in Addiction Medicine, Fellowship of the Chapter of Addiction Medicine (RACP).

** The role of an Indivior Clinical Liaison is to work with healthcare professionals by providing education and resources to help ensure that treatment programs, medication and services address patients' needs.



Michelle, Patient



Dr. Hardy,
Physician



Vanessa,
Clinical Liaison

Addressing patient needs – together

Indivior is focused on empowering patients and striving to improve their quality of life by pioneering innovative, high-quality, accessible and cost-effective treatments. Here, **Chief Executive Officer, Shaun Thaxter** explains how the Company is making progress towards realizing its vision and achieving its strategic priorities.

Can you describe the scale of the opioid addiction crisis?

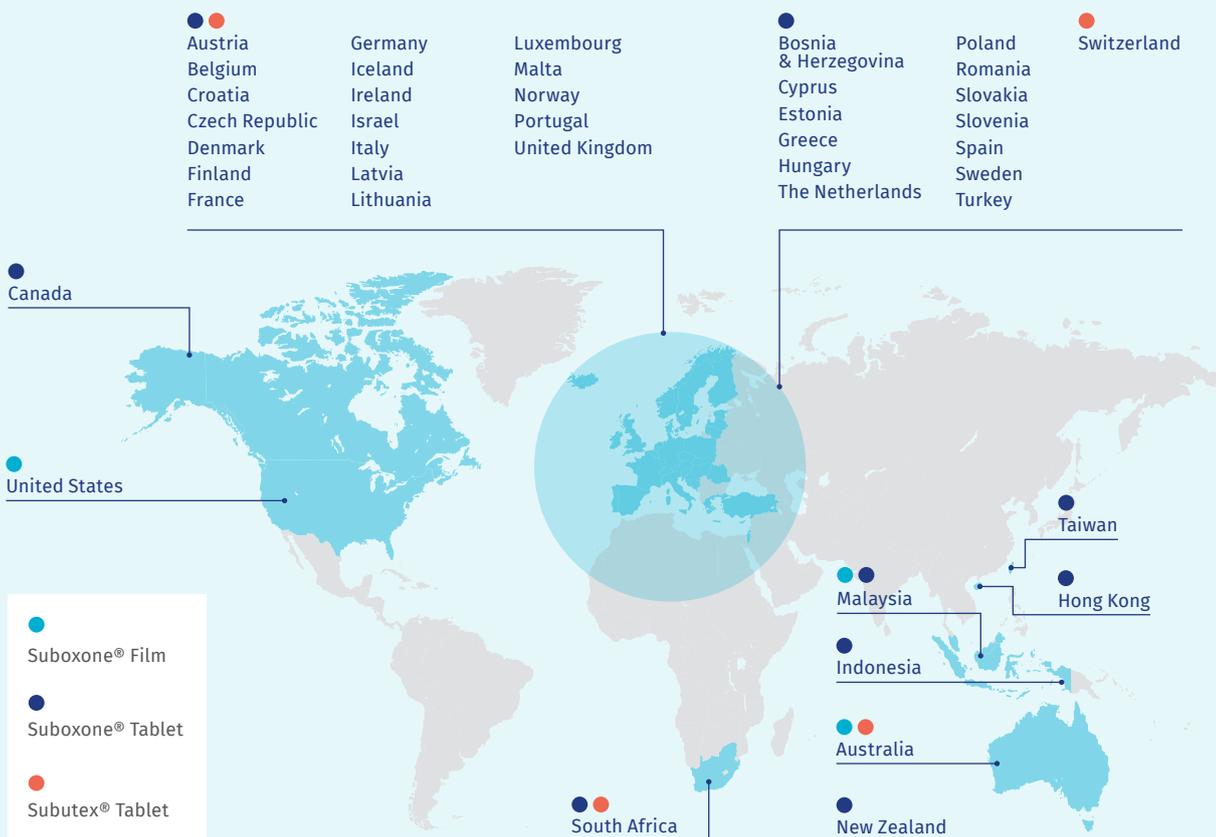
The opioid addiction crisis is one of the most urgent global epidemics of our time. Around the world, there are 29 million people aged 15 to 64 suffering from drug use disorders or drug dependence, and only one in six people who use drugs has access to treatment. In the US alone, more than three people die of opioid overdose every hour of every day, which is the equivalent of a 90-passenger plane crashing daily – with no survivors. It's an ongoing and unacceptable human tragedy.

And let's be clear, these are not bad people who intentionally set out to become addicted. They are everyday people who, for varying reasons, have become exposed to and dependent on opioids and who risk becoming socially marginalized as a result. People who, rather than being punished, need to be helped to break the cycle of addiction, which can have such a devastating impact on individuals, families and communities the world over.

In what ways is Indivior uniquely placed to address this crisis?

For a start, many of us at Indivior have a long history of involvement in the pharmaceutical and prescription products industry, over 20 years in some cases. This collective experience is extensive and diverse and spans all aspects of the industry, including clinical/R&D, medical, commercial, regulatory and compliance. Much of it also relates specifically to addiction and its co-morbidities.

Indivior's global presence





“The opioid addiction crisis is one of the most urgent global epidemics of our time.”

— Shaun Thaxter

As a result, we’ve built up a deep understanding of this disease and the people it affects, and accumulated a wealth of experience of working with stakeholders in this space.

Furthermore, through our patient-focused approach, we are relentless in our pursuit of answers and options that will give people struggling with addiction the greatest chance of recovery. Everything begins with patient insight. It informs our efforts to raise awareness of patients’ needs. It guides our work to overcome the barriers that restrict access to treatment. And it informs the way we build external relationships and navigate the complexities of a highly regulated market. In fact, our understanding of patients and the challenges they face shapes virtually every action and decision we take.

Based on our understanding of patients’ needs, we seek to evolve treatments that enhance the patient experience – products that support those trying to reclaim their lives from addiction. It’s something that unites and drives everyone at Indivior.

For example, with the aim of helping to mitigate abuse, misuse and diversion of medication, we are developing buprenorphine monthly depot – a long-acting monthly depot injection designed to deliver a sustained-release formulation of buprenorphine. If granted marketing authorization, this method of administration may benefit those patients who struggle with the need to take a daily medication, as well as potentially help patients manage the ongoing risk of relapse that they often face due to the chronic, relapsing nature of this disease.

29m

people aged 15-64 suffer from drug use disorders or drug dependence globally (2016)

23m

people worldwide affected by schizophrenia (2015)

124m

people worldwide dependent on alcohol (2014)

In the US alone, more than three people die of opioid overdose every hour of every day, which is the equivalent of a

90

passenger plane crashing daily – with no survivors (2015)

Does the growing competition in the market concern you?

Strong competition encourages us to remain fully focused on continuous improvement. This has been an under-served disease space for too long – one that hasn't received enough attention or sufficient variety of innovation. The more that other companies are driving innovation in technology and education, so much the better for patients. And that's the most important thing – at Indivior, our primary concern and focus is about improving access to treatment, not just selling medication treatment.

In 2004, approximately 3,700 physicians were waived in the US to prescribe buprenorphine medication-assisted treatment for opioid dependence in an office-based setting. That number is now over 38,000, but there is still a long way to go before addiction comes to be recognized as a chronic, relapsing condition.

I have no doubt that Indivior will maintain its competitive leadership through our people, expertise and technology, and through our core competencies of patient focus, policy development, stakeholder engagement, management experience, and commitment to compliance: strengths that will allow us to diversify beyond where we are today. So no, the competition doesn't concern me. Our real competitors are ignorance, apathy and stigma – this is where we need to focus our attention.

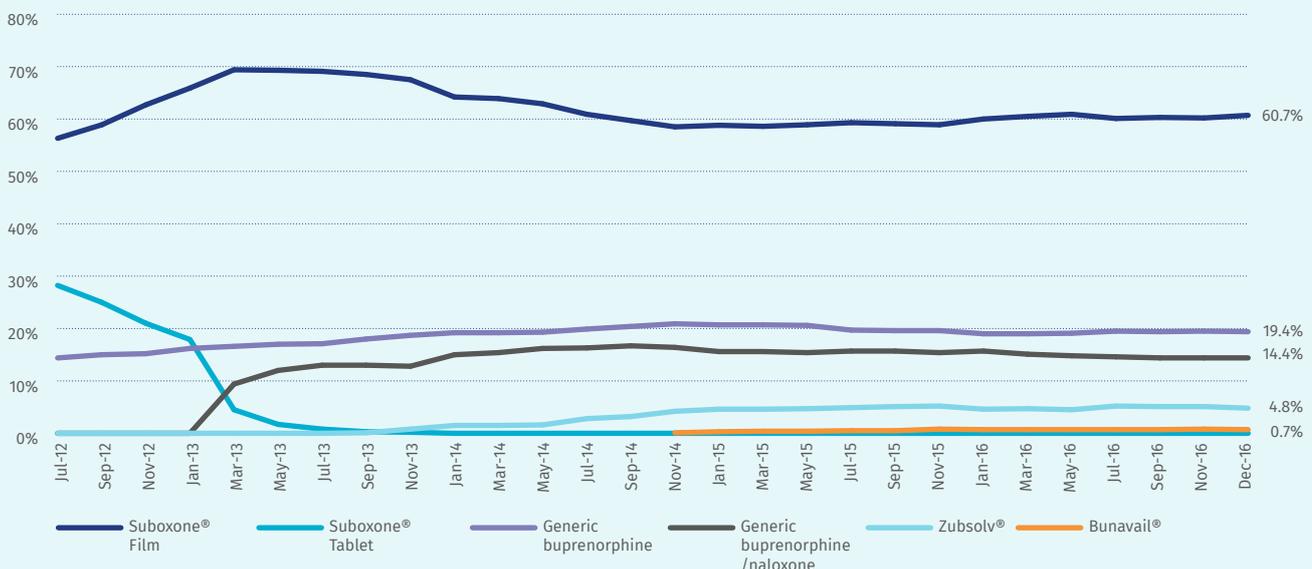
Despite strong competition from branded, as well as generic tablet products, Suboxone® Film continues to be the leading buprenorphine treatment for opioid dependence in the US, which is by far our largest market. In fact, Suboxone® Film increased its average market share slightly to 61% (2015: 60%), demonstrating its resilience with more than 842,176 unique US patients (2015: 818,811) receiving this treatment in 2016.

In May, a new buprenorphine formulation was approved by the FDA, the buprenorphine implant. At this time, we haven't seen a discernible impact on the current buprenorphine market.

We continue to use our insights into patients' needs to better understand the current treatment gaps that may be impacting the physicians' treatment experience with their patients, as they work together towards recovery. We believe that RBP-6000 buprenorphine monthly depot, if approved, could represent a potentially important new option for the treatment of opioid use disorder. We hope that this investigational product may offer physicians greater certainty of compliance and adherence by reducing patients' treatment administration day decisions to monthly rather than daily. We also believe that the depot formulation and its distribution model have characteristics that may discourage abuse, misuse, and diversion.

Suboxone® Film share remains resilient

Total market TRx milligram exit share as of December 30, 2016



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

Source: Symphony Health Solutions Retail PHAST Weekly Prescription Data week ending December 30, 2016.



“I am confident about the potential of our pipeline.”

For us, it’s all about educating healthcare professionals to help them engage with patients at key stages on their journey to recovery: empowering them to take those first, often challenging steps to build the confidence to seek help; helping them to control their impulses; and creating the stability to learn new behaviors and resist the triggers that may have plagued them in the past.

What else sets Indivior apart?

By putting patients first, we put quality, safety and compliance at the heart of our culture and business model. We believe that we are working to help people, and we seek to enable

treatment, which is much more than promoting a product, because it is the access to comprehensive treatment, including counseling or psychosocial support, that is critical.

We also create value through the quality relationships we develop with the people and communities that are connected to our patients. By working in partnership with physicians, medical practitioners, nurses, medical societies, payors and policymakers, we aim to increase awareness of addiction and broaden access to treatment. We share a deep sense of purpose with these stakeholders.

Another great source of pride for me personally is the way our work is supported by a very strong corporate culture, based on a clearly defined set of guiding principles. Everyone at Indivior is passionately committed to removing the stigma of addiction and moving its treatment into mainstream medicine.

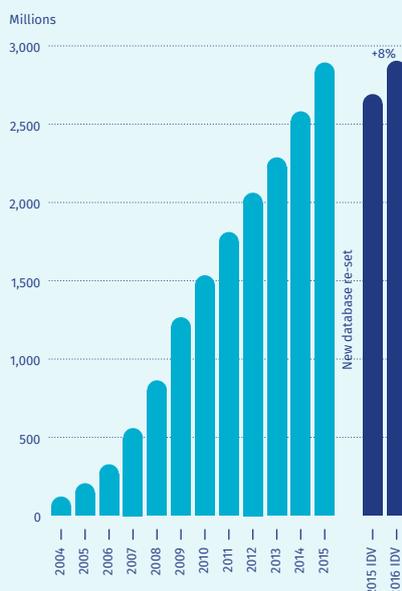
We know it won’t happen overnight, we know we need to continue to be focused, resilient and innovative, but we believe passionately in our cause and in the core human values of decency, honesty, accountability and respect.

Looking around, I know that not only are we dedicated to creating a business that will prosper and grow, but an organization that will create lasting social value by tackling this global human crisis.

I think I speak for everyone here when I say we want to be judged on the behaviors and actions we demonstrate, not just the words we speak, in our efforts to help patients on their journey to recovery.

US: Attitude and policy shifts catalysed patient access to treatment

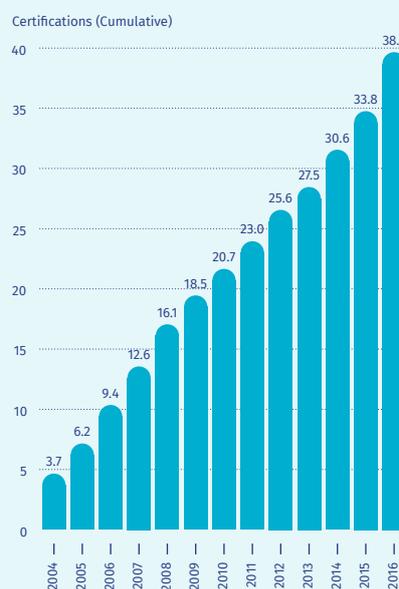
Growth in buprenorphine treatment (Market mgs in millions)



Source: Source Healthcare Analytics Retail and Non-Retail Sales data – week ended December 30, 2016

Supported by consistent growth in certified physicians

Cumulative physician certifications (in thousands)



Source: NTIS DEA Certifications: Internal estimates

Delivering on our strategy

Our strategic priorities	Progress in 2016	Focus going forward
Building the resilience of our franchise	<ul style="list-style-type: none"> ◀ Maintained market leadership in the US with Suboxone® Film, which increased its average market share slightly to 61% (2015: 60%) ◀ Maintained market leadership of the buprenorphine medication assisted treatment (BMAT) market in Europe, despite the availability of buprenorphine generic tablets ◀ Started to build out our Medical Affairs team to engage with and educate key stakeholders 	<ul style="list-style-type: none"> ◀ Continue to develop opportunities arising from legislative and regulatory change, such as the Comprehensive Addiction and Recovery Act legislation and HHS final rule in the US ◀ Increase US investment to help expand patient access to treatment ◀ Expand capacity in Medical Affairs to enhance disease state education and scientific exchange related to the need for diagnosis and treatment of opioid use disorder ◀ Continue to defend our intellectual property (IP) in relation to Suboxone® Film which is subject to challenge from multiple generic manufacturers
Developing our innovative pipeline	<ul style="list-style-type: none"> ◀ Reported top-line results of Phase 3 efficacy and safety trial showing RBP-6000 achieved both primary and secondary endpoints ◀ Increased investment preparing for the launch of RBP-6000 on its approval ◀ Progressed RBP-7000 through Phase 3 efficacy, safety and extension trials, and gained agreement on NDA submission strategy with the FDA ◀ Completed a Phase 2a study for arbaclofen placarbil in the US, leading to reformulation ◀ Filed for market authorization in France for Nalscue®, which was granted ATU (pre-licensed access) status and made available 	<ul style="list-style-type: none"> ◀ Prepare to launch RBP-6000 on its approval, by focusing on enhancing scientific exchange and education, addressing new mechanisms of reimbursement, and establishing new specialty pharmaceutical distribution architecture ◀ Prepare to launch RBP-7000 on its approval, by investing in planning activities, while remaining open on how best to monetize the asset ◀ Conduct additional clinical studies and advance new formulation development for arbaclofen placarbil
Expanding our global pipeline	<ul style="list-style-type: none"> ◀ Completed clinical trials in China for our Suboxone® Tablet RB-CN-10-0013 and submitted an NDA to the Chinese FDA ◀ Submitted sNDS to Health Canada for additional Suboxone® Tablet dosage strengths 12 mg/3 mg and 16 mg/4 mg ◀ Consulted with agencies in Europe, Canada and Australia regarding RBP-6000 and developed plans for filing in these regions 	<ul style="list-style-type: none"> ◀ Continue to work with regulatory agencies globally to expand our RBP-6000 development program ◀ Continue engagement with key European stakeholders to develop awareness of under-recognized populations dependent on prescription opioid painkillers who may need treatment
Developing the business	<ul style="list-style-type: none"> ◀ Continued to assess options for targeted M&A and product acquisitions ◀ Reviewed all external assets in addiction, concluding that most compete with products we already have 	<ul style="list-style-type: none"> ◀ Continue to invest in organic growth ◀ M&A on hold until resolution of investigative and antitrust matters and ANDA uncertainties ◀ Maintain strong financial discipline, and only ever make external investments if they bring value to shareholders and leverage our core competencies



“Around the world, awareness is growing and momentum is building.”

Can you tell us about Indivior’s vision and the direction it provides for the organization?

Our vision at Indivior is that all patients around the world will have access to quality treatment for the chronic, relapsing condition and co-morbidities of addiction. This vision guides our work and enables us to assess our progress against the following commitments:

- ◀ Firstly, we have to continue the work of changing societal attitudes towards addiction, moving it from being a marginalized condition to being treated as the disease that it is;
- ◀ Secondly, we have to widen access to quality treatments by educating healthcare professionals on treatment options and making sure patients know that treatment is available;
- ◀ Thirdly, there are many more countries and addiction areas into which we can expand to meet unmet patient needs; and
- ◀ Finally, we have to pioneer the development of innovative prescription treatments for addiction to help patients to improve their quality of life.

Addiction is a chronic disease. And we believe that people struggling with addiction deserve treatment. They should be treated no differently from those who suffer from other chronic diseases, such as diabetes. Our vision and our unique culture are all about making this happen.

How is awareness of the problem changing, and what does this mean for Indivior?

Around the world, awareness is growing and momentum is building. Opioid addiction has become a global human crisis and societies and governments are now taking meaningful action. In Australia and France, enlightened regulation has enabled pioneering medical treatment, and in China the authorities are looking to expand treatment options for the millions of unrecognized patients in the country.

These developments are encouraging, because the key to expanding access to quality treatment for addiction is shifting attitudes and catalyzing progressive policies. Such policies can change how people with addiction are viewed and supported by governments, healthcare providers, payors and society, so that addiction is normalized as a disease and medically treated. Indivior’s growth as a company has been mainly attributable to countries where there was a drug policy and regulatory mindset shift, creating an environment where addiction was recognized as a legitimate disease, leading to increased availability and acceptance of medical treatment. We still have many more countries where we can provide education and support to bring about this kind of mindset change.

In the US, the epidemic is now at the forefront of government thinking and we’ve seen significant progress in policy development and decision-making. The new American Society of Addiction Medicine (ASAM) National Practice Guidelines, for instance, have improved standards of care and achieved breakthrough consensus among stakeholders. Indeed, medication-assisted treatment (MAT) is now regarded as an evidence-based best practice for opioid dependence treatment, and is moving closer to mainstream medical practice.

The passing of the Comprehensive Addiction and Recovery Act (CARA) in 2016, meanwhile, represents a milestone in federal response and attitude, providing official recognition of the need to increase training and resources to help expand access to treatment. Demonstrating the increased understanding and engagement of the Administration and Congress in this area, this initiative constitutes a tremendous advancement in patient care.

We are pleased that the CARA legislation additionally authorizes nurse practitioners and physician assistants to obtain a waiver to prescribe treatments for patients in need, and we are encouraged by the grants provided by CARA that focus on education, treatment and recovery. We are especially encouraged that this news closely follows the final rule by the US Department of Health and Human Services (HHS) to increase access to treatment by raising the number of patients that can be treated by certain qualified physicians from 100 to 275. Together, these actions represent a vital step toward addressing the unmet treatment needs of patients living with opioid dependence and the nation’s opioid addiction crisis. We also applaud the US Surgeon General’s Report, published in November 2016, which demonstrates strong commitment to addressing the public health epidemic of opioid addiction.

We believe these developments could be significant for patients and physicians. They also offer an opportunity for Indivior to drive a paradigm shift in addiction treatment.

But these kinds of change don't happen in a vacuum. They are happening because the public is becoming more aware of the human cost of opioid addiction – the lives lost, the families and communities shattered. In my conversations with political and medical stakeholders around the world, the message is clear: people want to prioritize this issue and, through dedicated resources and focus, find solutions to the opioid addiction crisis.

Could you describe Indivior's strategic approach to developing the business and realizing its vision?

Our strategy involves four main routes to growth. These are:

- 1. Building the resilience of our franchise** by continuing to expand patient 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.

4. Developing the business by creating growth through targeted and disciplined business development and acquisitions.

I would like to report on our progress in each of these strategic areas in 2016.

Building the resilience of our franchise

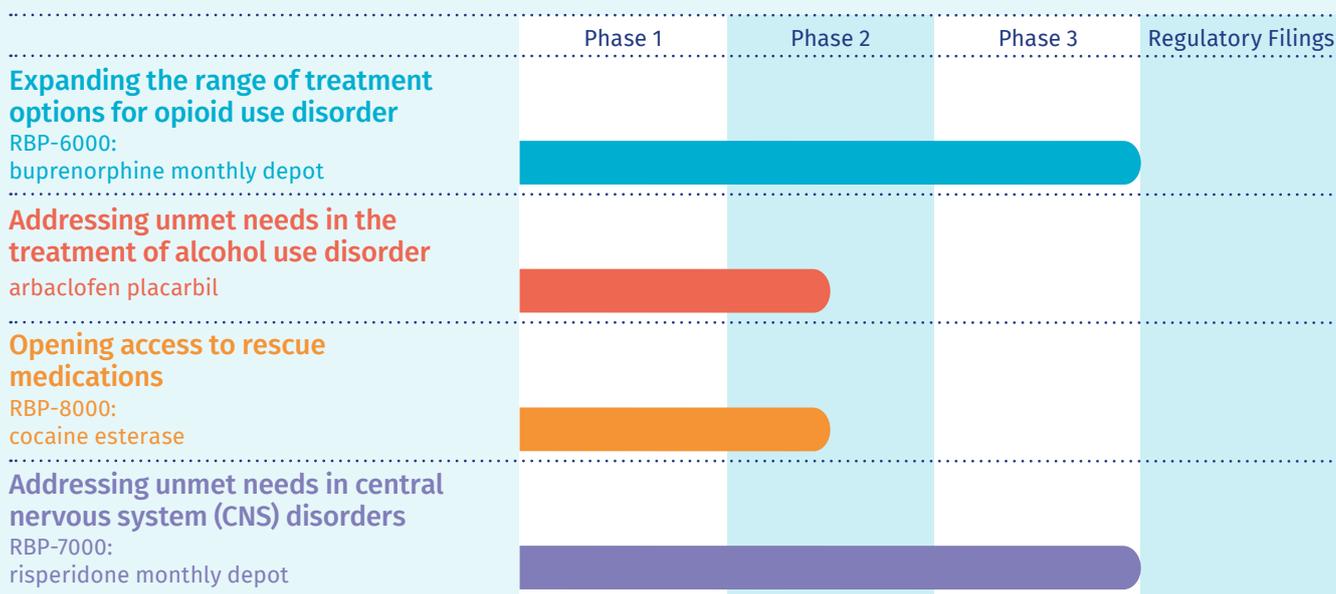
As mentioned earlier, we are market leaders and key factors helping to accelerate growth in the US include the increased focus on, and investment in, growth initiatives, such as education aimed at helping patients find and access treatment; overall physician treatment infrastructure opportunities arising from legislative and regulatory changes – in particular, the CARA legislation and HHS final rule. At the end of 2016, over 2,400 physicians had already qualified for the higher patient cap of 275, which will bring about increased treatment access to those who may not be able to find help. I am also pleased to see a record number of new physicians entering this disease space in 2016 - over 4,800 certifications - further expanding treatment capacity, which is much needed.

Intellectual property (IP) litigation has been a core feature of the pharmaceutical industry for many years. IP creation and defense is a high priority for Indivior. In 2016, five US and 85 ex-US patents were granted, strengthening the IP protection around our product portfolio. We are currently in the process of defending our IP in relation to Suboxone® Film, which is subject to challenge from multiple generic manufacturers in the US. The positive outcome of the first ANDA trial in 2016 confirmed the strength of our IP protection for Suboxone® Film.

More information regarding the litigation with the generic challengers is included on page 44, and a full explanation of the Principal Risk Factors is on page 49.

In 2016, as part of our preparing to launch RBP-6000 buprenorphine monthly depot on its approval, we started to build out our Medical Affairs team to engage with and educate key stakeholders. These investments will help ensure that appropriate patients have access to this potentially important new treatment option as soon as possible, once approved.

Research & Development of Pipeline of Products





In Europe, Subutex® and Suboxone® Tablets continued to hold up well, and we maintain clear market share leadership within the buprenorphine medication-assisted treatment market (BMAT), despite the availability of buprenorphine generic tablets.

Furthermore, recent new clinical guidelines in European countries (Sweden 2015, Denmark 2016) highlight the position of the buprenorphine/naloxone combination as a first-line option for treating OUD patients. Europe continues to present a medium-to-long-term growth opportunity, as governments and clinicians seek to broaden the use of MAT in the OUD patient population, as public health awareness grows, and our pipeline innovations enter the market. However, pricing in Europe continues to be under pressure from government austerity measures.

Developing our innovative pipeline

I am, and always have been, confident about the potential of our pipeline, and not just in terms of our next generation treatments for opioid use disorder, but also regarding our expansion into alcohol use disorder, overdose rescue, and schizophrenia. In each of these areas, our pipeline projects aim to provide important new treatment options for addiction and other central nervous system (CNS) disorders.

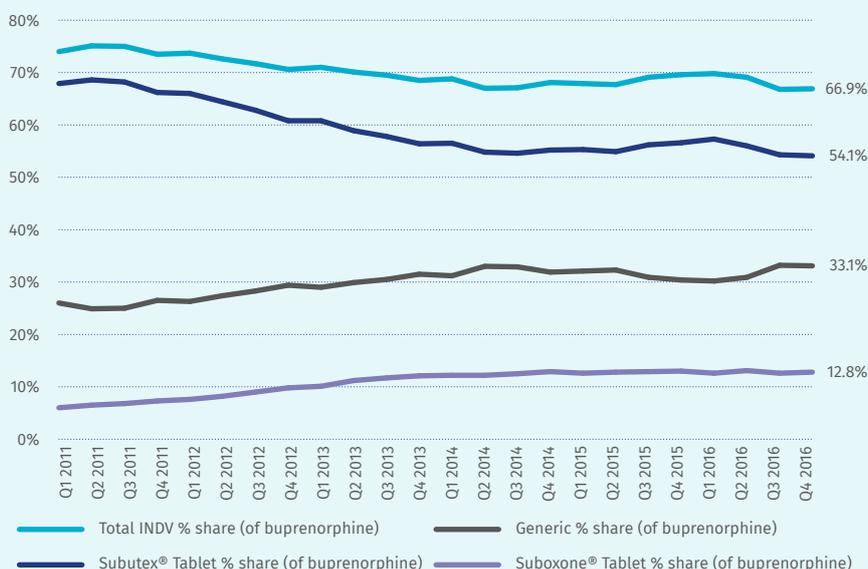
Thanks to the quality of our science and our people, we made excellent progress in our pipeline developments in 2016. I am pleased to report that we published top-line Phase 3 efficacy and safety trial results in August, showing that RBP-6000 buprenorphine monthly depot achieved both primary and secondary endpoints. We remain on track for a Q2 2017 NDA submission to the FDA and a potential approval in the US in Q4 2017, assuming priority review. In Q4 2016, we consulted with regulatory agencies in Europe, Canada and Australia regarding RBP-6000 buprenorphine monthly depot and plans are being developed for filing in these regions.

Following the previously announced incremental investment in 2016 for US activities related to market growth and preparing for the launch of RBP-6000 buprenorphine monthly depot and RBP-7000 risperidone monthly depot on their approval, we expect to further increase our investment in 2017. These activities are focused on expanding treatment access for patients and will include medical education, the development of new distribution channels and salesforce training, to help ensure that we are well prepared for a successful launch on approval.

As part of our efforts to expand into areas outside addiction, RBP-7000 risperidone monthly depot for the treatment of schizophrenia progressed through Phase 3 efficacy and long-term safety extension trials. In August, the FDA agreed with our proposed NDA submission strategy, keeping us on track to file our NDA in Q4 2017. As we know, schizophrenia is a devastating, chronic and relapsing illness, with complex genetic and environmental interactions and unmet patient needs. A monthly dosing interval is the frequency that practicing physicians and psychiatrists tell us they most favor, so we believe the combination of a monthly dosing interval with a recognized and proven active ingredient and drug delivery platform could result in a valuable treatment option for schizophrenia. We are in the process of evaluating how best to monetize this asset, exploring out-licensing, partnerships or outright sale, alongside evaluating its value under our own ownership. While we consider these options, in 2017 we will begin preparing for the launch of RBP-7000, on its approval, laying the groundwork for whichever route we take.

In alcohol use disorder, we completed a Phase 2a study for arbaclofen placarbil in the US, which suggested that the product was safe and well tolerated in a controlled abstinence setting, but with significant inter-individual variability in pharmacokinetics. Additional clinical studies are required, and we are underway with new formulation development.

Europe: Clear market leadership % Volume share of buprenorphine



Meanwhile, Nalscuc® (intranasal naloxone), our nasal naloxone spray to treat opioid overdose, was granted Temporary Authorization for Use (ATU or access to medicinal products that have not yet been granted a Marketing Authorization) status in France and was made available to French hospitals at the end of July 2016. We filed for market authorization in November 2016, and Marketing Authorization approval is expected in the first half of 2017.

Elsewhere, we had a few setbacks during the year, as can be expected in such a complex field of research and development. For example, the oral swallowable capsule of buprenorphine hemiadipate, RBP-6300, did not achieve the anticipated PK profile in the Phase 1 trial. This result demonstrates once again the difficulty of developing an orally bioavailable formulation of buprenorphine, but we are committed to evaluating alternative options in 2017.

Each of these pipeline projects reinforces our commitment to improving patient outcomes and extending our range of treatment options and opportunities beyond opioid use disorder.

Expanding global treatment

Expanding access to treatment is core to our vision, and we are always looking to extend our patient-focused treatment models to other markets around the world. In 2016, we completed clinical trials for our Suboxone® Tablet RB-CN-10-0013 and submitted an NDA to the Chinese FDA, although it will be some time yet before this investment begins to pay back in commercialization.

It is estimated that at least 600,000 high-risk opioid users in Europe are not receiving MAT for opioid use disorder that might need treatment, and, while heroin addiction remains a primary focus, we are continuing pilot programs to help identify and expand treatment to the under-recognized patient population dependent on prescription opioid painkillers.

In addition, the availability of Suboxone® Tablet (buprenorphine and naloxone) in a 16 mg/4 mg dosage in some EU countries may enable physicians to offer more flexible treatment options to their patients.

These initiatives will take time to establish their need and are seen as a long-term opportunity, however we remain convinced that this is the right thing to do for patients. In 2016, we maintained a high level of engagement with key European stakeholders to help address challenges that exist to accessing this opportunity.

Meanwhile, in Australia, an even greater number of patients are accessing treatment, assisted by increased education, awareness, and recognition of the need to identify and treat opioid painkiller addiction, where previously the focus was primarily on heroin-addicted patients.

Business development, acquisitions and opportunities

Our first priority is always to focus on organic growth; to keep our risks low by investing in what we know.

Although we have not yet made any major external investments or acquisitions, this is not a reflection of lack of interest or effort, but rather a prudent view that the timing has not yet been right. As a business, we are continually scrutinizing opportunities for diversification, and in 2016 we continued to assess options for meaningful integrations and product acquisitions. We reviewed all external assets in addition, concluding that most compete with products we already have. We also looked at sensible adjacencies in several disease spaces, but decided that any potential add-on opportunities made little sense from either a strategic or financial perspective at this time.

Our leadership in opioid addiction treatment gives us plenty of

opportunity for organic growth, and where we believe we can enhance this through acquisitions at sensible valuations, we will do so. But we will continue to maintain strong financial discipline, and will only ever make an external investment if it is the right thing to do for Indivior, if it brings incremental value to shareholders, and, above all, if it aligns with our patient focus and commitment.

How would you characterize Indivior's financial performance in 2016?

It was a very exciting year for the Company, and an encouraging year financially. We continued to deliver strong performance, with consecutive quarterly net revenue growth and a return to growth in all areas. The treatment market in the US grew by high single digits, with many new doctors certified, and more patients in treatment. Suboxone® Film average market share of 61% in the US demonstrated the resilience of our core business in the face of a highly competitive market, featuring multiple generic and branded competitors. And, as market growth improved modestly, we were twice able to raise our previous guidance for the full year. Overall, our performance in 2016 ran well ahead of our plan, and as with last year, this outperformance against our original planning assumptions meant we were able to reinvest in the long-term organic growth drivers of our business.

Of course, there is still a degree of uncertainty in the business, and we have taken prudent action as a result. The Company reported and recorded a charge of \$220m in the third quarter of 2016 in relation to investigative and antitrust litigation matters, and the process of listing in the US is temporarily suspended pending clarification in these areas. Because these matters are at various stages, we cannot predict with any certainty the ultimate resolution or cost involved. Overall we finished 2016 in a very strong position, and I am extremely encouraged by the progress we have made.



How is Indivior fit for the future?

I'm delighted to say that we have made good progress in consolidating and de-risking the business. At the beginning of the year, our priorities were to resolve our litigation and investigation challenges and secure long-term certainty for the Company. As part of these efforts, our key priorities included preserving our leadership position in the US, developing our pipeline, expanding the business through targeted development, and expanding treatment globally.

In addition to improving the financial health of the Company, in 2016 we expanded our operational and executional capability through the implementation of a cutting-edge SAP system.

Building on solid foundations, we invested significantly in our compliance

culture, and we continue to meet regulatory requirements governing pharmaceutical conduct.

We also enhanced our R&D capacity, recruiting high-caliber scientific talent and are building a new R&D center of excellence in Hull, UK.

As a result of these developments, we have created a business structure that is fit for purpose and reinforced our stand-alone capabilities and independence. We are now in good shape for the next phase of our development, and we look forward to continuing our progress.

As we move forward, we will continue to roll out our cost optimization initiative, both in respect of indirect costs and in contained cost inflation on the base business.

This initiative is intended to help offset the P&L costs of the business and other investment costs.

What's the outlook for Indivior?

I believe in our strategy and our capabilities, and I think we can face the future with genuine confidence. We will focus on accelerating growth and strengthening our systems to deliver a favorable financial profile. We will also invest in making RBP-6000 buprenorphine monthly depot a success, using our scientific insight and expertise to drive the potential value of this product and expand treatment access for patients.

I have no doubt there will be further challenges ahead. In the third quarter of 2016, the Board recorded a charge of \$220m for ongoing investigative and antitrust litigation matters, including a Department of Justice investigation and a Federal Trade Commission investigation. Because these matters are at various stages, we cannot predict with any certainty the ultimate resolution or cost implications for the business. The final cost may be materially higher than this reserve. In 2017, we will continue to face additional and ongoing ANDA litigation in relation to our intellectual property (IP) for Suboxone® Film. We hope for further success in defending our IP in the ANDA litigation.

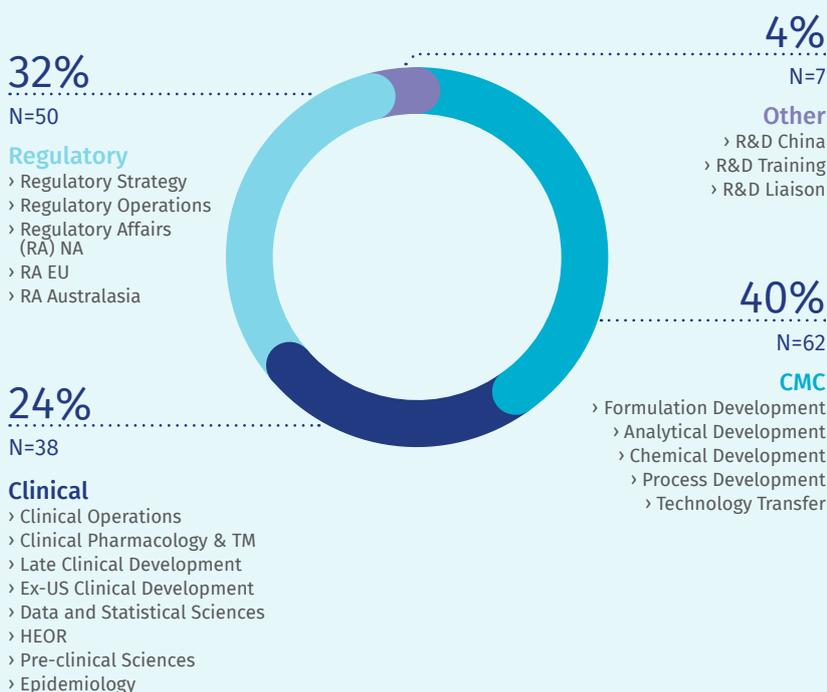
The resilience of Indivior is ultimately down to the passion, commitment and talent of our people. Every one of us puts patients first, every day, and strives to make a difference to all patients around the world. In this way, our work is underpinned by the strength of our culture, and I am confident in our ability to achieve our vision and transform addiction from a global human crisis to a highly-treated disease.

I would like to thank all our people and partners in the treatment community for their ongoing commitment to the cause. Together, we will continue to address patients' needs, and endeavor to positively impact the lives of those struggling with addiction around the world.

Shaun Thaxter
Chief Executive Officer

Current R&D organization

(N=157 employees at December 31, 2016)



Pioneering

potentially life-transforming treatments

Across Indivior's R&D function, our skilled and multi-disciplinary teams collaborate to deliver pioneering, potentially life-transforming treatments. Here, Christian Heidbreder, Chief Scientific Officer, Mark Crossley, Chief Financial Officer, and Sue Learned, Senior Vice President, Global Clinical Development, discuss Indivior's unique R&D culture.



**Sue Learned, Mark Crossley
and Christian Heidbreder**

“We have evolving insight into patient needs, and we’re always looking to innovate treatment options to address their unmet needs.”

How does patient insight, and the commitment to meeting unmet patient needs, inform your work in R&D?

Christian

Our first guiding principle is to focus on patients in order to make the right decisions. In the pipeline, across the business, you see that here at Indivior on a daily basis. In R&D, we sometimes make very challenging decisions, based on the quality of the science we generate, about the direction of projects and whether and how they will deliver additional value to our patients. So, that focus, that commitment to meeting patients’ unmet needs, is absolutely number one.

Sue

There are a number of individuals here who have been working in this space for decades. This gives us an advantage, in that we’ve been very close to the patient population for a long time and we’ve seen how things have matured. We have evolving insight into patient needs, and we’re always looking to innovate in order to develop patient-focused treatment options.

Mark

Insight comes from the very unique cross section of people we have here. Of course, we have the scientific expertise, but we also have our commercial function, where we carry out a great deal of market research with physicians, patients and family members. We also have some of the individuals who conducted the original studies on buprenorphine. Then there are those who’ve been personally affected by the disease and want to give something back. So, there’s a wealth of knowledge, experience, passion and focus which we can take to other disease spaces as we grow.

How do you ensure all these people collaborate to optimize the R&D process and bring the next generation of treatments to market?

Christian

Each individual on the R&D team is personally responsible for casting the right culture shadow and ensuring that we adhere to our Guiding Principles, especially “seek the wisdom of the team” and “care enough to coach” (see page 35). This is a key contributor to the strong communication and collaboration environment we see between our different R&D functions and among our wider divisions, such as strategy, medical and commercial. We are a fast-growing organization, and we want to ensure all these groups are working together as smoothly as possible. This commitment to our culture, plus our weekly and monthly R&D leadership meetings, enable us to keep on top of things operationally, remain focused on the pipeline, and ensure we are aligned in our key decisions.

Mark

We also have medical development teams, who own their individual therapy areas – for example, opioid use disorder, schizophrenia, alcohol use disorder. It’s a new multifunctional approach, representing different views for the patient that come together to develop an optimized asset.

Sue

Yes, and we’ve designed our trials with endpoints that are most meaningful for patients and prescribers. For example, we’re looking into craving, which many in this field would agree is one of the most important endpoints. So again, it’s about translating patient insights into our clinical program.

Excellence in innovation: our pioneering pipeline

Our mission in R&D is to discover and develop innovative medications that help transform patients' lives through world-class science and a culture of collaboration.

In support of this mission, our primary focus is patients' unmet needs, including relapse, diversion and abuse, with a view to developing products that enhance the treatment experience for patients and physicians. Our approach is to leverage existing compounds and technologies to develop potentially transformational treatments for addiction and other CNS disorders.

Our R&D team is committed to working in partnership with physicians and the wider medical community to explore new frontiers and discover new science. As such, Indivior's R&D function is vital to the success of our business. It is because of how well we have anticipated unmet patient needs, and how well we have developed and formulated the technologies we have on the market today, that we are able to deliver such a strong commercial and operational performance. Indeed, the thinking, insight and innovation that first took shape in our R&D laboratories years ago, now enables us to accelerate towards our vision with enthusiasm and confidence.

2016: a year of clinical progress and investment

During 2016, we completed 12 clinical trials – the most in Indivior's history. We also submitted our NDA for Suboxone® Tablet in China, and are currently preparing two additional NDAs in support of RBP-6000 and RBP-7000 in the US. Finally, we monitored 21 potential molecules that might represent new pharmacotherapeutic opportunities in addiction medicine. Our major pipeline milestones can be seen on page 33.

Our key pipeline assets: RBP-6000 and RBP-7000

In particular, 2016 was a year of significant advancement around our two key pipeline products, RBP-6000 buprenorphine monthly depot developed for the treatment of opioid use disorder (OUD), and RBP-7000 risperidone monthly depot developed for the treatment of schizophrenia. Both products are vital to our efforts to address unmet medical needs. Regarding RBP-6000, for example, our clinical studies have been carefully and uniquely designed in an effort to demonstrate the hypothesis that sustained levels of buprenorphine, which translate into high μ -opioid receptor occupancy, can suppress withdrawal symptoms and craving, and block the subjective and objective effects of opioid agonists when buprenorphine delivery is consistent across the entire one-month period.

Overall, we believe that RBP-6000 buprenorphine monthly depot could represent a potentially important new option for the treatment of opioid use disorder, if approved. We hope that this investigational product may offer physicians greater certainty of compliance and adherence by reducing patients' treatment administration decisions to monthly (12/year) rather than daily (365/year).

We also believe that the depot formulation and its distribution model have characteristics that may discourage abuse, misuse, and diversion.

In 2016, our confidence in RBP-6000 was further strengthened by top-line results from our Phase 3 trials, which demonstrated that RBP-6000 achieved the primary endpoint of the cumulative distribution function (CDF) of the percentage of urine samples negative for opioids combined with self-reports negative for illicit opioid use collected over a 24-week period. Furthermore, RBP-6000 achieved the secondary endpoint defined as any subject with $\geq 80\%$ of urine samples negative for opioids combined with self-reports negative for illicit opioid use over a 24-week period. RBP-6000 was generally well tolerated in this study. Available safety findings suggest that 2.8% of subjects on RBP-6000 (both dosage regimens combined) experienced a serious treatment-emergent adverse event (TEAE) compared with 5.1% of subjects on placebo. There were no related serious TEAEs across groups. 7.2% of subjects on RBP-6000 (both dosage regimens combined) experienced a severe TEAE compared with 4.0% of subjects on placebo. 4.6% of subjects on RBP-6000 (both dosage regimens combined) discontinued treatment due to TEAEs compared with 2.0% of subjects on placebo.

We are planning to submit and present our Phase 3 efficacy and safety and Phase 3 HEOR data at the College on Problems of Drug Dependence (CPDD) conference in June 2017. We continue to estimate a potential approval from the FDA in the US in Q4 2017 under the assumption of a priority review.

Our rationale for, and belief in, RBP-7000 risperidone monthly depot, meanwhile, is driven by the urgency to address non-compliance with medication administration in the treatment of schizophrenia. Evidence shows that non-compliance with schizophrenia treatment can lead to relapse, increased disability/longer psychosis, and high rates of recidivism. Compliance, on the other hand, means hospital stays are reduced and patients' functional ability is improved. It is our view that long-acting injectable antipsychotics (LAIs), like RBP-7000, have the potential to deliver measurable quality of life benefits, helping to extend treatment duration and manage tolerability. We have shown that RBP-7000 produces statistically and clinically significant differences in mean reductions from baseline in both Positive and Negative Syndrome Scale (PANSS) total score (primary efficacy measure) and Clinical Global Impression – Severity (CGI-S) score (secondary efficacy measure). RBP-7000 was generally well tolerated in the study, and the observed safety profile of RBP-7000 was similar to that reported with oral risperidone. Our NDA submission remains on track for Q4 2017, with a potential estimated approval by the FDA in the US in 2018.

Indivior's R&D strategy

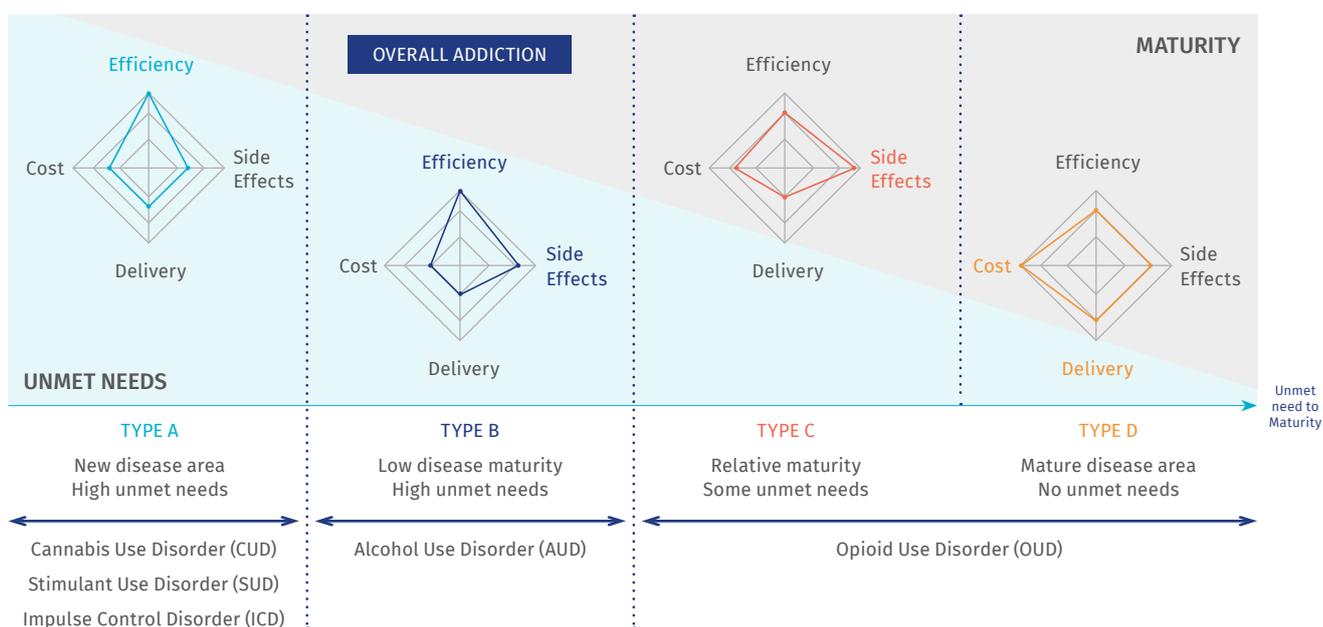
Our R&D strategy is to develop products that address the major challenges in addiction medicine, which are: efficacy, safety, delivery (including adherence to treatment and reduction in misuse and diversion), and cost.

A pre-requisite for addressing these challenges is understanding addiction as the result of long-term molecular and cellular adaptations in key neural networks. In addiction patients, we typically see that:

- ◁ Learning and memory are impaired
- ◁ Resistance to repetitive, maladaptive behaviors often fails
- ◁ Aspects of decision-making are compromised
- ◁ Reward prediction is biased
- ◁ Motivation is altered

Our strategy focuses on addressing these challenges at different stages of drug development

In our R&D activities, we continually make the link between unmet needs in a disease and the maturity of that disease, as shown below, and we adjust our drug development efforts to focus on certain key characteristics, depending on where we are on this continuum.



Consolidating our reputation for scientific excellence

In 2016, we showcased our R&D achievements and pipeline developments at our second Indivior R&D Day, which was held in New York City in December 2016, with the aim of further consolidating our reputation for scientific expertise in the field of addiction medicine and other CNS disorders.

Our scientific excellence was also shared among our Indivior colleagues at our sixth Annual Global R&D Conference in April 2016, with a blend of general sessions dedicated to opioid use disorder, alcohol use disorder and schizophrenia, plus business updates, functional breakout sessions, and team-building exercises. This year's conference achieved an overall participant satisfaction score of 98%, the highest ever recorded for this kind of event at Indivior.

Furthermore, during the year our scientific excellence was reinforced in 11 peer-reviewed publications, including methodological papers, manuscripts dedicated to the clinical pharmacology of RBP-6000 buprenorphine monthly depot and RBP-7000 risperidone monthly depot, as well as lead optimization efforts focused on early-stage asset development opportunities (e.g. selective dopamine D3 receptor antagonists for the treatment of stimulant use disorder).



“Developing innovative treatment options that integrate the emerging science related to opioid blockade and receptor occupancy with a monthly depot delivery system could create an evidence-based, paradigm shift from how we approach opioid use disorder today.”

Dr. Brent Boyett, D.M.D., D.O., Board certified in addiction through the American Board of Addiction Medicine (ABAM), RBP-6000 Clinical Trial Investigator.

R&D strategic drivers in 2016 and beyond

In 2016, we redefined our four R&D strategic drivers for the business:

◀ Architecture

Building new, state-of-the-art R&D infrastructure and upgrading existing facilities to support our independence as an organization

◀ People and Culture

Attracting, developing and retaining R&D talent and building internal capabilities to enable future growth

◀ Processes

Devising best-in-class processes to deliver on commitments, further improve how we work together, and help us make the right decisions on behalf of patients

◀ Portfolio

Developing innovative medications that may help to transform patients' lives

R&D strategic driver 1: Architecture

In 2016, we made major advances in the construction of a new, state-of-the-art R&D center in Hull, UK. Comprising a 5,000 square meters/54,000 square feet structure, the new building is on track for completion by the end of Q4 2017, and will become a global center of excellence for the discovery and development of innovative medications. It will be equipped with cutting-edge scientific equipment, enabling our R&D teams to continue their work of creating potentially transformational treatments through world-class science, research and innovation. In this way, the new building will help us to realize a vision, first articulated in December 2015, of creating a stand-alone and fit-for-purpose R&D organization.

We also undertook work to extend our R&D facilities in Fort Collins (CO, USA). These new facilities will further facilitate our compliance with the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH), which continuously adopts new scientific standards for quality control monitoring. These standards form the basis of most regulatory guidelines, including those published by the FDA.

R&D strategic driver 2: People and Culture

Our people are vital to our overall success as an organization. Without the right people with the right vision, passion and skills, nothing would be feasible or achievable. In 2016, we hired new talent into the organization across all R&D areas, with a view to strengthening an already experienced and talented team. We made key appointments in Chemistry, Manufacturing and Controls, Clinical Development and Regulatory Affairs, giving greater breadth and depth to our R&D capabilities globally.

During 2016, we also implemented several recognition programs and introduced new behavioral tools to ensure that our new and fast-growing team integrates and works together well. These mechanisms will help our people to better understand the behaviors that drive their actions, and have already led to higher performance, collaboration and cohesiveness across all R&D functions.

Overall, these People and Culture developments will help to ensure we have the talent we need to drive the business forward and achieve long-term sustainable growth.

R&D strategic driver 3: Processes

During 2016, we strengthened processes designed to improve further how we work together and define roles and responsibilities, and to help us make the right decisions in the best interests of patients. To these ends, our Science & Policy Committee, made up of members of the Board with a scientific background, continued to meet regularly to discuss all scientific matters related to R&D and pipeline progress.

In addition, our R&D Leadership Committee, which comprises R&D function heads, works to ensure we make the right decisions based on our understanding of all activities being undertaken in Chemistry, Manufacturing and Controls, Regulatory Affairs and Clinical Development. Meanwhile, our Portfolio Review Committee makes recommendations to the Executive Committee and Board on our R&D strategy, priorities, and all major pipeline-related decisions. Combined, these internal bodies ensure we implement best-in-class processes to help us achieve our goals and put patient needs at the heart of all decision-making and policy development.



R&D strategic driver 4: Portfolio

Pipeline milestones in 2016

During 2016, we made significant progress in all areas of portfolio development. Despite challenging timelines and an increasingly complex competitive landscape, we once again achieved another series of pipeline milestones, including:

Opioid use disorder

Product	Milestone	Geography
Suboxone® Tablet	Additional dosage strengths 12 mg/3 mg and 16 mg/4 mg: sNDS submitted to Health Canada (HC) December 6, 2016.	
	NDA submitted to CFDA December 27, 2016.	
RBP-6000 in ATRIGEL®	RBP-6000 buprenorphine monthly depot developed for the treatment of opioid use disorder, estimated potential approval from the FDA in the US in Q4 2017, under the assumption of a priority review.	
	<ul style="list-style-type: none"> ◁ Phase 3 efficacy and safety trial: positive top-line results published August 17, 2016 ◁ Phase 3 long-term safety trial: database lock achieved October 31, 2016 ◁ Remission from Chronic Opioid Use: Studying Environmental and Socioeconomic Factors on Recovery (RECOVER®) study: 530 subjects achieved baseline survey on January 19, 2017 ◁ Presentation of Phase 3 efficacy and safety plus Phase 3 HEOR data planned for College on Problems of Drug Dependence (CPDD) conference in June 2017 ◁ Regulatory: Fast Track Designation May 23, 2016; Pre-NDA meeting December 14, 2016. Target NDA submission to FDA Q2 2017 	     

Research & Development continued

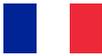
Psychiatric co-morbidities

Product	Milestone	Geography
RBP-7000 risperidone monthly depot	<p>RBP-7000 risperidone monthly depot developed for treatment of schizophrenia, estimated potential approval by the FDA in the US in 2018.</p> <ul style="list-style-type: none"> < Phase 3 efficacy and safety trial: positive top-line results released May 5, 2015 < Phase 3 long-term safety trial was completed in September 2016 and database lock achieved October 21, 2016 < Conducted analysis of US Health Economics & Outcomes Research (HEOR) endpoints in Phase 3 RB-US-09-0010 and RB-US-13-0005 with budget impact Model & AMCP dossier < Pre-NDA meeting held August 2016. FDA agreement with proposed NDA submission strategy < Target NDA submission to FDA Q4 2017 	

Alcohol use disorder

Product	Milestone	Geography
Arbaclofen placarbil for alcohol use disorder (AUD)	<p>Arbaclofen placarbil Phase 2a study (RB-US-14-0001): Final Clinical Study Report June 2016.</p> <ul style="list-style-type: none"> < Arbaclofen placarbil appears to be safe and well tolerated up to a dose of 240 mg in controlled abstinence setting < However: Significant inter-individual variability in pharmacokinetics profile as doses increased < In vitro and potential in vivo alcohol interactions require: <ul style="list-style-type: none"> < New formulation development < New Phase 1 bioavailability clinical study protocol (INDV-AP-102) of a new formulation of arbaclofen placarbil was approved by the Research Ethics Committee in November 2016 and the CTA was successfully approved by MHRA in January 2017 	

Rescue medications for drug overdose/intoxication

Product	Milestone	Geography
Intranasal naloxone for treatment of opioid overdose	<ul style="list-style-type: none"> < Temporary Authorization for Use (ATU): Approved by French ANSM* in November 2015 < ANSM approved ATU launch in July 2016 with Nalscue® launch in France in July 2016 < MAA submitted November 2016 <p>* ANSM: Agence Nationale de Sécurité du Médicament et des Produits de Santé; MAA: Marketing Authorisation Application 2016</p>	
RBP-8000 cocaine esterase for cocaine intoxication	<ul style="list-style-type: none"> < Breakthrough Therapy Designation: Granted October 2014 < Second Type B meeting with the FDA: March 2016 < As per agreement with the FDA, work has continued with the development of a lyophilized product and the first test batch was manufactured in October 2016 	

Managing our business responsibly

Indivior has developed a range of policies, resources, processes and relationships to enable and ensure the responsible management of our business. In practice, the Company addresses corporate responsibility by focusing on people, patients, communities, business conduct, health and safety, environment and climate change.

As a specialty pharmaceutical company, we take our responsibilities seriously. We aim to create sustainable value for our wide range of stakeholders, including patients, physicians, payors, policymakers, shareholders, employees, and the communities where we operate.

Culture

Since the launch of our US business in 2003, our Guiding Principles, Core Values and Vision have provided a framework for decision-making and created a blueprint for success. Across the organization, this framework also supports our culture, which unites and guides our employees. Our culture is a genuine competitive differentiator, enabling and encouraging our shared passion and commitment to remove the stigma of addiction and shift its treatment into mainstream medicine.

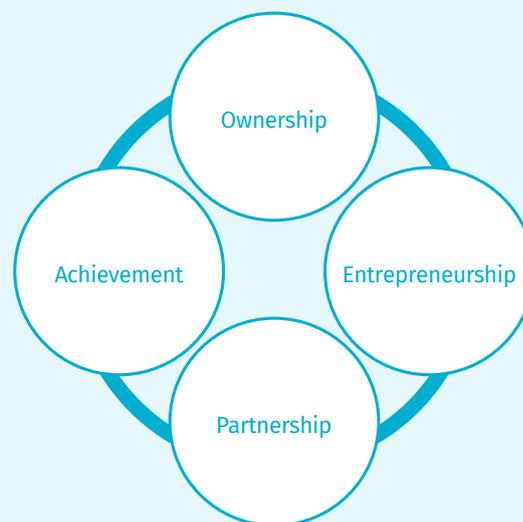
Our Guiding Principles define the Company's philosophy and how we operate. Patients are at the center of our decision-making. Our employees consciously live by the Guiding Principles, and management and employees embed and maintain the Company's culture through the following mechanisms:

- ◀ Annual global survey: Management conducts an annual global survey to assess the Company's culture and identify opportunities for enhancement.
- ◀ 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.
- ◀ 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 attend a full-day culture induction workshop to accelerate their integration and engagement within the team.
- ◀ Company intranet: In 2016, Indivior relaunched the company intranet to share best practice and build employee connection and awareness across functions and geographies.

Indivior Guiding Principles and Core Values

<p>Focus on patient needs to drive decisions</p>			<p>Seek the wisdom of the team</p>
<p>Believe that people's actions are well intended</p>			<p>Care enough to coach</p>
<p>See it, own it, make it happen</p>			<p>Demonstrate honesty and integrity at all times</p>



People

Across the Company, our people are united and driven by our goals, passions and principles. When we recruit new people into the business, we look for individuals who are not only technically skilled and knowledgeable, but who share our commitment to tackling the global addiction crisis.

As of December 31, 2016, Indivior employed 965 people worldwide (2015: 885). Of these, 596 were located in North America and 369 were located in the rest of the world. Of our 965 employees, approximately 426 were employed in commercial sales and marketing positions; 157 were employed in R&D, clinical and regulatory positions; 192 were employed in general management and other support roles; 102 were employed in medical affairs; and 88 were employed in supply.

The senior managers identified on page 60 for the purposes of s414C(8) of the Companies Act 2006 are members of the Executive Committee and/or directors of the Company's subsidiaries.

Employee diversity

We strive to create a diverse workforce and in 2016 made two new senior-level female appointments; one Non-Executive Director and one Executive Committee member. On December 31, 2016, there are three women on our Board of Directors, 15 female Senior Managers, and 521 women across the Group in total, compared to with 444 men.

Our work in this area is guided by our corporate diversity and inclusion policy. This policy commits the Company to equality of opportunity in all areas of employment and business, regardless of personal characteristics including, but not limited to, gender, race, nationality, age, disability, sexual orientation and religion. It also stipulates that increasing the diversity of the Company's employees at all levels is an important priority for the Board. It states that the Company will achieve this through targeted recruitment of people from diverse backgrounds and cultures, accelerated development of key talent within the organization, and an ongoing focus on creating an environment that allows all our people to thrive.

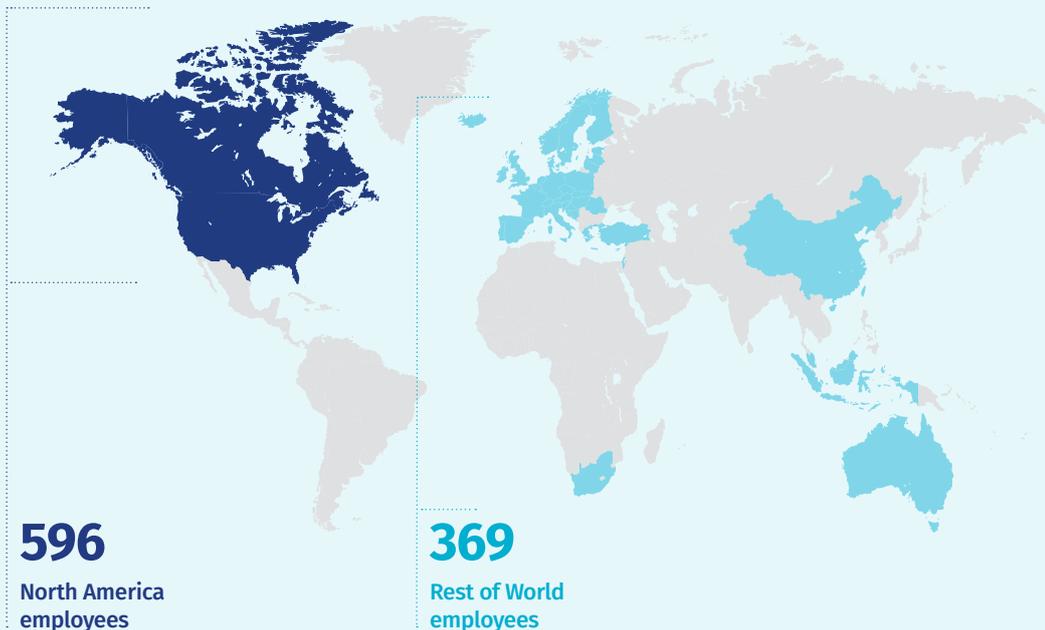
Labor rights and human rights

We are committed to providing a fair and equitable working environment, and adhere to internationally proclaimed principles on human rights, including equality and freedom of association in business operations.

Our employment policy commits Indivior to abide by local, international and best practice guidelines, laws and regulations relating to employment activities. The policy specifically refers to the ILO Declaration of Fundamental Principles and Rights at Work, which stipulates the abolition of child labor, the elimination of discrimination in respect of employment and occupation, the elimination of all forms of forced and compulsory labor, and the right to collective bargaining.

The policy commits 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). It also states that we look to employ, wherever practicable, people from local communities and to support those who may find it difficult to obtain employment.

Our employees worldwide in 2016





In addition, within the policy, we undertake to provide training and development facilities and resources for all employees, enabling them to perform their day-to-day responsibilities effectively and further their career development.

Patients

Patient safety and regulatory compliance

Patient safety and regulatory compliance are embedded in our culture, as well as in our patient-focused business model. We believe that patient safety is not just an obligation, but a responsibility. To ensure quality, safety and compliance in this area, we:

- ◁ Adhere to regulations determining product quality, safety and business standards.
- ◁ Employ a robust Quality Policy, Management System and Manual, while all systems are governed by appropriate policies.
- ◁ Establish qualification requirements around how to develop medicines and train employees.
- ◁ Design safety and vigilance into our systems, including a Risk Evaluation and Mitigation Strategies (REMS) program to mitigate the risks of accidental overdose, misuse, and abuse; we also inform prescribers, pharmacists and patients of serious risks associated with Suboxone® products.
- ◁ Measure the impact of our REMS program and report results annually to the FDA as required.

- ◁ Operate a Patient Safety Group, which includes:
 - Pharmacovigilance medical teams to ensure the safety profile of Suboxone® products and other Indivior approved and investigational products, which are closely monitored on a continuous basis. Based on the cumulative evidence, the benefit-risk profile of Indivior products, including those in the Suboxone® portfolio, remains positive.
- ◁ Drive safety across our operations through integrated processes and systems.
- ◁ Train all employees in patient safety requirements, with flexibility to respond to growth and legislative change.

Access to medication

In 2016, Indivior provided Suboxone® Film product valued at \$16.5m through its Patient Assistance Program in the US. Since 2010, the program has provided access to medicine for more than 35,000 financially needy patients, an average of 5,000 per year.

Connecting patients to help

With the disease of addiction, people generally only have a small window of time to pursue treatment. We want to be there when they are ready to take that first step.

In 2016, nearly 8.8 million unique visitors in the US accessed our online opioid dependence websites:

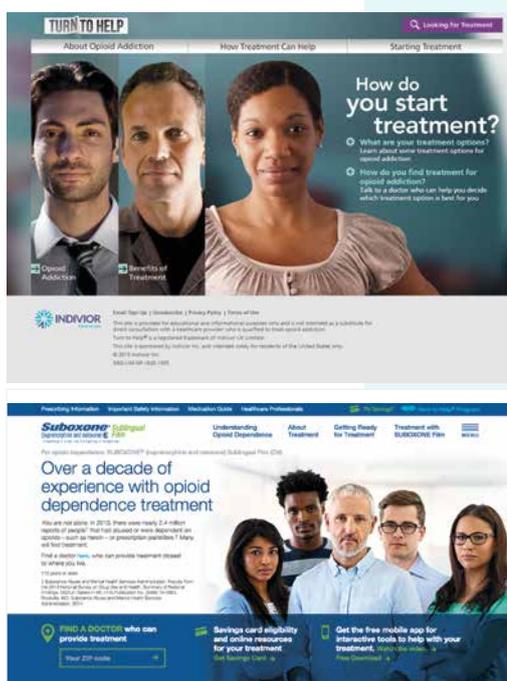
Turn-to-Help.com educates on the disease of opioid addiction and how treatment can help, as well as providing a search tool for patients to locate a waived physician in their area.

Suboxone.com is aimed at supporting patients at each stage of their journey, including providing tools to find a trained and waived physician and savings cards for medication.

In addition to our Turn-to-Help.com site in the US, we've recently launched Turn-to-Help.com sites in the United Kingdom and in Australia.

In Canada, we have developed and launched the ORBeOK campaign

which aims to provide untreated Canadians with credible, private information on opioid dependence and help them locate local healthcare professionals. The campaign includes a help-seeking website for people affected by addiction.



Reclaiming lives

We intend to transform addiction, and that means also breaking the cycle of addiction that impacts families and communities.

Founded in 2000 by American baseball player Jamie Moyer and his wife Karen, the Moyer Foundation supports thousands of American children and families each year through the delivery of its free-of-charge programs and services. Specifically, Indivior has partnered with the Moyer Foundation through Camp Mariposa, which is a program for young people who are impacted by the substance abuse of a family member. Indivior is committed to Camp Mariposa as the initiative offers help and hope to families and communities, both of which are critical to break the intergenerational cycle of addiction.

In September 2016, Indivior and the Moyer Foundation announced Indivior's \$1.2 million (over three years) charitable donation supporting the Moyer Foundation to conduct the following activities:

- ◀ Strengthening, growing and expanding addiction prevention resources, sites and services. The newest location, added in partnership with Community Connections, will be launched in early 2017 and will serve the rural area of Princeton, West Virginia in the United States.
- ◀ Improving infrastructure to provide the highest quality mentoring and addiction prevention programing, and ensuring the conduct of best practice across the Camp Mariposa network.
- ◀ Forming strategic industry partnerships to accelerate awareness and further reduce the stigma associated with addiction.

Additionally, Indivior also supports Camp Mariposa through its employee volunteering programs. In 2016, the Company's employees collected and donated more than 3,000 hygiene supplies and 200 duffle bags, provided more than 175 direct volunteer hours, and collected more than \$6,000 for camp supplies for Camp Mariposa's eleven locations, serving around 1,200 children across America.

Communities

Each year, we carry out a number of initiatives to support local communities in the areas where we operate. Everyone at Indivior is committed to making a positive difference to the lives of people affected by addiction, and our community support programs are another way we can support recovery and help remove the stigma of addiction. One of our flagship community projects is a partnership with the Moyer Foundation, a non-profit organization providing comfort, hope, and healing to children and families affected by grief and addiction.

Business conduct

Indivior is committed to responsible corporate behavior; this includes high standards of business conduct in our relationships with employees, contractors, customers, consumers, shareholders, suppliers, governments, competitors and the local communities in which we operate.

Indivior's approach to business conduct and stakeholder communications is shaped by the Company's overall aims and objectives, its responsibilities arising from its status as a premium-listed company on the London Stock Exchange, and its obligations under the regulations and laws that apply to its business activities.





Policies

We have put in place a variety of policies to guide and assist our employees in business conduct and stakeholder dialogue. They include:

- ◁ A communicating with care policy
- ◁ A speaker program and speaker training policy
- ◁ A social media engagement policy
- ◁ An investor relations policy
- ◁ An inside information and disclosure policy
- ◁ A competitor contact policy
- ◁ An employee communications with news media policy

Corporate compliance

In 2016, we expanded our Corporate Compliance department in support of our ongoing risk mitigation strategy. Resources dedicated to North America and EMEA were added to the team, including a Compliance Director, Data Coordinator, and Head of Global Data Privacy.

The department has worked diligently to ensure that key business functions are conducted in line with best practice in pharmaceutical marketing, healthcare fraud and abuse prevention, and anti-corruption guidance, including: regulations and laws created by the US Department of Health & Human Services (HHS); industry codes and guidelines outlined by the Pharmaceutical Research and Manufacturers of America (PhRMA), the US industry's trade association; and relevant industry codes, laws and regulations in all the countries where we operate.

The Corporate Compliance department has a number of objectives and responsibilities that are designed to ensure the Company achieves its goals. These include:

- ◁ Ensuring that the department functions at a high level within the organization, with access to the Board and Executive Committee, which oversees the program at a corporate governance and executive level.

- ◁ Establishing, maintaining and communicating standards of conduct for the business as a whole, including communicating with the salesforce and sales management at regular business meetings and quarterly web calls.
- ◁ Ensuring appropriate internal and external due diligence systems are in place to assess employee and vendor backgrounds and records.
- ◁ Maintaining a confidential reporting system and ensuring that its existence and purpose are communicated effectively across the organization.
- ◁ Ensuring responsible handling of personal information about employees, contractors, consumers, shareholders and suppliers.
- ◁ Ensuring that effective and prompt investigation and response processes are in place following the receipt of reports submitted through the confidential system.
- ◁ Conducting field monitoring observations and other robust monitoring and investigative processes.
- ◁ Designing and conducting enforcement processes that include incentives and disincentives that are consistent with related levels of risk and opportunity.

Key achievements against these goals in 2016 included:

- ◁ Expanded compliance education in North America through the creation of a Compliance Champions' network, to serve as a discussion forum and to assure adherence to compliance best practice.
- ◁ Participation in National Ethics and Compliance Week with training, communication and reinforcement activities.

Advocating for public health

Opioid painkiller addiction is a growing concern in Australia, where heroin had previously been the primary focus. Indivior is helping to educate the public about opioid painkiller addiction.

International Overdose Awareness Day 2016

In Australia, Indivior actively partners with Scriptwise, a non-profit organization that aims to raise awareness of prescription medication misuse and overdose, in support of International Overdose Awareness Day. Each year, International Overdose Awareness Day offers all who have been affected to commemorate their loved ones and help the wider community understand that this is an issue that could affect everyone.



The scope of the department's remit covers all aspects of the Company's activities, including commercial meetings, interactions with healthcare providers, marketing, R&D activities, and interactions with business partners and other stakeholders. The Company is committed to continued development of its compliance resources in line with the anticipated growth of the organization.

Enabling access to quality treatment

In France, Indivior has been working in partnership with the authorities, patient groups, and healthcare providers to provide access to Nalscue® (intranasal naloxone) for the treatment of opioid overdose.

During 2016, we carried out weekly assessments of patient unmet needs and the difficulties patients were facing when trying to access opioid overdose rescue treatment. Through direct contact and dialogue with key stakeholders, Indivior became aware that limited access to hospital settings was the main obstacle to increasing access to opioid overdose rescue treatment for patients and drug users, who were mainly in addiction centers outside of hospitals (managed by charities or NGOs).

Based on these insights, Indivior offered up to 9,000 Nalscue® packs to the French Ministry of Health to support expanded access to Nalscue® outside hospitals, mainly in addiction centers. The agreement to expand access to Nalscue® was signed by the Minister of Health on December 21, 2016 – a unique moment in the history of ATUs (Temporary Authorization for Use or access to medicinal products that have not yet been granted a Marketing Authorization) in France.



Stakeholder engagement

Indivior has a variety of internal and external stakeholders. They include:

- ◁ Healthcare providers, patients and people affected by addiction issues
- ◁ Employees and contractors
- ◁ Current and potential shareholders and other members of the investment community
- ◁ Governments, policymakers and regulators in the countries where the Company operates and plans to operate
- ◁ Non-governmental organizations that have an interest in addiction issues
- ◁ Other pharmaceutical industry and healthcare sector representatives

A key driver of our stakeholder engagement and communications activities is our determination to embrace public health leadership, and our commitment to expand access to quality treatment by shifting attitudes and catalyzing progressive policies. We have taken the lead in changing attitudes towards addiction and continue to invest in educating and working with healthcare providers, medical societies, payors, policymakers and other stakeholders to broaden access to treatment.

We believe that it is extremely important to have consistent and ongoing dialogue with all of our stakeholders, to be generally transparent about our activities, and to ensure that we have the infrastructure in place to facilitate these goals. Our work with key stakeholders is designed to ensure access to quality treatment in every community and focuses on the adoption of proactive policies that improve care access and quality.

We also strive to remove negative policies that create barriers and discrimination. We are engaged at local, national, and global levels in important discussions about how to achieve quality care and replicate it throughout the world.



We continue to work with like-minded organizations to ensure there are adequate private and public resources to battle the current opioid addiction crisis. We want to ensure that addiction is treated as a disease and raise global awareness around addiction and the availability of evidence-based treatments.

Information technology (IT)

Since the demerger from Reckitt Benckiser Group (RB) in 2014, Indivior has developed and implemented its own core IT infrastructure, enabling the Company to operate as a fully-independent entity. Our final Transition Service Agreements were terminated with RB ahead of schedule.

We also implemented a single global Enterprise Resource Planning (ERP) system for finance, manufacturing and supply chain using SAP S4/ HANA®. SAP was also used to migrate data from the RB Group systems for post-demerger archiving purposes. The implementation involved moving operations in eleven different countries onto SAP ERP for all manufacturing, supply chain, logistics, procurement, invoicing, operational financial activities, consolidation and planning, as well as other back-end processes.

In concert with the SAP implementation, we moved back office operations for 14 smaller markets into a relationship with professional services firm, BDO, enabling cost-effective management. As part of our ongoing commitment to process improvement and building for growth, IT has taken a cloud-first strategy for all applications and successfully implemented core IT platforms, including Microsoft® Office™ 365, Workday® for HR, and Veeva for commercial operations.

Additionally, IT established and broadened its cyber security measures and delivered training to all employees and contractors in order to protect Indivior's data and assets. The IT organization was fully established to cover its global footprint with key talent across various disciplines and locations.

Over the course of 2016, IT gradually shifted its focus from demerger activities to active partnership with commercial, R&D, and medical functions to support current business, enable growth, and support upcoming product launches.

The success of this transition in a relatively short space of time underlines our determination to ensure that we are fully prepared to deliver against our objectives, now and in the future.

Investigator Initiated Studies (IISs)

Indivior is supporting approximately 22 Investigator Initiated Studies, providing funding or medication in seven countries. These cover a range of research areas, from neuroimaging in opioid use disorder to treatment of neonatal opioid dependence.

Supporting medical education and research

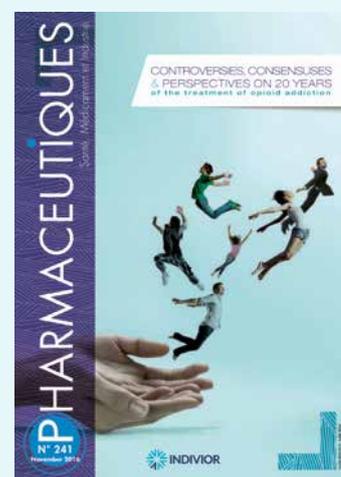
Indivior has a long-standing history of providing unrestricted educational grants and sponsorships to support medical education

In November, to celebrate the twentieth anniversary of the launch of Subutex® (buprenorphine) sublingual tablet in France, Indivior sponsored a conference in Paris called "Controversies, Consensus & Perspectives on 20 years of treatment of opioid addiction".

The objective of the conference was to communicate 20 years of public health success with Subutex® Tablet and the future of opioid dependence management. When looking to the future, we asked, "How do we face the future challenges of addiction?"

Experiences and key outcomes from the increased patient access to Subutex® over the past 20 years were shared.

Over 250 healthcare professionals involved in opioid addiction management attended the conference, as well as diverse stakeholders including policymakers, pharmacists, nurses, social workers in addiction centers, patient groups, medical journalists and others.



Health and safety

Our Fort Collins (US) and Hull (UK) facilities have an excellent health and safety reputation. In Hull during 2016, the Company invested in a phased capital expenditure program to streamline and enhance production processes and improve the facility, including:

- ◀ Enhancement of security including construction of a new perimeter wall
- ◀ Improvement of safety compliance through the upgrade of process equipment and personal protection equipment

The program is planned to continue in 2017 and projects include further enhancements to production processes, such as the replacement of machinery and the introduction of new software. We also intend to continue to improve the site infrastructure and implementation of enhanced environmental emissions controls.

Group-wide occupational health and safety

Indivior takes the health, safety and wellbeing of its employees extremely seriously. We maintain a Group occupational health and safety management system, which includes policy documents; up-to-date hazard and risk assessment processes; a health and safety manual and standards, as well as global improvement programs, targets, monitoring and reporting arrangements.

In certain areas of the business, some of our employees deal with, and are exposed to, restricted substances. We know that accidents involving these substances could potentially lead to loss of life. Thus, it is important to us that we deploy absolute rigor in our policies and processes in this area.

The Company's overall health and safety objective is to prevent accidents, injuries and occupational ill-health at all locations under Company control. Specifically, it is the Company's objective that the following 'minimum control arrangements' are in place as appropriate for individual Company locations:

- ◀ Employee access to, and a basic understanding of, the Company's health and safety policy documents
- ◀ Documented responsibilities for health and safety at work
- ◀ Up-to-date health, safety, and fire risk assessments
- ◀ Necessary health and safety procedural information, along with instruction and training
- ◀ Provision and use of necessary personal protective equipment
- ◀ Arrangements for emergency response or evacuation, first aid and occupational health
- ◀ Health and safety control arrangements for contractors and visitors
- ◀ Communication and consultation with employees on health and safety issues
- ◀ Monitoring, investigation and reporting of any incidents, accidents, or occupational ill-health
- ◀ Corrective and preventative actions where any incidents, accidents, or occupational ill-health occur

Our Chief Human Resources Officer is responsible for establishing and maintaining Indivior's overall health and safety policy and other Group-level occupational health and safety arrangements. The Executive Committee is responsible for implementing this policy across different geographies, jurisdictions and functions under its responsibility and control. The Board keeps under review corporate responsibility matters, which include occupational health and safety policy, systems and performance. The Chief Executive Officer is the Board member with specific responsibility for this aspect of the Company's business.

Environment and climate change

Indivior's approach to managing its environmental impacts has been developed at a local level. In Hull, UK we conduct manufacturing activities which convert raw materials into buprenorphine, applying a seven-stage process that utilizes hazardous chemicals. All of the materials used in these processes are maintained securely at all times.

The team at the Hull site conduct a number of monitoring activities to ensure that the Company's activities do not affect the surrounding environment. 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. The Company has also developed a series of emergency procedures to address incidents of this nature, should they occur. Staff receive regular training on Indivior's environmental, health and safety procedures.

The management team at Hull maintains a good working relationship with the local UK Environment Agency office, by providing them with regular updates about the site's environmental performance. In 2016, we continue to share the R&D facilities of Reckitt Benckiser Healthcare, under a transitional service agreement (TSA). We regularly monitor the environmental performance at our Fine Chemical Plant, located in Hull, through our risk matrix reporting system, which is reported regularly to the Indivior Executive Committee. Currently, we are in the process of constructing and commissioning an Indivior-owned R&D facility in Hull, UK. The new facility has been constructed to satisfy and meet local authority environmental and energy-saving requirements and will include a solar panel farm to increase usage of renewable energy.

Greenhouse gas emissions

Indivior has in place environmental systems to manage the effects of the Company's activities on the environment, in line with the regulatory requirements which apply to its businesses around the world.

This is the second year Indivior has comprehensively reported greenhouse gas emissions as a separate entity. 2015 is the baseline year for our emissions reporting. The reporting period for emissions data is consistent with the Company's financial reporting period, being the calendar year ended December 31, 2016.

The Company has reported on all the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. These sources fall within the consolidated financial statements. The Company does not have responsibility for any emission sources that are not included in the consolidated statement. The Company 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 the Company, such as natural gas combustion and Company-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, 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	352
Scope 2	1,254
Scope 3	58
Gross overall emissions	1,664

Emissions intensity

Type	Tonnes of CO ₂ e
Per tonnes of production	41.2
Per full-time employee	4.1

Making progress in environmental reporting

In October 2016, Indivior's approach to climate change reporting was acknowledged by CDP with a Best UK First-time Reporter Award. We intend to use this recognition as a platform for developing our approach in this important area going forward.

Manufacturing

Our manufacturing operations include:

Active pharmaceutical ingredients

The active pharmaceutical ingredients used in our products are manufactured at the Fine Chemical Plant (FCP) located in Hull, UK. In April 2015, formal operation of the FCP was transferred to Indivior. The Hull facility produces buprenorphine hydrochloride (HCl) for use in the manufacture of the Company's opioid dependence treatment products, Subutex® Tablet, Suboxone® Tablet, Suboxone® Film and two non-promoted, commercial pain medications, Temgesic and Buprenex.

The FCP has the capacity to produce all of the Company's current buprenorphine HCl requirements for opioid dependence medications, with approximately 35% available capacity remaining. Buprenorphine HCl and products containing buprenorphine HCl are classified as controlled narcotics and require permits for import and export. An annual importation assessment value of buprenorphine HCl

and products containing buprenorphine HCl is set by each importing country through the International Narcotics Control Board (INCB).

Tablet and injection products

At separation from RB, Indivior entered into a seven-year supply agreement with RB subsidiary, Reckitt Benckiser Healthcare (UK) Limited (RBH), whereby RBH assumes responsibility for the formulation, compressing and finished goods packaging of Subutex® Tablet and Suboxone® Tablet, as well as the formulation, filling and terminal sterilization of Temgesic and Buprenex injectables.

Suboxone® Film

Suboxone® Film is manufactured under an exclusive license and supply agreement with MonoSol RX (MSRX), signed in August 2008. Under the terms of the agreement, MSRX is the global exclusive manufacturer and primary packager of Suboxone® Film and is prohibited from developing any other film product containing buprenorphine without the Indivior Group's written consent. The agreement expires upon expiry of the last MSRX patent. Both buprenorphine HCl and naloxone HCl are supplied free of charge by Indivior to MSRX to be used in the manufacture of Suboxone® Film.

MSRX has two manufacturing facilities located in Portage, Indiana. Manufacture and primary packaging of all Suboxone® Film output is currently approved at both facilities for US products. Products for ex-US use are approved at one facility only.

Serialization and secondary packaging of global Suboxone® Film output is performed by Sharp Packaging Solutions, located in Allentown, Pennsylvania, under a supply agreement that expires in December 2022. All finished Suboxone® Film product from Sharp is shipped to the Indivior Group's US third-party distribution service provider, Integrated Commercialization Solutions, located in Brooks, Kentucky, and either distributed for sale within the US or exported to other markets where it is approved for sale.

Litigation Matters

The Company recorded a charge of \$220m in the third quarter of 2016 for the investigative and antitrust litigation matters noted below. The Company continues in discussions with the DOJ about a possible resolution to its investigation. The Company cannot predict with any certainty whether it will be able to reach ultimate resolution with the DOJ or any or all of the other parties, or the ultimate cost of resolving all of the matters. The final cost may be materially higher than this reserve.

Department of Justice investigation

◁ A 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 US 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. We are in discussions with the Department of Justice about a possible resolution of the 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 12, 2016, the Company 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 Company's marketing and promotion of Suboxone® products and its interactions with a non-profit third party organization. On November 16, 2016, the Company was served with a subpoena for records from the state of California Department of Insurance

under its California insurance code authority. The subpoena requests documents related to Suboxone® Film, Suboxone® Tablet, and Subutex® Tablet. The Company is cooperating in these investigations.

FTC investigation and antitrust litigation

◁ The Judge overseeing the legal privilege dispute in the FTC investigation has appointed a Special Master (an independent external lawyer) to investigate the claims of legal privilege and provide a recommendation to the Court on how the documents at issue should be treated. A report and recommendation relating to the first tranche of privileged documents reviewed by the Special Master was finalized in April 2016 and adopted by the Court on August 1, 2016. Pursuant to this report and the Court's order, Indivior produced certain additional documents. In response to the Judge's instruction the Special Master issued, on February 3, 2017, a subsequent report and recommendation providing findings on the adequacy of Indivior's descriptions of these documents in its privilege log. The parties have now filed responses to the Special Master's findings. The Court will now consider whether and to what extent to adopt the Special Master's report and then will issue any rulings relating thereto. Finally, a second tranche of documents remains under review by the Special Master. Following that review, the Court's decision then may be subject to appeal by either party.

◁ Fact discovery is continuing in the antitrust class action litigation ("Class Action Litigation"). Plaintiffs allege, among other things, that Indivior violated federal and state antitrust laws in attempting to delay generic entry of alternatives to Suboxone® Tablet, and plaintiffs further allege that Indivior unlawfully acted to lower the market share of these products.

◁ Amneal Pharmaceuticals LLC, a manufacturer of generic buprenorphine / naloxone tablets, filed a complaint against the Company in December 2015. This case has been coordinated with the Class Action Litigation. Amneal's complaint contains antitrust allegations similar in nature to those set out in the class action complaints, and Amneal has also alleged violations of the Lanham Act. Amneal served an amended complaint on February 3, 2017.

◁ On September 22, 2016, 35 states and the District of Columbia filed a complaint against the Company in the same district where the Class Action and Amneal litigation is pending. The States' complaint is similar to the other pending complaints, and alleges violations of state and federal antitrust and consumer protection laws. On October 25, 2016, the Company was informed that the States plan to amend their complaint to add six additional states as plaintiffs. This lawsuit relates to the investigation conducted by various states. On November 16, 2016 the States served an amended complaint, adding six additional states as plaintiffs. This lawsuit relates to the investigation conducted by various states. Discovery has been coordinated with the Class Action Litigation and Amneal cases, subject to certain stays.

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 was issued on June 3, 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.



- ◁ Based on the ruling on the '514 patent, Actavis and Par are currently enjoined from launching a generic product. Par has appealed and Actavis is expected to appeal this ruling. The generic manufacturers have also moved to reopen the judgment, based on a more stringent claim construction in the Dr. Reddy's case. In light of the motions to reopen, Par's appeal has been deactivated until the District Court rules on the motions, and the deadline for Actavis to file a notice of appeal has been postponed.
- ◁ Trial against Dr. Reddy's, Actavis and Par in the lawsuits involving the process patent (US Patent No. 8,900,497) took place on November 16 and 21 to 23, 2016.
- ◁ Trial against Dr. Reddy's in the lawsuit involving the Orange Book-listed patents for Suboxone® Film took place on November 7, 16, and 21 to 23, 2016, with Dr. Reddy's 30-month stay of FDA approval on ANDA No. 20-5806 expiring April 17, 2017. Indivior believes Dr. Reddy's 30-month stay of FDA approval on ANDA No. 20-5299 also expires on April 17, 2017, however, Dr. Reddy's disputes the applicability of the stay to this ANDA.
- ◁ Trial against Alvogen in the lawsuit involving the Orange Book-listed patents and the '497 process patent for Suboxone® Film has been postponed and will be rescheduled, with Alvogen's 30-month stay of FDA approval expiring October 29, 2017.
- ◁ By a Court order dated August 22, 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.
- ◁ Trial against Mylan in the lawsuit involving the Orange Book-listed patents and the '497 process patent for Suboxone® Film is scheduled for September 25, 2017, with Mylan's stay expiring March 24, 2018. On January 12, 2017, the District Court issued a claim construction decision in the Mylan action that clarified its earlier construction of certain terms in the '514 patent in the Dr. Reddy's case.
- ◁ Indivior received a Paragraph IV notification from Teva, dated February 8, 2016, indicating that Teva had filed a 505(b)(2) New Drug Application (NDA) for a 16 mg/4 mg strength of buprenorphine/naloxone sublingual film. The parties have agreed that infringement by Teva's 16 mg/4 mg dosage strength will be governed by the infringement ruling on the accused 8 mg/2 mg dosage strength in the ANDA now owned by Dr. Reddy's that was the subject of the trial in November 2016.
The USPTO declined to institute Teva's petitions for inter partes review of the three Orange Book-listed patents on procedural grounds.
Dr. Reddy's filed an inter partes review petition on each of the three Orange Book-listed patents. These petitions are substantively similar to those filed by Teva. The USPTO denied the petitions, finding Dr. Reddy's had failed to establish a reasonable likelihood of showing the challenged claims are unpatentable as obvious. Dr. Reddy's has requested rehearing of the denials.
Mylan has filed a petition seeking an inter partes review of the '514 patent. A decision by the USPTO on whether to institute IPR proceedings is expected in May 2017.
Certain claims of the '832 patent were found invalid in an IPR proceeding brought by BioDelivery Sciences International (BDSI), a decision that has been affirmed by the Court of Appeals for the Federal Circuit.
- ◁ In the event of a ruling in these matters that none of the claims of the asserted patents are valid and infringed by the ANDA-filers, and should there be FDA approval of one or more of the ANDAs and subsequent commercial launch of generic Suboxone® Film, and pipeline products fail to obtain regulatory approval, there is the likelihood that revenues and operating profits of the Company 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.

French Competition Authority investigation

- ◁ On January 11, 2017, the French Supreme Court issued a decision dismissing the Company's appeal of a €0.3m fine levied against the Company in connection with a statement of objections that was issued by the French Competition Authority against the Company in November 2012. This statement of objections was issued in relation to conduct relating to the sale and distribution of Subutex® Tablet in France, which was part of a wider investigation involving alleged anti-competitive conduct of a competitor. A private civil claim has been brought against this competitor as a result of the findings against it, and it is therefore possible that a similar private civil claim could be brought against the Indivior Group.

Estate of John Bradley Allen

- ◁ On December 27, 2016, the Estate of John Bradley Allen filed a civil complaint against Indivior Inc. and Indivior PLC, 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®.

Financial review

Full year operating highlights

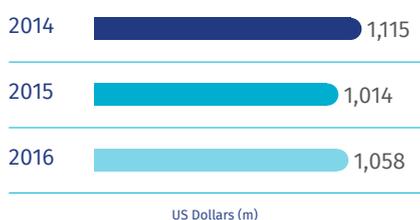
- US market growth in financial year 2016 improved during the year to a high single-digit percentage. Suboxone® Film average market share was 61% (2015: 60%). The Company has enhanced, and continues to enhance, its compliance capability to deal with this growth.
- New product pipeline progress.** Analysis of completed Phase 3 trials of buprenorphine monthly depot and risperidone monthly depot is on track for filing of NDAs in 2017.
- ANDA litigation.** Trial in the Orange Book-listed patent lawsuit against Dr. Reddy's Laboratories and the process patent case against Dr. Reddy's, Actavis and Par completed in November, with ruling expected early in Q2.

Period to December 31 (as reported)	FY 2016 \$m	FY 2015 \$m	% Δ actual FX	% Δ constant FX
Net revenue	1,058	1,014	+4	+5
Operating profit	149	346	-57	-57
Net income	35	228	-85	-86
EPS (cents per share)	5	32	-84	-86

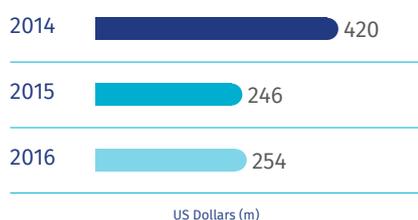
Full year financial highlights

- Net revenue at \$1,058m (2015: \$1,014m) increased 4%. Net revenue at constant FX was +5%.
- Operating profit was \$149m (2015: \$346m) including exceptional costs of \$238m. Adjusted operating profit, excluding exceptional costs, was \$387m (2015:\$377m).
- Net income was \$35m (2015: \$228m) after net financing costs of \$51m (2015: \$61m). Adjusted tax rate of 25% (2015: 22%). Adjusted net income, excluding exceptional items, was \$254m (2015: \$246m), an increase of 3%.
- Cash balance at period end of \$692m. Net cash of \$131m (2015: net debt of \$174m).

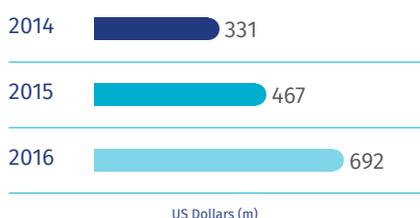
Net Revenue



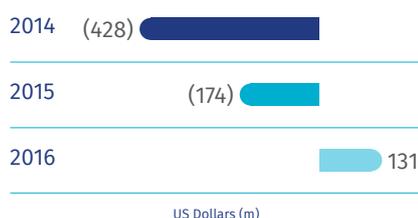
Adjusted Net Income*



Cash Balance



Net (Debt)/Cash



Full year operating review

US market update

The market for buprenorphine products showed modest acceleration in growth in 2016, with volume growth of a high single-digit percentage, in line with expectations. A key driver of growth remains the certification of new physicians to practice addiction medicine, as patients look to find treatment. Such certification was at record levels in 2016. In addition, over 2,400 physicians have now been waived to treat up to 275 patients, the higher patient cap approved in August 2016, although the impact of this has been small so far.

Suboxone® Film had a market share of 61% on average in 2016, compared with 60% in the same period in 2015 (on a restated database). This was slightly ahead of the exit share at the end of 2015, so market share has been more than maintained. The Company has enhanced, and continues to enhance, its compliance capability to deal with this growth.

Financial performance for 12 months to December 31, 2016

Total full year net revenue increased 4% to \$1,058m (2015: \$1,014m) at actual exchange rates, reflecting improving US market growth, increased list price and slightly increased market share, offset by the higher rebates in connection with maintained formulary access and negative channel mix. At constant exchange rates, net revenues increased 5%.

US net revenue increased in the full year by 6% to \$857m (2015: \$807m). Volume was ahead of last year reflecting market growth and slightly increased average market share compared to the prior year. Pricing reflected a combination of increased list price, offset by adverse channel mix, with lower margin Medicaid sales growing faster than the total market, and tactical rebates, in connection with formulary access in both commercial managed care and Medicaid, in the face of aggressive discounting by branded competitors.

Rest of World net revenue declined by 3% to \$201m (2015: \$207m) as reported in USDs, but this decline was due to translation out of a weak GBP and weaker Euro. At constant exchange, net revenue increased 1%, reflecting growth for Suboxone® in Europe and further steady growth in Australia.

Gross margin for the full year was 90%, unchanged from last year (2015: 90%). Excluding the exceptional item of \$11m included in Cost of Sales, the gross margin was 91%, benefitting slightly from the devaluation of GBP. The exceptional items were in respect of the exploration of strategic initiatives for the event of a potential negative ANDA ruling. SD&A expenses for the full year increased 61% to \$683m (2015: \$423m). The increase mainly reflects the exceptional items included in SD&A of \$227m (2015: \$15m). The exceptional costs include write-offs of manufacturing costs and legal and advisory costs related to the exploration of strategic initiatives for the event of a negative ANDA ruling, plus ongoing legal costs and the provision of \$220m for the investigative and antitrust litigation matters set out on pages 44 and 45 and in Note 20.

On an adjusted basis, the SD&A expenses for the year were \$456m, an increase of 12% (2015: \$408m) reflecting increased legal expenses, annualization of the full PLC stand-alone costs of \$55m, plus investment of an additional \$30m in launch planning activities ahead of the expected approval of RBP-6000, the buprenorphine monthly depot, in 2017/18 partially offset by cost savings.

R&D expenses for the year decreased by 20% to \$119m (2015: \$148m), reflecting the lower level of activity in the Company's clinical development pipeline, which has advanced compared to the prior year, and in particular to fewer pipeline projects in development, plus the fact that the pivotal Phase 3 trials running in 2015 are now largely complete. On an adjusted basis, excluding the exceptional \$16m write-off included in R&D in 2015, the decrease in R&D expenses was 10%.

Operating profit for the year was \$149m, 57% below the prior year (2015: \$346m). On an adjusted basis, operating profit was \$387m, 3% ahead of the prior year (2015: \$377m).

EBITDA for the full year was \$163m (2015: \$370m), and excluding the exceptional costs was \$401m (2015: \$401m).

Operating margin was 14% as reported (2015: 34%). Excluding the exceptional costs, the operating margin was 37% (2015: 37%).

Finance expenses for the full year were \$51m (2015: \$61m), being the full all-in cost of interest and amortization for the \$750m borrowing facility as reduced by the repurchase of debt in the open market in 2015-16 and the repayment of debt on schedule. Borrowings over the year reduced by \$78m.

The underlying tax rate on the pre-tax profit for the period was 25% (2015: 22%), in line with expectations. The reported tax charge for the full year was \$63m, an effective rate of 64% (2015: 20%) including \$19m exceptional tax credit. The exceptional tax credit consists of \$13m of exceptional tax effects on the movement of assets within the Group, additional provisions for unresolved tax matters and prior year adjustments and Patent Box claim benefits, and \$6m relating to the effect of exceptional items within SD&A and Cost of Sales.

Net income for the year was therefore \$35m (2015: \$228m), excluding exceptional costs, the adjusted net income was \$254m, an increase of 3% (2015: \$246m).

EPS for the full year was 5 cents (2015: 32 cents) basic and 5 cents (2015: 31 cents) on a fully diluted basis. On an adjusted basis, excluding the effect of exceptional costs, basic EPS was 35 cents (2015: 34 cents) and fully diluted EPS was 34 cents (2015: 34 cents).

Cash flow

Cash generated from operations in the full year was \$512m (2015: \$518m), a decrease of \$6m, reflecting an improvement in net working capital, reflecting trade payables dynamic on working capital with a release of cash of \$119m (2015: \$127m). Depreciation, amortization and impairment decreased to \$14m (2015: \$40m) as there were no impairment charges in 2016 and amortization of the Rest of the World distribution rights acquired in 2010 was completed in the first half of the year.

Net cash inflow from operating activities was \$407m (2015: \$320m), reflecting the slight decrease in cash from operating activities, plus significantly lower tax payments in the period of \$63m (2015: \$131m), interest paid of \$42m (2015: \$44m) and transaction costs relating to the loan facility of nil (2015: \$23m).

Investment in property, plant and equipment, which primarily related to the new R&D laboratory in Hull, redevelopment of the facility in Fort Collins, and other building refits, was \$20m (2015: \$27m). Investments in intangible assets of \$15m related to the development of the Company's stand-alone ERP system.

During the year, the Group repaid \$78m (2015: \$112m) of its term loan as part of its commitment under the syndicated debt facility. The final dividend for 2015 was \$69m, paid in July 2016 (2015: interim dividend of \$23m). The Board has 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 \$225m (2015: \$145m), being the sum of the cash inflow from operating activities of \$407m, less net cash outflows from investing and financing activities of \$35m and \$147m respectively. Added to the cash and cash equivalents at the beginning of the period of \$467m, that gave the Group a total cash and cash equivalents balance of \$692m at the period end.

Balance Sheet at December 31, 2016

Non-current assets increased to \$219m at the year end (2015: \$216m), primarily due to increases in property, plant and equipment mostly offset by a decrease in intangible assets from the amortization of the Rest of World rights and deferred tax assets. \$20m of costs related to the development of the ERP system, within PPE in 2015, were reclassified to intangibles in the period.

Inventories decreased to \$41m (2015: \$48m). Trade and other receivables were \$227m (2015: \$206m). The overall increase in current assets was primarily due to the \$225m increase in cash and cash equivalents in the year and \$30m increase in current tax receivable.

Trade and other payables increased to \$658m (2015: \$528m), reflecting higher sales combined with higher levels of rebates in the US in connection with formulary access and in response to heightened branded competition.

Current tax liabilities increased to \$52m (2015: \$41m) following significant tax accruals in the year.

Net working capital (inventory plus trade and other receivables, less trade and other payables) was minus \$390m at the year end, an improvement of \$116m on December 2015, reflecting the trade payables dynamic in the US. This represents a ratio of minus 37% of annual total net revenue.

Cash and cash equivalents at the period end was \$692m, reflecting a net cash increase of \$225m in the year.

Borrowings, net of issuance costs, were \$535m at the year end (2015: \$605m).

The net cash of the Group was \$131m at the year end (2015: net debt of \$174m) including the unamortized cost of the debt facility.

At the period end, therefore, the Group had net liabilities of \$295m (2015: \$279m), consisting of assets of \$1,209m (2015: \$937m), and liabilities of \$1,504m (2015: \$1,216m).



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 what the Group considers to be 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 identify or does not believe to be equally significant, may materially and adversely affect the business, results of operations and financial position. The principal risk factors and uncertainties are not listed in order of significance.

Principal risks

Business operations and business continuity

- ◁ The Group's revenues are primarily derived from sales of Suboxone® Film and any decrease in sales due to competition or supply or quality issues could significantly affect the results of operations and prospects.
- ◁ 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 we may be subject to litigation.
- ◁ 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 results, operations, and prospects.

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. ◁ Approval and launch of generic or branded products that compete with our products. ◁ 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 could adversely impact achievement of Group objectives. 	<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. ◁ 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. ◁ Ongoing partnerships with manufacturers and packagers to optimize manufacturing and Quality Assurance (QA) processes. 	<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 and significant legal costs. 	<ul style="list-style-type: none"> ◁ Build resilience of our franchise. ◁ Expand global treatment. ◁ Business development.

Risk factors and risk management continued

Specific risks we may face	How we manage risk	Possible impacts	Link to strategic priorities
<ul style="list-style-type: none"> ◁ 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. 	<ul style="list-style-type: none"> ◁ 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, now operating independently from RB. Completed initial and continuing ongoing End User Cyber Security Awareness training. 		

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 44 to 45 referring to the current status of ANDA litigation and to the going concern statement on page 95 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 126.
- ◁ 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 125.

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"> ◁ 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. ◁ 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 these claims. ◁ The Group has instituted policies, systems, and training programs to ensure adherence to regulations governing product quality, patient safety and business standards. 	<ul style="list-style-type: none"> ◁ Loss of revenue and profits. ◁ 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.



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 ('GCP') 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. ◁ Loss of revenue and profits, 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.

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). 	<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. 	<ul style="list-style-type: none"> ◁ Loss of revenue and profits. ◁ Hinder patient access to treatment. 	<ul style="list-style-type: none"> ◁ Build resilience of our franchise. ◁ Expand global treatment.

Risk factors and risk management continued

Compliance with law 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 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 statements on page 125.

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. The Group has enhanced, and continues to enhance, its compliance program and compliance capabilities. Continued cooperation with the authorities on ongoing investigations, utilizing external counsel as needed. 	<ul style="list-style-type: none"> Loss of revenue and profits, 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.

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 SME 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 continue its operations. 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.



Product safety

- ◀ The 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 and identifies safety signals with an assessment of changes to benefit/risk profile and determines actions 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. 	<ul style="list-style-type: none"> ◀ Product recall. ◀ Hinder patient access of treatment. ◀ Significant legal cost. ◀ Adverse impact on the Group's ability to raise funds necessary to continue its operations. ◀ Loss of revenue and profits. ◀ Damage to reputation. 	<ul style="list-style-type: none"> ◀ Build resilience of our franchise. ◀ Expand global treatment.

Risk management

To achieve our objective of being 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, which aims to continuously monitor those risks and 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 effective

decision-making to ensure that the risks the business takes are assessed and appropriately measured, whilst ensuring that there is overall resilience to risks the business has limited control over through disaster recovery and business continuity procedures. Our overall risk management approach remains to foster and embed a culture of risk management that is responsive, forward-looking, consistent and accountable.

The Executive Committee helps to establish 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 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 whistleblowing reporting system in place.

Viability statement

1. Assessment of prospects

The context

The Group's business model and strategy are central to an understanding of its prospects, and details can be found on pages 14 to 15. The nature of the Group's activities is focused on expanding access and treatment options for both opioid dependence and other addictions and disorders. The Board continues to concentrate the focus of the Group's strategy on the current challenges by generic manufacturers to the intellectual property of Suboxone® Film and the anticipated development timeline of the Group's R&D pipeline. The Board has considered the changes in the risk profile of the Group with the evolution of the business and determined that they are acceptable in the context of the risk profile of the Group as a whole: the expected longer-term returns through successful research and development programs mean that there is more appetite for risk as we seek to expand our treatments in the addiction markets.

The assessment process and viability period

The prospects of the Group are evaluated throughout the year as part of the planning process. The budget for the upcoming year is developed in the third quarter and subject to forecast updates at the end of each subsequent quarter. The 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, treasury, tax, and finance. The operating plan for the upcoming year is the basis for the long-term strategic plan of the Group.

The Board reviews and approves the budget for the upcoming year as well as the long-term strategic plan which covers 10 years.

The output of the annual review process is a set of objectives, an analysis of the risks that could prevent the plan being delivered, and a financial forecast covering the following year. To reflect the Group's strategic horizon, financial forecasts were also prepared for the four-year period to 2020. The first year of the financial forecasts forms the Group's operating budget and is subject to a re-forecast process at each quarter end. The second year of the forecast is to a similar level of detail and is flexed based on the actual results in year one. Years three to four of the forecasts are more subjective and based on a greater number of assumptions. In determining a time period to assess the viability of the Group, the Directors considered the Group's business cycle, having regard to the impact of new product launches and challenges from generic companies to the existing Suboxone® Film business. With new products expected to be launched in late 2017 and 2018 and possible impact of generic products on the Suboxone® Film business, the Directors have considered a period to 2020 that takes account of new products being established in the market and possible impact of generics on Suboxone® Film sales. The Directors believe that this assessment period provides a basis for the financial impact of these significant developments to be fully considered. Accordingly a four-year period of assessment is considered appropriate.

Risk and operational considerations

More specifically, the following risk and operating considerations were addressed in the viability assessment:

- ◁ the significance of revenue and profit contributions of Suboxone® Film and the potential impact of generic manufacturers entering the market in the near term;
- ◁ the uncertainty associated with the outcome of ongoing legal cases related to ANDA, investigative and antitrust matters;
- ◁ the development timeline of the Group's R&D pipeline and the risk of failure to obtain regulatory approval;
- ◁ the ability to achieve certain cost reductions in response to adverse events; and
- ◁ the ability to finance acquisitions and business development opportunities under the current capital structure.

Having regard to these risk factors, the Directors have assessed the Group's ability to maintain compliance with financial covenants in the Group's debt facility and the ability, if necessary, to raise additional funding in the financial markets.

Other risks identified in the principal risk table on pages 49 to 53 were also considered, but the above 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. While these risks have been considered in assessing viability, the risks and operating considerations noted above have been addressed as the most significant in affecting the viability assessment.



Assessment of viability

Although the strategic plan reflects the Directors' best estimate of the future prospects of the business, they have also tested the potential impact of generic film products, failure of products in development from obtaining regulatory approval and the impact of the outcome of certain legal matters on the Group of a number of scenarios over and above those included in the plan, by quantifying their financial impact and overlaying this on the detailed financial forecasts in the plan. These scenarios represent 'severe but plausible' circumstances that the Group could experience.

The scenarios tested included:

- ◁ unfavorable outcome in the ANDA case involving generic manufacturing of Suboxone® Film and regulatory approval and subsequent commercial launch of generic Suboxone® Film;
- ◁ failure of products in development from obtaining regulatory approval;
- ◁ unfavorable outcome of investigative and antitrust legal cases; and
- ◁ Inability to raise capital in the financial markets.

The results of this stress testing showed that, the Group would be able to withstand the impact of these scenarios occurring over the period of the financial forecasts by making significant cuts to its operating plans. 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.

Viability statement

Based on their assessment of prospects and viability above, the Directors confirm that 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 four year period ending December 31, 2020.

Strategic Report

The Strategic Report set out on pages 2 to 55 was approved by the Board on March 7, 2017.

By Order of the Board

Kathryn Hudson
Company Secretary

A year of consolidation



On behalf of the Board, I am pleased to present Indivior's Corporate Governance Report for 2016.

The Board of Indivior is firmly committed to maintaining high standards of corporate governance. During 2016, the Board and its committees continued to focus on ensuring good governance practices across the business.

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

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

Our Guiding Principles and culture

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

Consolidation and continual improvement

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

Meanwhile, our Audit Committee continued to have oversight of the Company's accounting and financial reporting processes, and oversaw the development of financial controls in anticipation of our US listing and compliance with the Sarbanes-Oxley Act; the US listing is temporarily on hold.

Elsewhere, our Science & Policy Committee has been closely monitoring the development of the Group's pipeline – notably the Phase 3 clinical trial for RBP-6000 buprenorphine monthly depot, the positive top-line results of which were published in August 2016.

Board balance and diversity

The transformation of addiction from a global human crisis to a treated disease worldwide must be thoughtfully navigated and guided by experience. The members of the Indivior Board bring a balance of skills, knowledge and experience to ensure we are well-positioned to address this global crisis and expand access to treatment.



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

Evaluation

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

Looking ahead

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

Howard Pien
Chairman

March 7, 2017

Activities during the year

In addition to regular reports from the Chief Executive Officer and Chief Financial Officer, the Board also considered the following key matters:

- ◀ regularly reviewed the Company's performance;
- ◀ reviewed the Company's dividend policy;
- ◀ agreed to increase market guidance for 2016 in July and again in November;
- ◀ reviewed and approved the Company's budget for 2017;
- ◀ held the September 2016 Board Meeting at the Company's global headquarters in Richmond, VA and met with employees;
- ◀ received regular updates on the Level 2 ADR Listing (subsequently temporarily suspended);
- ◀ undertook a detailed review of the succession plans for members of the Board;
- ◀ undertook a detailed review of business development opportunities and activities for preparing to launch pipeline products on their approval;
- ◀ received regular updates from the Group's Chief Legal Officer and external counsel regarding the Group's ongoing litigation; and
- ◀ undertook a review of its performance and that of its principal committees.

Our Board of Directors

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



1. Howard Pien Chairman

Skills and experience:

- › Over 30 years of pharmaceuticals and biotechnology industry experience
- › Vanda Pharmaceuticals, Inc.: Non-Executive Chairman (2010-2016)
- › GlaxoSmithKline: various executive positions (1991-2003)
- › Chiron, Corp: President and CEO (2003-2006)
- › Medarex Inc.: CEO, President and later Chairman of the Board (2007-2009)
- › Abbott Laboratories and Merck & Co.: Product Manager, Business Unit Director, cardiovasculars, anti-infectives (1986-1991)

Other current appointments:

- › Juno Therapeutics Inc.: Chairman of the Board
- › ImmunoGen, Inc.: Director
- › SAGE Therapeutics: Director

2. Shaun Thaxter Chief Executive Officer

Skills and experience:

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

3. Mark Crossley Chief Financial Officer

Skills and experience:

- › Indivior Chief Strategy Officer
- › Reckitt Benckiser Pharmaceuticals Inc.: Global Finance Director
- › Procter and Gamble: Associate Director Corporate Portfolio Finance
- › Procter and Gamble: Associate Director Female Beauty Strategy and Business Planning
- › National Association of Corporate Directors Leadership Fellow

- A** Audit Committee
- R** Remuneration Committee
- N** Nomination & Governance Committee
- S** Science & Policy Committee

4. Daniel Tassé Senior Independent Director **A** **S**

Skills and experience:

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

Other current appointments:

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

6. Tatjana May Non-Executive Director **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

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 400 articles and chapters on addiction research
- › Treatment Research Institute (TRI): Co-founder and CEO until September 1, 2014
- › White House Office of National Drug Control Policy (2009-2011): Deputy Director

Other current appointments:

- › Treatment Research Institute (TRI): Chairman
- › 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 and board consulting experience across a range of industries
- › Spencer Stuart: Partner (1989-2008); led the private equity practice across Europe and the legal search practice globally
- › Advent Venture Capital and Kleinwort Benson Investment Banking

Other current appointments:

- › Royal Horticultural Society: Trustee
- › CVC Capital Partners: Senior Advisor
- › Future Academies: Director

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

Skills and experience:

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

Other current appointments:

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

10. Chris Schade Non-Executive Director **A** (Chair) **S**

Skills and experience:

- › Over 20 years of pharmaceuticals and financial industry experience
- › Novira Therapeutics, Inc.: CEO (2014-2015)
- › Omthera Pharmaceuticals, Inc.: CFO, EVP (2011-2013)
- › NRG Energy, Inc.: CFO, EVP (2010-2011)
- › Medarex Inc.: CFO, SVP (2000-2009)
- › Merrill Lynch & Co.: MD, Debt Capital Markets (1992-2000)

Other current appointments:

- › Aprea Therapeutics AB: President and Chief Executive Officer
- › Integra LifeSciences Holdings Corporation: Director

11. Lizabeth Zlatkus Non-Executive Director **A** **R**

Skills and experience:

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

Other current appointments:

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

12. Kathryn Hudson Company Secretary

Skills and experience:

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

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

Our Executive Committee

Delivering strategy and results in a challenging and changing industry



1. Shaun Thaxter
Chief Executive Officer
(Executive Director)

2. Mark Crossley
Chief Financial Officer
(Executive Director)

3. Debby Betz
Chief Corporate Affairs
and Communications Officer

Industry experience:
25+ years

Key previous roles:

- › Reckitt Benckiser Pharmaceuticals Inc.: Director of Marketing (North America) and Director of Commercial Development and Strategic Planning (North America)
- › Purdue Pharma and Stuart Pharmaceuticals: Various sales and marketing leadership roles including District Sales Manager

4. Ingo Elfering
Chief Information Officer

Industry experience:
25+years

Key previous roles:

- › GlaxoSmithKline: VP Business Transformation Core Business Service Group
- › GlaxoSmithKline: VP IT Roles (Strategy, Architecture, Global Services, eBusiness)
- › Medical Data Service Founder/CEO



5. Jon Fogle Chief Human Resources Officer

Industry experience:
20+ years

Professional qualifications:

Senior Certified Professional
in Human Resources

Key previous roles:

- › Reckitt Benckiser Pharmaceuticals Inc.:
Global Human Resources Director
- › Reckitt Benckiser Pharmaceuticals Inc.:
Human Resources Director for the US
- › Capmark Finance (formerly GMAC Commercial
Mortgage): Senior Vice President of Human
Resources, North America

6. Christian Heidbreder Chief Scientific Officer

Industry experience:
25+ years

Professional experience:

- › 26 years' leadership in neurosciences
across academia, government, industry;
350+ publications
- › Academic roles: Affiliate Professor, Dept.
Pharmacology and Toxicology, Virginia
Commonwealth University School of Medicine

Key previous roles:

- › Reckitt Benckiser Pharmaceuticals Inc.:
Global R&D Director
- › Altria: Client Services' Health Sciences
- › GlaxoSmithKline: Center of Excellence
for Drug Discovery in Psychiatry
- › SmithKline Beecham:
Neuroscience Department

7. Javier Rodriguez Chief Legal Officer

Industry experience:
13+ years

Professional qualifications:

Admitted to practise law in New York,
New Jersey and Virginia (Corporate Counsel)

National Association of Corporate Directors
Governance Fellow

Key previous roles:

- › Reckitt Benckiser Pharmaceuticals Inc.:
VP General Counsel
- › Reckitt Benckiser LLC: Senior Counsel
(Healthcare), helping to acquire the global
(ex-US) marketing rights to buprenorphine
- › Bayer AG and Berlex Laboratories, Inc.:
Corporate Counsel

8. Richard Simkin Chief Commercial Officer

Industry experience:
20+ years

Key previous roles:

- › Reckitt Benckiser Pharmaceuticals Inc.:
President, North America
- › Reckitt Benckiser: General Manager Portugal
- › Reckitt Benckiser: Marketing Director
UK Healthcare
- › Reckitt Benckiser: Two Global
Category roles and a number
of General Management positions

9. Frank Stier Chief Supply Officer

Industry experience:
25+ years

Key previous roles:

- › Reckitt Benckiser Pharmaceuticals Inc.: Global
Supply Director (heading logistics, customer
service, demand planning and manufacturing)
- › Reckitt Benckiser Pharmaceuticals Inc.:
Supply Services Director then Global
Supply Services Director
- › Reckitt Benckiser: Supply Services Director,
Central Europe
- › Reckitt Benckiser: Industrial Customer
Service Manager
- › Colgate-Palmolive GMBH: Various roles

10. Ponni Subbiah Chief Medical Officer

Industry experience:
18+ years

Professional qualifications:

Admitted to practise medicine in New York, NY
Masters, Public Health

Key previous roles:

- › PATH: Global Program Leader,
Drug Development
- › Pfizer, Inc.: Vice President , Global Access,
Emerging Markets
- › Pfizer, Inc.: Vice President, Medical Affairs

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

Corporate Governance

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

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

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

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. Executive Committee biographies can be found on pages 60 to 61.		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.

The Board

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

Board composition

The Board currently comprises eleven members: the Chairman, Howard Pien, the Chief Executive Officer, Shaun Thaxter, the Chief Financial Officer, Mark Crossley and eight Non-Executive Directors. All Non-Executive Directors are considered independent for the purposes of the Code. The Chairman was considered independent on appointment. During the year, Adrian Hennah and Rupert Bondy stepped down from the Board and Lizabeth Zlatkus was appointed. When recruiting, the balance of experience and skills of the Board was a key factor taken into consideration.

Following the end of the financial year, Tatjana May and Mark Crossley have been appointed as Directors (on February 1, and February 21, 2017 respectively). Cary Claiborne resigned as a Director on March 7, 2017. The Board has reviewed its composition and that of its committees and, as a result, Daniel Tassé stepped down from the Nomination & Governance Committee and was appointed to the Science & Policy Committee. Biographical details of each of the current Directors are set out on pages 58 to 59.



Roles and responsibilities of the Board

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

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

The Board is responsible for:

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

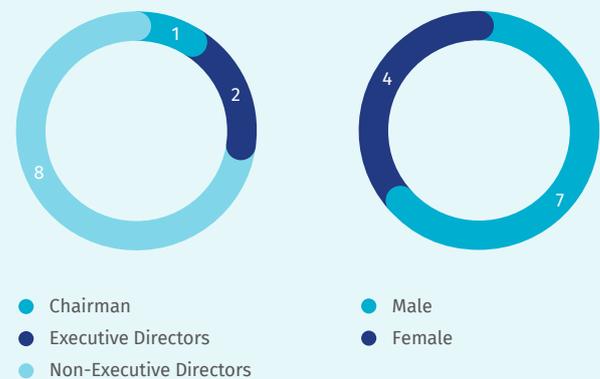
The Board has a formal schedule of matters reserved to it and has delegated certain matters to its principal committees. The Board has delegated responsibility for the day-to-day management of the business to the Chief Executive Officer.

Diversity and Inclusion

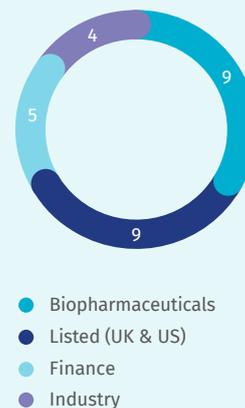
Diversity and Indivior's Board

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

Composition



Experience



Chairman and Chief Executive Officer

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

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

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

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

Senior Independent Director

Daniel Tassé is the Senior Independent Director, having taken over from Rupert Bondy in October 2016. He supports the Chairman in his role and leads the annual evaluation of the performance of the Chairman, supported by the Non-Executive Directors. The Senior

Independent Director is available to the Directors and to shareholders who have concerns that cannot be addressed through the normal channels of the Chief Executive Officer or Chairman of the Board.

Non-Executive Directors

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

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

Company Secretary

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

Role of the Board committees

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

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

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

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



Board effectiveness

The role of the Board and its committees

Board and Committee attendance

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

In addition to the scheduled meetings, a number of ad-hoc meetings were held during the year to deal with specific matters.

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

Activities during the year

During the year, the Board held five scheduled meetings and an additional six ad-hoc meetings.

The Board considers that it met sufficiently frequently to enable the Directors to discharge their duties effectively.

Details of the principal matters discussed at each meeting are shown in the following table.

Date of meeting	Principal topics covered
February	<ul style="list-style-type: none"> < Review of 2015 full-year results < Dividend policy review < Litigation update < Review of Incentive Plans < Update on commercial operations and various strategic projects
March	<ul style="list-style-type: none"> < Approval of 2015 full-year results, Report and Accounts
April	<ul style="list-style-type: none"> < Non-Executive Director succession planning
April	<ul style="list-style-type: none"> < Q1 2016 results review
May	<ul style="list-style-type: none"> < Review of business development < Update on financial and commercial matters < Litigation update < AGM preparation
July	<ul style="list-style-type: none"> < US ADR Listing
July	<ul style="list-style-type: none"> < Review of half-year results < Presentation on the 10-year strategic plan < Update on US ADR Listing < Litigation update < Update on EU Market Abuse Regulation
September	<ul style="list-style-type: none"> < Review of 2017 financial plan < Review of various strategic opportunities < Litigation update < Governance update
November	<ul style="list-style-type: none"> < Q3 2016 results review
November	<ul style="list-style-type: none"> < Feedback on Board evaluation process < Litigation update < 2017 financial plan < Review of pipeline and activities related to preparing for launch < Annual Compliance program review
December	<ul style="list-style-type: none"> < Litigation update

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	Ad-hoc	Scheduled	Scheduled
Chairman								
Howard Pien	5/5	6/6	–	–	–	–	–	–
Executive Directors								
Shaun Thaxter	5/5	6/6	–	–	–	–	–	–
Cary Claiborne	5/5	6/6	–	–	–	–	–	–
Non-Executive Directors								
Yvonne Greenstreet	4/5	3/6	4/5	2/4	–	–	–	4/4
Tom McLellan	3/5	5/6	–	–	4/5	0/1	–	3/4
Lorna Parker	5/5	5/6	–	–	5/5	0/1	5/5	–
Dan Phelan	5/5	5/6	–	–	5/5	1/1	5/5	–
Chris Schade	5/5	5/6	5/5	4/4	–	–	–	4/4
Daniel Tassé	5/5	5/6	5/5	4/4	1/1	–	4/4	–
Lizabeth Zlatkus	2/2	2/2	2/2	1/1	–	–	1/1	–
Former Directors								
Rupert Bondy	3/4	4/4	–	–	3/4	1/1	3/4	–
Adrian Henna	2/2	3/3	2/2	2/2	–	–	–	–

Time commitment of the Chairman and Non-Executive Directors

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

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

External directorships

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

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



Performance evaluation

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

The key areas of focus were:

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

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

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

As a result of the review, it was agreed:

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

The Board intends to comply with the provisions of the Code regarding performance evaluation and to conduct an externally facilitated review during 2017.

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

Appointment and re-appointment of Directors

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

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

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

Induction and training

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

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

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

Information and support

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

Conflicts of interest

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

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

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

Re-appointment of Directors

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

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

Engagement with shareholders

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

The Company announces its financial results on a quarterly basis, and these are released to the London Stock Exchange via an authorised Regulatory Information Service and subsequently published on the Company's website. Half and full-year results are accompanied by a presentation by the Chief Executive Officer, Chief Financial Officer and other executives for 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 2016. 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 Director of Investor Relations met regularly with the Company's major shareholders and financial analysts to discuss matters relating to the Company's business strategy and current performance. When required to do so, the Chairman and Non-Executive Directors may attend meetings with major shareholders. In addition, the Chief Executive Officer, Chief Financial Officer and members of the senior management team held a Research & Development Day in New York on December 9, 2016, hosted by Dr Christian Heidbreder, the Company's Chief Scientific Officer. The Company also presented at and attended various healthcare sector investor conferences for the purposes of meeting investors. Over the course of the year, management held smaller group meetings with investing institutions in the US, UK and Europe.

The Non-Executive Directors regularly receive presentations and updates from the Chief Executive Officer, Chief Financial Officer and the Director of Investor Relations, covering discussions with the Company's institutional shareholders and are informed of any issues or concerns raised during those discussions. Shareholders and analysts briefings are circulated to all Non-Executive Directors. This process enhances Non-Executive Directors understanding of the views of shareholders and enables the Board to judge what future action would further assist investors' understanding of the Group's objectives.

Board accountability

The Board is responsible for the integrity of Indivior's consolidated and the Company's financial statements, and recognizes its responsibility to present a fair, balanced and understandable assessment of the Company's position and prospects. The Board has assessed, together with the Audit Committee, all information available in considering the overall drafting of the Company's financial statements and the process by which they were compiled and reviewed. In doing so the Board ensured that adequate time was dedicated to the drafting process so that linkages and consistencies were worked through and tested. Drafts were received by knowledgeable executives and senior management not directly involved in the year-end process. The Board recognizes that this responsibility extends to interim and other inside information, information required to be presented in relation to statutory requests, and reports to regulators. In relation to these requirements, reference is made to the Statement of Directors' Responsibilities for preparing the financial statements, set out on pages 95 and 96.

The Audit Committee

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

Further disclosures

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

Annual General Meeting

The Annual General Meeting ('AGM') provides all shareholders with an opportunity to vote on the resolutions put to the meeting and is used as the main opportunity for the Directors to meet directly with shareholders. The AGM is attended by the Directors, and shareholders can ask questions of the Chairman, the chairs of Board committees and the Board as a whole.

All resolutions are voted on by way of poll, with one vote for each share. The results of the poll are announced to the London Stock Exchange and published on Indivior's website shortly after the conclusion of the AGM.

Introduction to Board committees

Audit Committee



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

Committee composition

The Committee comprises four Non-Executive Directors, all of whom are considered independent for the purposes of the Code:

- ◁ Chris Schade (Chair)
- ◁ Yvonne Greenstreet
- ◁ Adrian Hennah (member until May 11, 2016)
- ◁ Daniel Tassé
- ◁ Lizabeth Zlatkus (member from September 1, 2016)

Role of the Committee

In accordance with its Terms of Reference, the Committee's primary responsibility is to provide effective governance by overseeing the Group's financial reporting processes including the Internal Audit Function and External Auditor, and to maintain oversight of the Group's system of internal control and risk management activities. Accordingly, the Committee's primary purposes are:

- ◁ to monitor the integrity of the Group's financial reporting, 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;
- ◁ 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 and fees paid for the audit, assess the effectiveness of the audit process and agree the policy in relation to the provision of non-audit services; and
- ◁ to monitor the Group's policies, procedures and controls for preventing bribery, money laundering and the Group's arrangements for whistleblowing.

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

Two members of the Committee constitute a quorum. The Committee requires that at least one member is financially qualified with recent relevant financial experience and competence in accounting or auditing. Adrian Hennah and Lizabeth Zlatkus fulfilled this requirement during the year, as did Chris Schade during the interim period following the Company's Annual General Meeting (AGM), and the appointment of Lizabeth Zlatkus. All Committee members are expected to be financially literate and to have an understanding of the following areas:

- ◁ the principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice;
- ◁ key aspects of the Company's operations including corporate policies and the Group's internal control environment;
- ◁ the role of internal and external auditing and risk management;
- ◁ matters which may influence the presentation of accounts and key figures; and
- ◁ the regulatory framework for the Group's business.



The Committee has unrestricted access to Company documents and information as well as employees and the External Auditor. The Committee may also take independent professional advice on any matters covered by its Terms of Reference at the Company's expense.

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

Activities in 2016

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

During the year the Committee:

- ◁ reviewed the integrity of externally reported financial information and financial statements for 2016. This included reviewing the Group's quarterly trading announcements, including the Annual Report and trading updates;
- ◁ reviewed litigation, investigations and contingent liabilities affecting the Group;
- ◁ evaluated important accounting issues and the judgments of management in relation to financial reporting, with particular emphasis on:
 - Going Concern confirmation;
 - monitoring and review of risk management and internal control;

- ◁ reviewed the accounting principles, policies and practices adopted in the Group's financial statements, any proposed changes to them, and the adequacy of their disclosure;
- ◁ oversaw and reviewed matters connected to the filing of Form 20-F, relating to the proposed Level 2 ADR Listing as a Foreign Private Issuer;
- ◁ provided oversight of the Group-Wide Enterprise Resource Planning project, separating the Group's existing IT systems from those operated by Reckitt Benckiser Group plc with particular emphasis on the new SAP platform;
- ◁ provided oversight of the establishment of, and assumed responsibility for, the Group's whistleblowing policy and the continued provision of a whistleblowing hotline; and
- ◁ evaluated measures and the conclusions reached, with respect to significant transactions, judgments and estimates.

Significant issues and material judgments

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

The significant issues considered in relation to the financial statements are set out on page 72, 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 areas of particular focus as described in the Independent Auditor's Report on pages 97 to 102.

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

Internal Audit

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

- ◁ the Internal Audit function, including reporting lines and its access to the

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

- ◁ results of key audits and the adequacy of management's response and the timeline for resolution;
- ◁ Internal Audit's plans and its achievement of planned activity; and
- ◁ assessment of Principal Risks.

During the year, the Committee also considered and approved the Internal Audit Plan for 2017.



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

Risk management and internal control

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

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

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

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

The Company has in place internal controls and risk management systems in relation to the Company's financial reporting process for preparation of consolidated accounts. These systems include policies and procedures that relate to the maintenance of records which accurately and fairly reflect transactions, provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements,

require representatives of the Company to certify that their reported information gives a true and fair view of the state of affairs of the business and its results for the period, and review and reconcile reported data.

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

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

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

Reviewing the effectiveness of internal control

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

legal matters and Committee reports, including Internal and External Auditors' reports.

Significant failings or weaknesses

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

Misstatements

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

Whistleblowing

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

External Auditor

PricewaterhouseCoopers LLP (PwC) were appointed as the Company's External Auditor on demerger and were appointed by shareholders at the Company's AGM in May 2015.

The Committee oversees the work undertaken by the External Auditor, PwC. During the year, the Committee met with PwC following each Committee meeting, without members of management being present, and reviewed key issues within their sphere of interest and responsibility.

Auditor effectiveness

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

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

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

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

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

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

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

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

External Auditor independence

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

Non-audit services

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

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

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

External Auditor re-appointment

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

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

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

The Committee evaluation

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

Chris Schade

Chair of the Audit Committee

March 7, 2017



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, 2016.

Committee composition

At December 31, 2016, the Nomination & Governance Committee comprised four independent Non-Executive Directors:

- ◁ Lorna Parker (Chair)
- ◁ A. Thomas McLellan
- ◁ Daniel J. Phelan
- ◁ Daniel Tassé (member from October 3, 2016 – February 14, 2017)

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

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

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

Role of the Committee

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

The primary purposes of the Nomination & Governance Committee are:

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

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

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

Meetings

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

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

Activities in 2016

During the year, the Nomination & Governance Committee conducted the following:

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

Lorna Parker

Chair of the Nomination & Governance Committee

March 7, 2017

Science & Policy Committee



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

Committee composition

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

- ◀ Yvonne Greenstreet (Chair)
- ◀ A. Thomas McLellan
- ◀ Chris Schade
- ◀ Daniel Tassé was appointed a member of the Committee on February 14, 2017

Role of the Committee

The Science & Policy Committee has delegated authority from the Board, which is set out in its Terms of Reference and available to view on the Company's website www.indivior.com. The primary purposes of the Science & Policy Committee are:

- ◀ to provide assurance to the Board regarding the quality, competitiveness and integrity of the Company's Research & Development (R&D) activities, by way of meetings and dialogue with the Company's R&D leaders and other scientist employees, and visits to Company R&D sites;
- ◀ to review the approaches adopted in respect of Indivior's chosen therapy area of addiction and its co-morbidities;
- ◀ to review the scientific technology and R&D capabilities deployed within the business;

- ◀ to assess the decision-making processes for R&D projects and programs;
- ◀ to review benchmarking against industry and scientific best practice, where appropriate; and
- ◀ to review relevant and important bioethical issues and assist in the formulation of, and agree on behalf of the Board, appropriate policies in relation to such issues.

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

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

Meetings

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

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

Activities in 2016

During the year, the Science & Policy Committee considered the following matters:

- ◀ monitored and reviewed the progress and development of the Company's product pipeline and early stage asset development opportunities;
- ◀ monitored and reviewed the progress of RBP-6000 buprenorphine monthly depot, which resulted in positive Top-line Phase 3 Pivotal Study Results;
- ◀ reviewed progress plans for the new R&D site developments in Hull, UK and Fort Collins, USA;

- ◀ conducted a review of its own performance and reported to the Board on the results of that review; and
- ◀ received extensive briefings on the process of the Comprehensive Addiction and Recovery Act 2016 (CARA) and also the Substance Abuse and Mental Health Services Administration (SAMHSA) ruling.

Yvonne Greenstreet

Chair of the Science & Policy Committee

March 7, 2017



Annual Remuneration Statement



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

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

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

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

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

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

Context for remuneration at Indivior

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

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

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

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

Remuneration outcomes in 2016

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

Base salary

The Executive Directors received a 3% increase in base salary, in line with the average increase awarded to Indivior's employees.

Annual bonus

As set out above, the performance of the business during 2016 was strong and the Company delivered performance significantly above expectations across all of its key financial targets and the majority of its strategic key pipeline targets. This has resulted in a bonus payment of 94.5% of the maximum opportunity.

Value Creation Plan

The Chief Executive Officer did not receive an award under the Reckitt Benckiser Long-Term Incentive Plan in 2013 and was instead made an award under the Reckitt Benckiser Pharmaceuticals Value Creation Plan ('VCP'). The VCP was a cash-based plan, put in place by Reckitt Benckiser to incentivize the management of US Suboxone® Film market share over the three-year period from 2014 to 2016.

The performance period for this award ended on December 31, 2016 and the Company's exceptional performance in respect of maintaining US Suboxone® Film market share has resulted in the maximum target being exceeded and a maximum payout under the VCP. Further details of the award are provided on page 88 of the Annual Report on Remuneration.

Implementation of Remuneration Policy for Executive Directors in 2017

Base salary

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

Annual bonus

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

Indivior Long-Term Incentive Plan (LTIP)

Following the removal of absolute TSR as a performance measure in 2016, awards in 2017 will be subject to the same measures as in 2016: key pipeline targets (one-third weighting); relative TSR vs the constituents of the FTSE 250 excluding Investment Trusts (one-third weighting); and relative TSR vs the constituents of the S&P1500 Pharmaceutical and Biotech Index (one-third weighting).

The Committee considers that relative TSR remains a relevant metric as it is directly aligned with the interests of shareholders. The use of two relative TSR comparator groups is intended to balance the fact that Indivior is a FTSE 250 listed company, but also recognizes that Indivior operates within a specialized sector, where the majority of its direct peers are listed in the US. Further details can be found on page 83.

As with the LTIP awards granted in 2016, the awards granted in 2017 to the Executive Directors will be subject to an additional two-year holding period following the end of the three-year performance period.

Shareholding guidelines

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

All-employee plans

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

Shareholder engagement

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

Changes to the Board

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

Daniel J. Phelan

Chairman of the Remuneration Committee

March 7, 2017



Annual Report on Remuneration

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

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

The Remuneration Committee

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

	Date appointed to the Committee	Date resigned from the Committee	Attendance
Daniel J. Phelan (Chairman)	Nov 4, 2014	–	5/5
Rupert Bondy ¹	Nov 4, 2014	Sep 30, 2016	3/4
Lorna Parker	Nov 4, 2014	–	5/5
Daniel Tassé ²	Nov 4, 2014	Oct 3, 2016	4/4
Lizabeth Zlatkus ²	Oct 3, 2016	–	1/1

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

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

Role and responsibilities

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

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

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

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

Activities during the year

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

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

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Advice provided to the Remuneration Committee

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

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

Willis Towers Watson LLP also provided the Committee with benchmarking information during the year and fees for this were \$10,416. Willis Towers Watson LLP did not provide any other services to the Group during the year.



Single total figure of remuneration for Executive Directors (audited)

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

	Base salary \$'000		Taxable benefits ¹ \$'000		Annual bonus ² \$'000		LTIP \$'000		Pension benefit ³ \$'000		Total \$'000	
	2016	2015	2016	2015	2016	2015	2016 ⁴	2015 ⁴	2016	2015	2016	2015
Shaun Thaxter	751.9	730.0	56.3	48.9	1,421.1	1,379.7	2,652.0	2,049.6	143.5	139.7	5,024.8	4,347.9
Cary Claiborne	479.0	465.0	32.4	221.7	543.1	527.3	–	–	22.5	19.8	1,077.0	1,233.8
Total	1,230.9	1,195.0	88.7	270.6	1,964.2	1,907.0	2,652.0	2,049.6	166.0	159.5	6,101.8	5,581.7

1. Taxable benefits consist primarily of healthcare, life and disability insurance. In 2015, Cary Claiborne's benefits included \$194k of relocation costs in accordance with the terms of his appointment in November 2014.
2. Cash payment for performance during the year. See 'Annual Incentive Plan in respect of 2016 performance' on page 81 for details.
3. The value shown for 2016 reflects the cash payment made in January 2017 in connection with the Value Creation Plan ('VCP') awarded to the Chief Executive Officer prior to the demerger from RB. Further information regarding the VCP can be found on page 83. Cary Claiborne was not a participant in the VCP.
4. The value of the 2012 RB LTIP, which was converted into Indivior shares upon completion of the demerger, has been calculated using the market value of Indivior shares on May 11, 2016 (156.2p) and converted to US\$ using the GBP/US\$ exchange rate on that date (GBP £1:US\$1.448). This has been updated from the value disclosed last year to reflect the value at vesting; the figure published in last year's report was based upon the three-month average share price to December 31, 2015 and the GBP/US\$ exchange rate at December 31, 2015. Cary Claiborne was not a participant in the 2012 RB LTIP.
5. Pension benefits in the year comprised profit sharing contributions into the US qualified 401(K) plan, 401(K) matching, contributions to a non-qualified plan and cash.

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

Annual Incentive Plan in respect of 2016 performance

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

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

Measure	Weighting	Achieved \$m	Threshold \$m	Target \$m	Maximum \$m	Bonus to be delivered
Net revenue	1/3	1,058	927	970	1,014	100%
Net income	1/3	254 ¹	167	183	194	100%

1. Adjusted net income of \$254m excludes the impact of exceptional items recorded during the 2016 financial year. Further information can be found in the Financial Review on pages 46 to 48.

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

Directors' Remuneration Report continued

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

Segment	Project	Deadline	Date achieved	KPI	Points allocated	Points awarded
US Market Growth	RBP-6000 – buprenorphine monthly depot	September 2016	August 2016	Top-line results of Phase 3 Efficacy and Safety clinical trial	3	3
		November 2016	June 2016	Final CSR Molecular Weight study	1	1
		December 2016	November 2016	Submission of pre-NDA package to FDA	1	1
		December 2016	December 2016	RECOVER study baseline interim analysis results	1	1
Business Diversification	RBP-7000 – risperidone monthly depot	June 2016	June 2016	Final Human Factor Study Report	1	1
		October 2016	October 2016	Top-line results of Phase 3 Open Label Safety clinical trial	1	1
		November 2016	November 2016	Final CSR Molecular Weight Study	1	1
	RB-US-14-0001 – arbaclofen placarbil for alcohol use disorder	July 2016	June 2016	Final CSR Phase 2A study	1	–
		December 2016	October 2016	Initiate the manufacture of drug substance for Phase 3 supplies by completing the synthesis of IDV 157015	1	–
EU Market Growth	RBP-6300 – buprenorphine hemiadipate oral swallowable capsule for the treatment of opioid dependence	March 2016	March 2016	Final CMC Stage 1 scale-up report	1	–
		June 2016	April 2016	Final CSR PK study (RB-EU-14-0001)	1	–
Geographical Expansion	Suboxone [®] Tablet China	June 2016	June 2016	Final CSR Efficacy Study	2	2
TOTAL					15	11

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

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

Measure	Weighting	Performance multiplier (multiple of target opportunity)	Bonus outcome (multiple of total target opportunity)
Net revenue	1/3	2x	0.67x
Net income	1/3	2x	0.67x
Pipeline KPIs	1/3	1.67x	0.56x
Total			1.89x

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



Value Creation Plan Awards vested in 2017

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

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

	Average market share ¹	Vesting (as a % of target opportunity)	Cash payment \$'000
Threshold	30%	25%	663.0
Target	42.5%	100%	1,326.0
Maximum	55%	200%	2,652.0

1. Market data sourced through independent third party.

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

Scheme interests awarded in 2016 (audited)

Indivior Long-Term Incentive Plan

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

	Date of award	Maximum number of shares under award	Closing share price at date of award	Face value \$'000 ¹	Performance period	Normal vesting date ²
Shaun Thaxter	February 19, 2016	2,121,354	154.5p	4,699.9	Jan 2016 – Dec 2018	Feb 19, 2019
Cary Claiborne	February 19, 2016	1,126,060	154.5p	2,494.8	Jan 2016 – Dec 2018	Feb 19, 2019

1. The face value of the awards has been calculated using the closing share price on the date of award and converted to US\$ using the US\$ exchange rate on the date of award (GBP1:US\$1.434). Shaun Thaxter received an award with a value of 600% of base salary and Cary Claiborne received an award with a value of 500% of base salary.
2. With effect from 2016 onwards, Executive Directors are required to hold the vested shares for a further two years. For awards made in 2016, shares will be transferred upon vesting and Executive Directors must hold the net number of shares (after tax and social security costs). From 2017 onwards, awards will normally vest after three years and are then subject to a further two-year holding period before shares are released.

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

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. 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 the approval of key products over the performance period and the attainment of certain levels of market share in respect of these products by the end of the performance period. The actual targets relating to the pipeline milestones have not been disclosed prospectively, as the Committee believes that these details are commercially sensitive. The targets are integral to the development of the business, and competitors may gain a distinct advantage if they are disclosed on a prospective basis.

We will disclose the actual targets, and the level of performance achieved against them, in 2019, following the completion of the performance period in December 2018, at which point the targets will no longer be considered commercially sensitive. As outlined above, 2016 has been a strong year for Indivior and good progress has been made in respect of the key pipeline targets. Further details of progress against the key pipeline targets in respect of the submission and approval dates which fall in 2017 will be disclosed in next year's Annual Report on Remuneration.

Percentage change in Chief Executive Officer remuneration

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

	CEO (% change 2015-16)	Other employees (% change 2015-16)
Base salary	3%	3%
Taxable benefits	15%	11%
Bonus	3%	3%

Relative importance of spend on pay

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

	2016 \$m	2015 \$m	% change
Total employee pay	209	178	17%
Shareholder distributions	69	23	200%

Executive Directors' shareholdings and share interests (audited)

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

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

	Number of shares owned outright		Conditional awards held	Options held	Shareholding requirement (% of base salary)	Shareholding at December 31, 2016 (% of base salary)	Date by which shareholding requirement to be achieved
	At December 31, 2016	At December 31, 2015	Unvested and subject to performance conditions and continued employment ¹	Vested but not exercised ³			
Shaun Thaxter	841,798	500,000	4,812,733	921,461	500%	410%	December 2019
Cary Claiborne	85,780	85,780	2,182,878	–	500%	65%	December 2019
Mark Crossley ²	125,528	n/a	1,748,829	210,619	500%	120%	February 2022

1. Includes conditional awards granted to Shaun Thaxter and Mark Crossley on February 24, 2017 over 1,032,288 and 533,167 shares respectively under the LTIP. The awards will normally vest on February 24, 2020 and will be then subject to a further two-year holding period before the shares are released.

2. Mark Crossley was appointed a director on February 21, 2017. The information provided in respect of his shareholding is correct as at the date of his appointment. Mark Crossley's shareholding as a % of base salary has been calculated using the closing share price (369.6p) and US/UK exchange rate (£1:US\$1.2442) on February 21, 2017.

3. The options over 921,461 and 210,619 shares, held by Shaun Thaxter and Mark Crossley, at an option price of 111.0p per share vested on May 11, 2016 and are scheduled to lapse on December 28, 2024.



Payments for loss of office (audited)

There were no payments made to any Director for loss of office during the year.

Payments to past Directors (audited)

There were no payments made to past Directors during the year.

External appointments

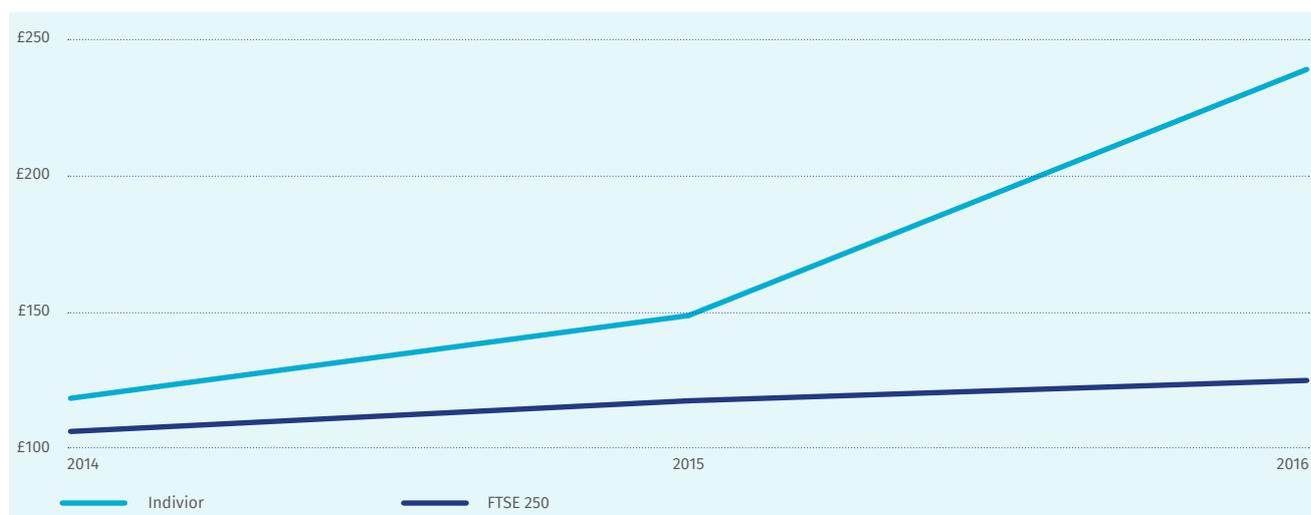
Subject to the approval of the Nomination & Governance Committee, Executive Directors are able to accept an external appointment to a corporate board outside the Company and can retain the fees paid for these services. The Chief Executive Officer does not hold any external appointments. The Chief Financial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

Review of past performance (audited)

Historical Total Shareholder Return performance

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

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



Historical Chief Executive Officer pay

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

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

1. Indivior was a division of Reckitt Benckiser for the majority of 2014 and Shaun Thaxter participated in the RB annual bonus plan in that year. The maximum bonus payable to Shaun Thaxter under that plan was 214% of base salary. Shaun Thaxter was paid the maximum bonus in 2014.

Directors' Remuneration Report continued

Summary of voting outcomes for the 2015 Directors' Remuneration Report

The table below shows how shareholders voted in respect of the 2015 Directors' Remuneration Report at the AGM held on May 11, 2016.

	Votes for	Votes for (%)	Votes against	Votes against (%)	Votes withheld
Approve the 2015 Directors' Remuneration Report	482,614,656	90.45	50,976,438	9.55	49,467

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 amount of shares that may be issued to satisfy awards made under those plans must not exceed 10% in any 10-year period. During the year, the Committee reviewed the number of shares subject to award to ensure that these limits would not be breached by the granting of awards in 2016.

Implementation of Executive Director Remuneration Policy for 2017

Base salary

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

Base salary \$'000	As at January 1, 2017	As at January 1, 2016	% increase
Shaun Thaxter	774.5	751.9	3%
Cary Claiborne	493.4	479.0	3%

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

Pension benefits

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

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

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

Performance-related annual bonus

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

Measure	Weighting
Net Revenue	1/3
Net Income	1/3
Key Pipeline Targets	1/3

As an additional underpin, if the Company violates its debt covenants, no award will be paid in respect of the net income portion of the annual bonus.



We have not disclosed the actual performance targets for 2017, as we consider them to be commercially sensitive. However, we commit to disclosing the financial targets retrospectively in the Directors' Remuneration Report for the year ending December 31, 2017. The targets are primarily linked to creating shareholder value through the regulatory submission of both buprenorphine monthly depot and risperidone monthly depot along with the regulatory approval of buprenorphine monthly depot in the US.

Indivior Long-Term Incentive Plan (the 'LTIP')

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

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

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

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

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

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

Changes to the Board

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

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

Further details on the payments made to Cary Claiborne will be made in the 2017 Directors' Remuneration Report.

Directors' Remuneration Report continued

Single total figure of remuneration for the Chairman and Non-Executive Directors (audited)

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

	2016 £'000	2015 £'000
Howard Pien	275.0	275.0
Yvonne Greenstreet	85.0	85.0
A. Thomas McLellan	70.0	70.0
Lorna Parker	71.3	70.0
Daniel J. Phelan	80.0	80.0
Chris Schade	85.0	85.0
Daniel Tassé	78.8	75.0
Lizabeth Zlatkus ¹	24.2	–
Former Directors		
Rupert Bondy ²	71.2	95.0
Adrian Hennah ³	23.6	65.0

1. Lizabeth Zlatkus was appointed as a Director of the Company on September 1, 2016

2. Rupert Bondy resigned as a Director of the Company on September 30, 2016

3. Adrian Hennah resigned as a Director of the Company on May 11, 2016

Implementation of Non-Executive Director Remuneration Policy for 2017

Chairman and Non-Executive Directors' fees

The fees paid to the Chairman and Non-Executive Directors were reviewed by the Board at its meeting in November 2016. Following this review, there were no increases made to the base fees paid to the Chairman and Non-Executive Directors. The fees paid to the Chair and members of the Nomination & Governance Committee were increased to £20,000 and £10,000 per annum respectively, in recognition of that Committee's increased oversight of and responsibility for governance and compliance matters during the year.

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

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

	Fees at January 1, 2017 £'000	Fees at January 1, 2016 £'000	% increase
Chairman	275.0	275.0	0%
Non-Executive Director basic fee	55.0	55.0	0%
Senior Independent Director	20.0	20.0	0%
Chair of Audit Committee	20.0	20.0	0%
Chair of Remuneration Committee	20.0	20.0	0%
Chair of Science & Policy Committee	20.0	20.0	0%
Chair of Nomination & Governance Committee	20.0	10.0	100%
Member of Audit Committee	10.0	10.0	0%
Member of Remuneration Committee	10.0	10.0	0%
Member of Science & Policy Committee	10.0	10.0	0%
Member of Nomination & Governance Committee	10.0	5.0	100%



Chairman and Non-Executive Directors' shareholding requirements (audited)

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

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

	Total number of shares held at March 2, 2017	Total number of shares held at December 31, 2016	Total number of shares held at December 31, 2015
Howard Pien	46,219	36,531	22,943
Yvonne Greenstreet	6,017	4,598	2,886
A. Thomas McLellan	7,546	6,094	3,778
Lorna Parker	6,079	4,848	2,950
Daniel J. Phelan	10,318	8,249	4,980
Chris Schade	5,911	4,680	2,896
Daniel Tassé	12,996	10,112	6,209
Lizabeth Zlatkus ¹	696	–	–
Former Directors			
Rupert Bondy ²		16,183	9,599
Adrian Henna ³		34,253	34,253

1. Lizabeth Zlatkus was appointed as a Director of the Company effective September 1, 2016.

2. Rupert Bondy resigned as a Director of the Company effective September 30, 2016. His shareholding is shown as at the date of his resignation.

3. Adrian Henna resigned as a Director of the Company effective May 11, 2016. His shareholding is shown as at the date of his resignation.

Terms of service

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

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

	Date of appointment	Expiry of current term	Length of service at December 31, 2016 in years	Notice period
Howard Pien	November 4, 2014	November 3, 2017	2	1 month
Yvonne Greenstreet	November 4, 2014	November 3, 2017	2	1 month
A. Thomas McLellan	November 4, 2014	November 3, 2017	2	1 month
Lorna Parker	November 4, 2014	November 3, 2017	2	1 month
Daniel J. Phelan	November 4, 2014	November 3, 2017	2	1 month
Chris Schade	November 4, 2014	November 3, 2017	2	1 month
Daniel Tassé	November 4, 2014	November 3, 2017	2	1 month
Lizabeth Zlatkus	September 1, 2016	August 31, 2019	<1	1 month

Summary Remuneration Policy

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

Remuneration element	Key features	How the Policy was implemented for 2016	Changes to implementation of Policy for 2017
Base salary	<p>Base salaries are typically reviewed annually with effect from January 1.</p> <p>Any increases are normally aligned with increases across the Group as a whole.</p>	<p>Base salaries were set at the time of admission in December 2014. Executive Directors received a merit increase of 3%, effective January 1, 2016, in line with the average increase across the wider workforce.</p>	<p>Effective January 1, 2017 the base salaries of the Executive Directors were increased by 3% in line with the average increase across the wider workforce.</p>
Benefits	<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 expense, housing allowance and education support.</p>	<p>Executive Directors' benefits primarily consisted of healthcare.</p>	<p>No change.</p>
Pension	<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, Company matching on 401(K) elected deferrals, or a combination thereof.</p>	<p>The CEO received pension contributions of 17.5% of salary plus any Company matching on 401k elected deferrals.</p> <p>The CFO received pension contributions of profit-sharing contributions of 4% of pay, plus any Company match of 75% on elected deferrals up to 4.5% of pay.</p>	<p>No change.</p>
Annual bonus	<p>Maximum bonus opportunities of 200% of salary.</p> <p>Bonuses are paid in cash and based on a combination of stretching financial and non-financial/strategic performance measures, with the majority assessed against the financial performance metrics.</p> <p>Clawback provisions apply which allow the Company to seek redress in the event that the Committee determines that the Company's results have been materially misstated or an individual's conduct has amounted to gross misconduct.</p> <p>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.</p>	<p>The CEO had a maximum annual bonus opportunity of 200% of salary and the CFO 120% of salary.</p> <p>The 2016 annual bonus was subject to net revenue, net income and pipeline milestones, each with a one-third weighting.</p> <p>As an additional underpin, no bonus would be paid in respect of the net income portion of the annual bonus if the Company violates its debt covenants.</p>	<p>No change.</p>



Remuneration element	Key features	How the Policy was implemented for 2016	Changes to implementation of Policy for 2017
LTIP	<p>The maximum award that may be made under the LTIP is 600% of salary.</p> <p>Awards may consist of grants of performance shares and/or options which vest after a period of at least three years, subject to the achievement of key financial and strategic performance conditions.</p> <p>Awards may be scaled back prior to vesting, in the event that the Committee determines that the Company's results have been materially misstated or an individual's conduct has amounted to gross misconduct. Where LTIP awards have vested, the Committee has the discretion to 'clawback' awards up to the fifth anniversary of the grant of the awards in the circumstances described above.</p> <p>For LTIP awards granted in 2016 and future years, awards made to Executive Directors are subject to an additional two-year holding period following the end of the three-year performance period.</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 Company.</p>	<p>The CEO received an LTIP award with a face value of 600% of salary and the CFO 500% of salary.</p> <p>Awards made in 2016 are subject to:</p> <ul style="list-style-type: none"> ◀ Key pipeline milestones ◀ Relative TSR vs FTSE 250 – Relative TSR vs S&P1500 Pharmaceutical & Biotech Index. <p>Each measure will have a one-third weighting. Further details are provided on page 78.</p>	No change.
All-employee plans	The Company operates an HMRC-approved SAYE plan for UK employees and US Employees Stock Purchase Plan (ESPP) for US employees.	The Company operated these all-employee plans during 2016. No awards were made to the Executive Directors as they were not eligible to join.	The Company intends to operate these all-employee plans during 2017.
Shareholder alignment	The Committee recognizes the importance of aligning Executive Directors' and shareholder interests through Executive Directors building up significant shareholdings in the Company. The shareholding requirement is 500% of salary for both the CEO and CFO.	The CEO retained shares following the vesting of awards during the year to build towards his shareholding guideline. The CFO did not have any awards vesting during the year. Further details can be found on page 83.	No change.

Daniel J. Phelan

Chairman of the Remuneration Committee

March 7, 2017

Directors' Report

The Directors of the Company present their Annual Report together with the audited consolidated financial statements of the Company for the year ended December 31, 2016.

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

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

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

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

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

the limitations and restrictions provided by such law.

Dividends

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

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

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

Directors and their interests

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

February 21, 2017 respectively). Cary Claiborne resigned as a Director on March 7, 2017.

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

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

Directors' indemnity arrangements and insurance cover

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

Appointment and powers of Directors

The Company's Articles of Association give the Directors power to appoint and replace Directors.

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

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

The Directors are responsible for managing the business of the Company and may exercise all the powers of the



Company, subject to the provisions of relevant statutes, to any directions given by special resolution and the Articles of Association. Powers relating to the issuing of shares are also included in the Articles of Association and such authorities are renewed by shareholders at the AGM each year, see page 38.

Principal risks and uncertainties

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

People

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

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

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

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

Greenhouse gas emissions

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

Share capital

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

The Company has one class of ordinary shares which 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, 2016, the Company had 720,597,566 ordinary shares in issue. The Company does not hold any shares in Treasury.

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

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

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

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

Authority to issue shares

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

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

Authority to purchase own shares

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

renewable annually and shareholders will be asked to approve an equivalent resolution at the 2017 AGM.

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

Articles of Association

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

Significant agreements – change of control

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

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

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

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

Political donations

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

Branches

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

Disclosure of information to the External Auditor

Each of the Directors who held office at the date of approval of this Directors' Report confirm that:

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

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

External Auditor

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

Financial risk management

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

Substantial shareholdings

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

	December 31, 2016 (% of total voting rights)	March 7, 2017 (% of total voting rights)
Harbor International Fund	5.92	3.98
Old Mutual	–	5.63
Scopia Capital Management	13.01	14.04

	December 31, 2016 (% of total voting rights)	March 7, 2017 (% of total voting rights)
Artemis Investment Management	4.62	4.62
Janus Capital Management	4.92	4.92
Prudential	5.17	5.17
Fidelity Management & Research	5.07	5.07
Massachusetts Financial Services Company	4.70	4.70

Disclosures required under Listing Rule 9.8.4

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

Post-balance sheet events

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

Annual General Meeting ('AGM')

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

By Order of the Board

Kathryn Hudson
Company Secretary

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

Company registration number: 9237894

March 7, 2017



Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Responsibility statement of the Directors in respect of the Annual Report

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

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

- ◁ the Parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law)

give a true and fair view of the assets, liabilities, financial positions and profit of the Company;

- ◁ the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- ◁ the Directors' Report and Strategic Report, includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

Disclosure of information to the External Auditor

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

Going concern

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

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

Statement of Directors' Responsibilities continued

ability to maintain compliance with the financial covenants in its debt facility and raise additional funding in the financial markets.

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

By Order of the Board

Kathryn Hudson

Company Secretary of Indivior PLC

103-105 Bath Road

Slough, Berkshire, SL1 3UH

Company Registration number: 9237894

March 7, 2017

Report on the Group Financial Statements

Our opinion

In our opinion, Indivior PLC's Group Financial Statements (the "Financial Statements"):

- < give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- < have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- < have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Emphasis of matter – Going concern

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2 to the Financial Statements concerning the Group's ability to continue as a going concern. As more fully stated in Note 20 the Group is involved in investigations by the Department of Justice and the Federal Trade Commission as well as antitrust litigation. An amount of \$219 million has been established as a provision for potential settlement for all of these matters. The amount accepted in the final agreed settlement might be materially different from 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, all of which could mean the Group cannot continue in business without taking necessary measures to reduce its cost base and improve its cash flow. The directors believe that they are able to carry out the necessary measures and that that the Group 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 Financial Statements. These conditions, along with the other matters explained in Note 2 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Emphasis of matter – outcome of litigation

In forming our opinion on the Financial Statements, which is not modified, we draw your attention to Note 2 that describes the uncertain outcome of the ongoing ANDA patent litigation over Suboxone® Film. In the event of a negative ruling against the Group, and should there be a regulatory approval and subsequent commercial launch of generic Suboxone® Film, and pipeline products fail to obtain regulatory approval there is the likelihood that revenues and operating profits may 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. As a result of this decline and extent of its impact, the directors would consider a change in the structure of the business and methods to reduce its cost base, as also described in Note 20.

What we have audited

The Financial Statements, included within the Annual Report and Financial Statements (the 'Annual Report'), comprise:

- < the consolidated balance sheet as at 31 December 2016;
- < the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- < the consolidated cash flow statement for the year then ended;
- < the consolidated statement of changes in equity for the year then ended; and
- < the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the Notes to the Financial Statements. These are cross-referenced from the Financial Statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Financial Statements is IFRSs as adopted by the European Union, and applicable law.

Our audit approach

Overview



- < Overall Group materiality: \$16.8 million which represents 5% of adjusted profit before tax.
- < We conducted full scope audit work covering 10 reporting units.
- < Specific audit procedures on certain balances and transactions were performed on a further two reporting units.
- < The reporting units where we performed audit work accounted for 95% of the Group's revenues and 92% of the Group's adjusted profit before tax, adjusted for exceptional items.
- < Significant judgements and estimates in sales rebates, discounts and returns adjustments recognised primarily in the US business (refer to Note 21).
- < Risk of misstatement relating to ongoing legal claims and regulatory investigations and claims and the related provisions (refer to Notes 18 and 20).
- < Uncertain tax positions.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing 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. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus

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

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) and the dispensing of a product to a patient may be several months. Accordingly, an estimate of the 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 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 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 appropriate revenue recognition policies were consistent with IFRSs as adopted by the European Union.

How our audit addressed the area of focus

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

- < rates included in sales contracts and agreements with third parties; and
- < rebate invoices received after the year-end, 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, there is room for judgement. We found that within that, the directors' judgement was within an acceptable range and policies applied were consistent with IFRSs as adopted by the European Union.

Area of focus

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

The pharmaceutical industry is a highly regulated industry. Since 81% of the Group operates in the US, compliance is required with the US regulatory requirements, including those of the 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. Furthermore the Group is subject to a number of investigations relating to competition law within the EU.

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.

During the year, the most significant increase to the Group's litigation provisions, \$219 million, was in respect of a settlement offer made by the Group to settle the Department of Justice and the Federal Trade Commission as well as antitrust litigations referred to in Notes 2, 18 and 20. At 31 December 2016, the Group held provisions of \$257 million in respect of legal actions (31 December 2015 – \$40 million). The amount accepted in the final agreed settlement for the Department of Justice and the Federal Trade Commission as well as antitrust litigations might be materially different from the \$219 million 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, all of which could mean the Group cannot continue in business without taking necessary measures to reduce its cost base and improve its cash flow. The directors believe that they are able to carry out the necessary measures and that that the Group 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 Financial Statements.

As disclosed in Note 20 the outcome of the ongoing ANDA patent litigation over Suboxone® Film remains uncertain. In the event of a negative ruling against the Group, and should there be a regulatory approval and subsequent commercial launch of generic Suboxone® Film, and pipeline products fail to obtain regulatory approval there is the likelihood that revenues and operating profits may 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. As a result of this decline and extent of its impact, the directors would consider a change in the structure of the business and methods to reduce its cost base, as also described in Note 20.

Accordingly, unexpected adverse outcomes could significantly impact the Group's reported profit and balance sheet position.

How our audit addressed the area of focus

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.

Where provisions had been booked in the Group financial statements, we substantively tested the amount provided and formed our own expectation of the likely outcome and comparing that to the provision by:

- ◊ using documentation such as correspondence with external legal counsel;
- ◊ independent confirmations that we received from the Group's external legal counsel;
- ◊ using penalties awarded and costs incurred for other similar completed legal or regulatory cases.

Our testing did not identify any material misstatements in the provision booked.

For certain ongoing regulatory investigations where no claim had been brought against the Group at 31 December 2016, we met with external legal counsel about the matters and 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.

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 relevant factors when drawing their conclusion and did not identify any that they had.

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 representation 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.

In assessing the impact of a negative ruling for the ANDA litigation and a final agreed Department of Justice settlement amount that is materially higher than the current provision, both of which are referred to in Note 20, we performed the following procedures on the directors' assessment that they 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 prospective actions to reduce the Group's cost base by agreeing them to detailed workings and discussing the assumptions used with management and assessing the reductions against underlying calculations and whether such reductions were feasible given our understanding of the business model and operating expenses;
- ◊ verified the mathematical accuracy of the spreadsheet used to model future financial performance;
- ◊ tested the forecast results against existing debt covenant arrangements as explained in Note 17.

Independent Auditors' Report to the members of Indivior PLC continued

Area of focus	How our audit addressed the area of focus
Uncertain tax positions <p data-bbox="108 510 707 734">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.</p> <p data-bbox="108 739 715 848">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.</p> <p data-bbox="108 853 695 909">Judgement is required in assessing the level of provisions required in respect of uncertain tax positions.</p>	<p data-bbox="772 271 1390 468">Based on this work we concur with the directors' conclusion that, should there be an adverse ruling in the current ANDA litigation and settlement of the Department of Justice investigation for a materially higher amount than the current provision (and also considering the risk of failure of existing products in development to gain regulatory approval), the use of the going concern basis remains appropriate.</p> <p data-bbox="772 472 1361 618">Using our US and UK international tax and transfer pricing knowledge, we evaluated and challenged the directors' judgements in respect of estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions.</p> <p data-bbox="772 622 1370 678">In understanding and evaluating the directors' judgements, we considered:</p> <ul data-bbox="772 683 1398 947" style="list-style-type: none">◀ the status of recent and current tax authority audits and enquiries;◀ the outturn 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. <p data-bbox="772 952 1398 1205">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. During the year the Group made a claim under the UK Patent Box legislation. We have reviewed the claim documentation and third party studies and used our Patent Box experts to evaluate the claim and the basis for recognising the tax credit of \$37 million.</p> <p data-bbox="772 1209 1361 1292">From the evidence obtained, we believe that the directors' assumptions and judgements to be balanced and we considered the level of provisioning to be acceptable.</p>

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 geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates a single business activity and therefore operates as one reportable segment. The Group Financial Statements are a consolidation of reporting units comprising the Group's operating businesses and centralised Group functions.

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. With the largest components of the Group being the US and UK we focused our audit work here. 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.

In total our audit scope consisted of 10 full scope audits out of 37 reporting units with specific audit procedures on a further two reporting units. With all audit procedures combined together our audit scope addressed 95% of the Group's net revenues and 92% of the Group's adjusted profit before tax, adjusted for exceptional items.

Our Group engagement team's involvement included site visits where the components' 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 on the Financial Statements as a whole.

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

Overall Group materiality	\$16.8 million (2015: \$15.8 million).
How we determined it	5% of adjusted profit before tax.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice. Consistent with the prior year, we have excluded exceptional items which are non-recurring and do not impact continuing business performance.
Component materiality	For each component in our audit scope, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between \$8.0 million and \$12.0 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 \$0.75 million (2015: \$0.79 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 95, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the Financial Statements and their identification of any material uncertainties.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the Financial Statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the Financial Statements were signed. The appropriateness of the adoption of the going concern basis is dependent on the final settlement of the investigations by the Department of Justice and the Federal Trade Commission as well as antitrust litigation. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate, although the final settlement of the investigations by the Department of Justice and the Federal Trade Commission as well as antitrust litigation indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, as explained in Note 2 to the Financial Statements. We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- ◁ the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- ◁ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Independent Auditors' Report to the members of Indivior PLC continued

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

◁ information in the Annual Report is: <ul style="list-style-type: none">- materially inconsistent with the information in the audited Financial Statements; or- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or- otherwise misleading.	We have no exceptions to report.
◁ the statement given by the directors on page 95, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report.
◁ the section of the Annual Report on page 70, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

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

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

◁ the directors' confirmation on page 95 of the Annual Report, in accordance with provision C.2.1 of the Code, 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.	We have nothing material to add or to draw attention to.
◁ the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
◁ the directors' explanation on page 95 of the Annual Report, in accordance with provision C.2.2 of the Code, 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	Refer to our Emphasis of Matter – Going Concern above. We have nothing else material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' 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 Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of information and explanations received

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. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.



Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 95, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of Financial Statements involves

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- ◁ whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- ◁ the reasonableness of significant accounting estimates made by the directors; and
- ◁ the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the parent company Financial Statements of Indivior PLC for the year ended 31 December 2016 and on the information in the Directors' Remuneration Report that is described as having been audited.

Simon Friend

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

9 March 2017

Consolidated income statement

For the year ended December 31	Note	2016 \$m	2015 \$m
Net revenues	3	1,058	1,014
Cost of sales		(107)	(97)
Gross profit		951	917
Selling, distribution and administrative expenses	4	(683)	(423)
Research and development expenses	4	(119)	(148)
Operating profit		149	346
Operating profit before exceptional items		387	377
Exceptional items	4	(238)	(31)
Operating profit		149	346
Finance expense	7	(51)	(61)
Net finance expense	7	(51)	(61)
Profit before taxation		98	285
Income tax expense	8	(63)	(57)
Taxation before exceptional items	8	(82)	(70)
Exceptional items within taxation	8	19	13
Net income		35	228
Earnings per ordinary share (cents)	9		
Basic earnings per share		5	32
Diluted earnings per share		5	31

Consolidated statement of comprehensive income

For the year ended December 31	2016 \$m	2015 \$m
Net income	35	228
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent years:		
Net exchange adjustments on foreign currency translation	1	(14)
Other comprehensive income	36	(14)
Total comprehensive income	36	214

As at December 31	Note	2016 \$m	2015 \$m
Assets			
Non-current assets			
Intangible assets	10	83	62
Property, plant and equipment	11	27	32
Deferred tax assets	12	109	122
		219	216
Current assets			
Inventories	13	41	48
Trade and other receivables	14	227	206
Current tax receivable		30	–
Cash and cash equivalents	16	692	467
		990	721
Total assets		1,209	937
Liabilities			
Current liabilities			
Borrowings	17	(101)	(34)
Provisions for liabilities and charges	18	(219)	–
Trade and other payables	21	(658)	(528)
Current tax liabilities		(52)	(41)
		(1,030)	(603)
Non-current liabilities			
Borrowings	17	(434)	(571)
Provisions for liabilities and charges	18	(40)	(42)
		(474)	(613)
Total liabilities		(1,504)	(1,216)
Net liabilities		(295)	(279)
Equity			
Capital and reserves			
Share capital	22	72	72
Other reserves	23	(1,295)	(1,295)
Foreign currency translation reserve	23	(22)	(23)
Retained earnings	23	950	967
		(295)	(279)
Total equity		(295)	(279)

The financial statements on pages 104 to 130 were approved by the Board of Directors on March 7, 2016 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, 2015		1,437	–	(1,295)	(16)	(601)	(475)
Comprehensive income							
Net income		–	–	–	–	228	228
Other comprehensive income		–	–	–	(7)	(7)	(14)
Total comprehensive (expense)/income		–	–	–	(7)	221	214
Transactions with owners							
Share-based plans	23	–	–	–	–	8	8
Deferred taxation on share-based plans	23	–	–	–	–	(3)	(3)
Dividends paid	23	–	–	–	–	(23)	(23)
Capital reduction	23	(1,365)	–	–	–	1,365	–
Total transactions recognized directly in equity		(1,365)	–	–	–	1,347	(18)
Balance at December 31, 2015		72	–	(1,295)	(23)	967	(279)
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	23	–	–	–	–	10	10
Deferred taxation on share-based plans	23	–	–	–	–	7	7
Dividends paid	23	–	–	–	–	(69)	(69)
Total transactions recognized directly in equity		–	–	–	–	(52)	(52)
Balance at December 31, 2016		72	–	(1,295)	(22)	950	(295)

For the year ended December 31	Notes	2016 \$m	2015 \$m
Cash flows from operating activities			
Operating profit		149	346
Depreciation and amortization	10, 11	14	32
Impairment and write-offs	10, 11	–	8
Share-based payments	25	10	5
Impact from foreign exchange impacts		1	–
(Increase) in trade and other receivables	14	(27)	(9)
Decrease/(increase) in inventories		4	(9)
Increase in trade and other payables	21	142	145
Increase in provisions	18	219	–
Cash generated from operations		512	518
Net financings costs	17	(42)	(44)
Transaction costs related to loan	17	–	(23)
Taxes paid		(63)	(131)
Net cash inflow from operating activities		407	320
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(20)	(27)
Purchase of intangible assets	10	(15)	(4)
Net cash (outflow) from investing activities		(35)	(31)
Cash flows from financing activities			
Cash movement on overdraft	17	–	(9)
Cash movement in borrowings	17	(78)	(112)
Dividends paid	24	(69)	(23)
Net cash (outflow) from financing activities		(147)	(144)
Net increase in cash and cash equivalents	16	225	145
Cash and cash equivalents at beginning of the year	16	467	331
Exchange difference		–	(9)
Cash and cash equivalents at end of the year		692	467

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 in connection with the demerger 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 the 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 (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 (the Act) applicable to companies reporting under IFRS. These Financial Statements have been prepared under the historical cost convention.

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 relating to the Department of Justice and Federal Trade Commission investigations and antitrust litigation, an amount of \$220m was established as a reserve at Q3 for all of these matters. The final amount might be materially higher than this reserve. 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, all of which could mean the Group cannot continue in business without taking necessary measures to reduce its cost base and improve its cash flow. As such, this indicates a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. However, the Directors believe they have the ability to carry out the necessary measures and that the Group can continue as a going concern for at least one year from the financial statements date. Accordingly, the Directors continue to adopt the going concern basis for accounting in preparing these Financial Statements, which do not include any adjustments that might result from the outcome of this uncertainty.

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.

A number of new standards and interpretations are effective for the Group’s annual periods beginning on or after January 1, 2017, and have not been applied in preparing these consolidated accounts. With the exception of IFRS 15 Revenue from Contracts with Customers which will be effective for annual periods beginning on or after January 1, 2018, IFRS 16 Leases which will be effective for annual periods beginning on or after January 1, 2019 and the revised issuance of IFRS 9 Financial Instruments which will be effective for annual periods beginning on or after January 1, 2018, for which initial assessments have been performed and the extent of the impact is still being determined, none of these are expected to have a significant effect on the consolidated accounts of the Group.

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

Items included in 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 in the income statement.

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:

	2016	2015
GBP year-end exchange rate	1.2340	1.4736
GBP average exchange rate	1.3579	1.5285
EUR year-end exchange rate	1.0519	1.0858
EUR average exchange rate	1.1070	1.1097

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

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

Exchange differences arising from the translation of the net investment in foreign entities, borrowings and other currency instruments designated as hedges of such investments, 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. They are recognized in the period in which the underlying sales are recognized, as a reduction of sales revenue. The Company also estimates the amount of product returns, on the basis of contractual sales terms and reliable historical data; the same recognition principles apply to sales returns.

Income taxes

Judgment is required in determining the provision for income taxes. There are many 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.

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 fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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, employment and wrongful discharge claims and tax assessment claims.

Provisions are estimated on the basis of events and circumstances related to present obligations at the statement of financial position date, of past experience, and to the best of management's knowledge at the date of preparation of the Financial Statements. 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 materially from the Company's estimates.

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).

As the Group is engaged in a single business activity, which is the development, manufacture and sale of prescription drugs that are based on buprenorphine for treatment of opioid dependence, the CEO reviews financial information presented on a combined basis for evaluating financial performance and allocating resources. Accordingly, the Company reports as a single reporting 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, of customer incentives and discounts, and of 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, in accordance with IAS 18.

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 that 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 that the estimates made are reasonable; however such estimates involve judgments on aggregate future sales levels, distribution channel mix, distributors sales performance and market competition.

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 property, plant and equipment and intangible assets.

January 1 – December 31, 2016	Net Revenue from sale of goods \$m	Non-current assets \$m
United States	857	64
Rest of World	201	46
Total	1,058	110

January 1 – December 31, 2015	\$m	\$m
United States	807	80
Rest of World	207	14
Total	1,014	94

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	2016 %	2015 %
Customer A	23%	23%
Customer B	29%	28%
Customer C	22%	20%

4. Operating costs and expenses

Accounting policies

Research & Development

Research expenditure on internal activities is charged to the consolidated statement of income 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 the probable threshold can be achieved. All development expenditure incurred prior to filing for regulatory approval is therefore expensed as incurred. There are currently no internally generated intangibles recognized.

Notes to the Financial Statements continued

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, non-recurring expenses or income are incurred during the year, these items are disclosed as exceptional items in the income statement. Examples of such items are restructuring and other expenses relating to the integration of an acquired business and related expenses for the reconfiguration of the Company's activities, impairment of current and non-current assets, 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	2016 \$m	2015 \$m
Research & Development expenses		(119)	(148)
Marketing, selling, and distribution expenses		(144)	(166)
Administrative expenses		(520)	(227)
Depreciation and amortization	10, 11	(14)	(24)
Operating lease rentals	19	(5)	(6)
		(683)	(423)

Exceptional items

	2016 \$m	2015 \$m
Cost of sales	(11)	–
Reconfiguration and separation costs	–	(15)
Impairment and write-offs	–	(16)
Consulting costs	(7)	–
Legal provision	(220)	–
Total exceptional items	(238)	(31)

Reconfiguration and separation costs consists primarily of legal and advisory costs related to business reconfiguration activities which have been included within operating expenses. The Company recorded a charge of \$220m during the year for the investigative and antitrust litigation matters set out in Note 20.

5. Auditors' remuneration

	2016 \$m	2015 \$m
Audit of Parent Company and consolidated Financial Statements:		
Audit of the Group's Annual Report and Financial Statements	1.07	1.11
Audit of account of the Group's subsidiaries	0.17	0.21
Audit-related assurance services	1.88	–
Audit and audit-related services	3.12	1.32
Taxation compliance	–	0.02
Other non-audit assurance services	1.04	0.05
Total auditors' remuneration	4.16	1.39

Total fees charged for non-audit services in the year relating to the Indivior Group or any of its subsidiaries were \$2.6m (2015: \$0.1m). These were primarily for audit-related assurance services pertaining to the temporarily suspended potential listing in the US.

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.

Employee share schemes

Incentives in the form of shares are provided to employees under share option and restricted share award schemes.

The fair values of these options and awards are calculated at their grant dates and any shortfall between the cost to the employee and the fair market value are charged to the income statement over the relevant vesting periods, with the credit taken directly to retained earnings.

The fair value at grant date is determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the award, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the award, the share price at grant date, the expected dividend yield and the risk-free interest rate for the term of the award.

The fair value of the awards excludes the impact of any non-market vesting conditions (e.g. earnings per share). Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of awards that are expected to become exercisable. The employee benefit expense recognized each period takes into account the most recent estimate.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

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	2016 \$m	2015 \$m
The total employment costs, including Directors, were:			
Wages and salaries		(167)	(137)
Social security costs		(25)	(26)
Other pension costs		(7)	(7)
Share-based plans	25	(10)	(8)
		(209)	(178)

Notes to the Financial Statements continued

6. Employees (continued)

Details of Directors' emoluments are included in the Directors' Remuneration Report on pages 77 to 91, which forms part of the Financial Statements.

Compensation awarded to key management (the Executive Committee):

	2016 \$m	2015 \$m
Short-term employee benefits	12	9
	12	9

(b) Staff numbers

The monthly average number of people employed by the Group, including Directors, during the year was:

	2016	2015
Operations	627	548
Management	198	175
Research & Development	109	108
Average number of employees	934	831

7. Net finance expense

Accounting policy

Finance costs of borrowings are recognized in the income statement over the term of those borrowings.

	2016 \$m	2015 \$m
Interest payable on borrowings	(40)	(52)
Amortization of finance charges	(11)	(9)
Total finance expense	(51)	(61)
Net finance expense	(51)	(61)

8. Income tax expense

Accounting policy

Income tax on the profit for the year comprises current and deferred tax. 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.

	2016 \$m	2015 \$m
Current tax	(40)	(105)
Adjustments for current tax of prior years	(4)	3
Total current tax	(44)	(102)
Origination and reversal of temporary differences	(30)	23
Adjustments for prior year deferred tax	11	22
Total deferred tax	(19)	45
Tax on profit	(63)	(57)

8. Income tax expense (continued)

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from April 1, 2015. The Group's profits for the year ended December 31, 2015 are taxed at an effective rate of 64% (2015: 20%). UK income tax of \$37m (2015: \$33m) is included within current tax and is calculated at 20% (2015: 20.25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total tax charge for the year can be reconciled to the accounting profit as follows:

	2016 \$m	2015 \$m
Profit before taxation	98	285
Tax at the notional UK corporation tax rate of 20.00% (2015: 20.25%)	19	58
Effects of:		
Tax at rates other than the UK corporation tax rate	10	23
Non-deductible reserve	78	–
Permanent differences	(12)	(10)
R&D tax credit	(5)	(4)
UK Patent box	(50)	–
Adjustments for losses not benefited	13	–
Adjustments in respect of prior years	(7)	(25)
Adjustments to amounts carried in respect of unresolved tax matters	16	13
Impact of changes in tax rates	1	–
Other	–	2
Income tax expense	63	57

The reported rate of 64% (2015: 20%) was impacted by non-recurring items of a net tax benefit of \$13m, which includes a prior year claim for "Patent Box" regime benefits in the UK of \$45m offset by \$13m of losses in other UK group companies that cannot be recognized due to the prior year claim. Also included in the non-recurring items is an increase to unresolved tax matters of \$16m. The Company also benefited by \$5m for Research credits in both the US and the UK, which are expected to be consistent year over year. No deferred tax has been recognized on the litigation charge in the period as it is uncertain whether the charge will be available for tax relief. Adjustments will be made once a final determination of the litigation charges has been made.

Taxation has been provided at current rates on profits earned for the periods covered by the Group Financial Statements. The 2016 prior period adjustments relate to tax accrual to tax return adjustments of \$5m and another tax true up of \$2m. The 2015 prior period current and deferred tax adjustments relate to tax accrual to return adjustments of \$10m and other tax true-ups of \$15m.

The Group continues to believe that 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 is required to make judgments in the determination of 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 multinational tax environment, the nature of the uncertain tax positions is often complex and subject to change. Original estimates are always refined as additional information becomes known. Indivior has developed its probability assessment to review and measure uncertain tax positions using internal expertise, experience and judgment, together with assistance and opinions from professional advisors. The Group feels that the reserves are adequate to cover any assessments that may arise.

The IRS is currently auditing 2013-2014 tax years and has presented their audit plan to review transactions immediately prior to the formation of the Indivior Group and on the formation of the group.

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. Changes to the UK Corporation Tax rates were substantially enacted as part of Finance Bill 2015 (on 26 Oct 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions in the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

9. Earnings per share

	2016 cents	2015 cents
Basic earnings per share	5	32
Diluted earnings per share	5	31
Adjusted basic earnings per share	35	34
Adjusted diluted earnings per share	34	34

Basic

Basic earnings per share (EPS) 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. 720,597,566 shares were in issue during the year ended December 31, 2016.

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 options. The weighted average number of shares is adjusted for the number of shares granted assuming the vesting of the awards.

	2016 Average number of shares	2015 Average number of shares
On a basic basis	719,874,634	718,577,618
Dilution for Long-Term Incentive Plan (LTIP)	22,499,534	14,507,535
Dilution for Employee Sharesave Scheme	846,147	–
On a diluted basis	743,220,315	733,085,153

Adjusted earnings

The Directors believe that diluted earnings per ordinary 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 ordinary share.

Details of the adjusted net income:

	2016 \$m	2015 \$m
Net income	35	228
Exceptional items	238	31
Tax effect of exceptional items	(6)	–
Exceptional items within taxation	(13)	(13)
Adjusted net income	254	246

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 that are attributable to the asset will flow to the Company. 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 Company. 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.

10. Intangible assets (continued)

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 and 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 when preparing cash flow projections. 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, 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

	Acquired distribution rights \$m	Technology and licenses acquired \$m	Software \$m	Total \$m
Cost				
At January 1, 2015	220	56	–	276
Additions	–	4	–	4
Disposals and asset write-offs	–	(8)	–	(8)
Exchange adjustments	(2)	1	–	(1)
At December 31, 2015	218	53	–	271
Accumulated amortization and impairment				
At January 1, 2015	185	–	–	185
Amortization charge	23	–	–	23
Exchange adjustments	1	–	–	1
At December 31, 2015	209	–	–	209
Net book amount at December 31, 2015	9	53	53	62

Acquired distribution rights

Acquired distribution rights are amortized over a period from six to seven years. The useful life of the acquired distribution rights was determined based on legal, regulatory, contractual, competitive, economic or other relevant factors. Amortization expense is included in selling, distribution and administrative expenses for all years presented.

There were no impairments recognized in the year.

10. Intangible assets (continued)

Technology and licenses acquired

The licenses acquired are not amortized as the Group has not filed for regulatory approval for the related products as at December 31, 2016. The licenses are assessed for impairment at the end of each reporting period. There were no impairments recognized 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.

During the year, the Group completed the development of a new ERP and other operational systems. \$20m of prior year costs were transferred to intangible assets from PP&E, and an additional \$15m was incurred during the year in relation to the ERP system.

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 written off on a straight-line basis over the year of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- ◁ Freehold buildings: not more than 50 years; and
- ◁ Owned plant and equipment: not more than 15 years.

In general, production plant and equipment and office equipment are written off over 10 years or less; motor vehicles and computer equipment over five years or less.

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, 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

11. Property, plant and equipment (continued)

	Land and buildings \$m	Plant and equipment \$m	Total \$m
Cost			
At January 1, 2015	5	39	44
Additions	3	24	27
Exchange adjustment	–	1	1
At December 31, 2015	8	64	72
Accumulated depreciation and impairment			
At January 1, 2015	3	28	31
Charge for the year	–	9	9
At December 31, 2015	3	37	40
Net book amount at December 31, 2015	5	27	32

Depreciation and amortization expense is included in selling, distribution and administrative expense within the income statement.

During the year, the Group completely the development of a new ERP and other operational systems. \$20m of prior-year costs related to this were transferred to intangible assets.

Capital expenditure, relating to PP&E, contracted for at the end of the reporting period but not yet incurred amounts to \$8m.

12. Deferred tax

Accounting policy

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. The 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. 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, 2015	64	(3)	16	–	–	77
Credited to the income statement	20	2	7	–	16	45
(Credited) directly to equity	–	–	–	3	(6)	(3)
Exchange differences	–	1	1	–	1	3
At December 31, 2015	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

Notes to the Financial Statements continued

12. Deferred tax (continued)

Deferred tax liabilities	Unrealized profit in inventory \$m	Intangible assets \$m	Short-term temporary differences \$m	Share-based payments \$m	Other \$m	Total \$m
At January 1, 2015	–	2	–	–	–	2
(Charged) to the income statement	–	(2)	–	–	–	(2)
At December 31, 2015	–	–	–	–	–	–
(Charged) to the income statement	–	–	–	–	–	–
At December 31, 2016	–	–	–	–	–	–

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 for the current period as the likelihood of future economic benefit is not sufficiently assured. These losses, if recognized, would amount to a \$13m (2015: nil) tax benefit.

No deferred tax has been provided for unremitted earnings of Group companies overseas as these are considered permanently employed in the business of these companies. Unremitted earnings may be liable to overseas taxes and/or UK taxation (after allowing for double tax relief) if distributed as dividends. The group has no unrecognised deferred tax liability on unremitted earnings on the basis that no tax liability would arise if earnings were remitted back to the UK.

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 (FIFO) basis. Selling expenses 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.

	2016 \$m	2015 \$m
Raw materials, stores and consumables	9	11
Work in progress	16	21
Finished goods and goods held for resale	16	16
Total inventories	41	48

The cost of inventories recognized as an expense and included as cost of sales amounted to \$107m (2015: \$97m). This includes inventory write-offs and losses of \$5m (2015: \$2m).

The inventory provision (reflected in the carrying amount above) at December 31, 2016 was \$5m (2015: \$2m).

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.

If there is objective evidence that the Group will not be able to collect the full amount of the receivable, a provision is recognized on the balance sheet. 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	2016 \$m	2015 \$m
Trade receivables	210	176
Less: Provision for impairment of receivables	(5)	(7)
Trade receivables – net	205	169
Other receivables	10	25
Prepayments	12	12
Total current receivables	227	206

14. Trade and other receivables (continued)

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.

As at December 31, 2016, trade receivables of \$5m (2015: \$9m) were past due, but not impaired. The ageing analysis of trade receivables past due is as follows:

	2016 \$m	2015 \$m
Past due not more than three months	5	9
Past due more than three months and not more than six months	–	–
Past due more than six months and not more than one year	–	–
Past due more than one year	–	–
	5	9

As at December 31, 2016, trade receivables of \$11m (2015: \$11m) were considered to be impaired. The amount of provision at December 31, 2016 was \$5m (2015: \$7m). It was assessed that a portion of the receivables is expected to be recovered due to the nature and historical collection of trade receivables. The ageing analysis of these receivables is as follows:

	2016 \$m	2015 \$m
Up to three months	–	–
Over three months	11	11
	11	11

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:

	2016 \$m	2015 \$m
Sterling	11	21
Euro	26	36
US dollar	179	125
Other currencies	11	24
	227	206

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, both internal and external.

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 that 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, 2016, Indivior had \$101m of borrowings repayable within one year and held \$692m of cash and cash equivalents. Indivior regularly sweeps cash from a number of global subsidiaries to central Treasury accounts for liquidity management purposes.

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.

	Note	2016 \$m	2015 \$m
Net cash/(debt)	17	131	(174)
Total equity		(295)	(279)
		(164)	(453)

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 \$131m (2015: (\$174m)). 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 maturities of less than three months.

Bank overdrafts are included within borrowings in the balance sheet.

	2016 \$m	2015 \$m
Cash and cash equivalents	692	467
	692	467

17. Financial liabilities – borrowings

Accounting policy

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost, with any difference between cost and redemption value being recognized 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	2016 \$m	2015 \$m
Bank loans	(101)	(34)
	(101)	(34)

Non-current	2016 \$m	2015 \$m
Bank loans	(434)	(571)
	(434)	(571)

Analysis of net debt	2016 \$m	2015 \$m
Cash and cash equivalents	692	467
Borrowings (excluding overdrafts) ¹	(561)	(641)
	131	(174)

1. Borrowings reflect the outstanding principal amount drawn, before debt issuance costs.

Reconciliation of net debt	2016 \$m	2015 \$m
Net debt at beginning of year	(174)	(428)
Net increase in cash and cash equivalents	225	136
Repayment of borrowings and overdrafts	78	121
Exchange adjustments	2	(3)
Net cash/(debt) at end of year	131	(174)

The carrying value less impairment provision of current borrowings and cash at bank, as well as trade receivables and trade payables, are assumed to approximate their fair values.

17. Financial liabilities – borrowings (continued)

On March 16, 2015, the Company completed syndication of its \$750 million debt facility. As a result of the syndication, the new terms of the loan are as follows:

	Currency	Nominal interest margin	Maturity	Amortization	Issuance cost \$m	Face value \$m	Carrying amount \$m
Unsecured bank loan*	USD	Libor (1%) + 6%	5 years	5%	40	644	644
Unsecured bank loan*	EUR	Libor (1%) + 6%	5 years	5%	6	106	106

* Also included within the terms of the loan were:

- ◁ A financial covenant to maintain a leverage covenant (net debt to adjusted EBITDA ratio) of 3.25x with step down to 3.00x on June 30, 2016.
- ◁ An additional covenant requiring minimum liquidity of \$150m (defined as cash on hand plus the undrawn amount available under the Company's \$50m revolving credit facility).
- ◁ Amortization rate of principal increasing from 5% to 10% in 2017.

Maturity of debt	2016 \$m	2015 \$m
Bank loans and overdrafts payable due:		
Within one year or on demand	101	34
Bank loans payable due:		
Later than one and less than five years	460	607
Over five years	–	–
Gross borrowings (unsecured)	561	641

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, 2015	1	40	41
Charged to the income statement	1	–	1
Exchange adjustments	–	–	–
At December 31, 2015	2	40	42
Charged to income statement	–	220	220
Utilized during the year	–	(1)	(1)
Exchange adjustments	–	(2)	(2)
At December 31, 2016	2	257	259
Provisions – current	–	219	219
Provisions – non-current	2	38	40
At December 31, 2016	2	257	259
Provisions – current	–	–	–
Provisions – non-current	2	40	42
At December 31, 2015	2	40	42

At December 31, 2016, total provisions consisted of current and non-current legal provisions in the amount of \$257m (2015: \$40m) 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.

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.

	2016 \$m	2015 \$m
Total future minimum lease payments under non-cancellable operating leases due:		
Within one year	2	4
Later than one and less than five years	4	7
More than five years	2	2
	8	13

Operating lease rentals charged to the income statement in 2016 were \$5m (2015: \$6m).

20. Contingent liabilities

The Indivior Group is currently subject to other legal proceedings and investigations, including through subpoenas and other information requests, by various governmental authorities. It is not possible at this time to predict with any certainty the potential impact of these matters on the Company, or to quantify the ultimate cost of a resolution of these matters. The Company recorded a charge of \$220m in the third quarter of 2016 for the investigative and antitrust litigation matters noted below. The Company continues in discussions with the Department of Justice about a possible resolution to its investigation. The Company cannot predict with any certainty whether it will be able to reach ultimate resolution with the Department of Justice or any or all of the other parties, or the ultimate cost of resolving all of the matters. The final cost may be materially higher than this reserve.

The Indivior business (previously Reckitt Benckiser Pharmaceuticals (RBP)) was demerged from Reckitt Benckiser Group plc (RB) on December 23, 2014 and Indivior PLC became the new ultimate holding company of the Group.

Department of Justice Investigation

A 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 US 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. We are in discussions with the Department of Justice about a possible resolution of the 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 12, 2016, the Company 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 Company's marketing and promotion of Suboxone® products and its interactions with a non-profit third-party organization. On November 16, 2016, the Company was served with a subpoena for records from the state of California Department of Insurance under its California insurance code authority. The subpoena requests documents related to Suboxone® Film, Suboxone® Tablet, and Subutex® Tablet. The Company is cooperating in these investigations.

FTC investigation and antitrust litigation

The Judge overseeing the legal privilege dispute in the FTC investigation has appointed a Special Master (an independent external lawyer) to investigate the claims of legal privilege and provide a recommendation to the Court on how the documents at issue should be treated. An initial report and recommendation relating to the first tranche of privileged documents reviewed by the Special Master was finalized in April 2016 and adopted by the Court on August 1, 2016. Pursuant to this report and the Court's order, Indivior produced certain additional documents. In response to the Judge's instruction, the Special Master issued, on February 3, 2017, a subsequent report and recommendation providing findings on the adequacy of Indivior's descriptions of these documents in its privilege log. The parties have now filed responses to the Special Master's findings. The Court will now consider whether and to what extent to adopt the Special Master's report and then will issue any rulings relating thereto. Finally, a second tranche of documents remains under review by the Special Master. Following that review, the Court's decision then may be subject to appeal by either party.

Fact discovery is continuing in the antitrust class action litigation ("Class Action Litigation"). Plaintiffs allege, among other things, that Indivior violated federal and state antitrust laws in attempting to delay generic entry of alternatives to Suboxone® Tablet, and plaintiffs further allege that Indivior unlawfully acted to lower the market share of these products.

Amneal Pharmaceuticals LLC, a manufacturer of generic buprenorphine / naloxone tablets, filed a complaint against the Company in December 2015. This case has been coordinated with the Class Action Litigation. Amneal's complaint contains antitrust allegations similar in nature to those set out in the class action complaints, and Amneal has also alleged violations of the Lanham Act. Amneal served an amended complaint on February 3, 2017.

20. Contingent liabilities (continued)

On September 22, 2016, 35 states and the District of Columbia filed a complaint against the Company in the same district where the Class Action and Amneal litigation is pending. The States' complaint is similar to the other pending complaints, and alleges violations of state and federal antitrust and consumer protection laws. On October 25, 2016, the Company was informed that the States plan to amend their complaint to add six additional states as plaintiffs. This lawsuit relates to the investigation conducted by various states. On November 16, 2016 the States served an amended complaint, adding six additional states as plaintiffs. This lawsuit relates to the investigation conducted by various states. Discovery has been coordinated with the Class Action Litigation and Amneal cases, subject to certain stays.

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 3, 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.

Based on the ruling as to the '514 patent, Actavis and Par are currently enjoined from launching a generic product. Par has appealed and Actavis is expected to appeal this ruling. The generic manufacturers have also moved to reopen the judgment based on a more stringent claim construction in the Dr. Reddy's case. In light of the motions to reopen, Par's appeal has been deactivated until the District Court rules on the motions, and the deadline for Actavis to file a notice of appeal has been postponed.

Trial against Dr. Reddy's, Actavis and Par in the lawsuits involving the process patent (US Patent No. 8,900,497) took place on November 16 and 21 to 23, 2016.

Trial against Dr. Reddy's in the lawsuit involving the Orange Book-listed patents for Suboxone® Film took place on November 7, 16, and 21 to 23, 2016, with Dr. Reddy's 30-month stay of FDA approval on ANDA No. 20-5806 expiring on April 17, 2017. Indivior believes Dr. Reddy's 30-month stay of FDA approval on ANDA No. 20-5299 also expires on April 17, 2017, however, Dr. Reddy's disputes the applicability of the stay to this ANDA.

Trial against Alvogen in the lawsuit involving the Orange Book-listed patents and the '497 process patent for Suboxone® Film has been postponed and will be rescheduled, with Alvogen's 30-month stay of FDA approval expiring October 29, 2017.

By a court order dated August 22, 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.

Trial against Mylan in the lawsuit involving the Orange Book-listed patents and the '497 process patent for Suboxone® Film is scheduled for September 25, 2017, with Mylan's stay expiring March 24, 2018. On January 12, 2017, the District Court issued a claim construction decision in the Mylan action that clarified its earlier construction of certain terms in the '514 patent in the Dr. Reddy's case.

Indivior received a Paragraph IV notification from Teva, dated February 8, 2016, indicating that Teva had filed a 505(b)(2) New Drug Application (NDA) for a 16 mg/4 mg strength of buprenorphine/naloxone sublingual film. The parties have agreed that infringement by Teva's 16 mg/4 mg dosage strength will be governed by the infringement ruling on the accused 8 mg/2 mg dosage strength in the ANDA now owned by Dr. Reddy's that was the subject of the trial in November 2016. The USPTO declined to institute Teva's petitions for inter partes review of the three Orange Book-listed patents on procedural grounds.

Dr. Reddy's filed an inter partes review petition on each of the three Orange Book-listed patents. These petitions are substantively similar to those filed by Teva. The USPTO denied the petitions, finding Dr. Reddy's had failed to establish a reasonable likelihood of showing the challenged claims are unpatentable as obvious. Dr. Reddy's has requested rehearing of the denials.

Mylan has filed a petition seeking an inter partes review of the '514 patent. A decision by the USPTO on whether to institute IPR proceedings is expected in May 2017.

Certain claims of the '832 patent were found invalid in an IPR proceeding brought by BioDelivery Sciences International (BDSI), a decision that has been affirmed by the Court of Appeals for the Federal Circuit.

In the event of a ruling in these matters that none of the claims of the asserted patents are valid and infringed by the ANDA-filers, and should there be FDA approval of one or more of the ANDAs and subsequent commercial launch of generic Suboxone® Film, and pipeline products fail to obtain regulatory approval, there is the likelihood that revenues and operating profits of the Company 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.

French Competition Authority Investigation

On January 11, 2017, the French Supreme Court issued a decision dismissing the Company's appeal of a €0.3m fine levied against the Company in connection with a statement of objections that was issued by the French Competition Authority against the Company in November 2012. As discussed in previous filings, this statement of objections was issued in relation to conduct relating to the sale and distribution of Subutex® Tablet in France, which was part of a wider investigation involving alleged anti-competitive conduct of a competitor. A private civil claim has been brought against this competitor as a result of the findings against it, and it is therefore possible that a similar private civil claim could be brought against the Indivior Group.

20. Contingent liabilities (continued)

IRS Notice on manufacturing deductions

In August 2015 the IRS issued notices of a proposed adjustment for the disallowance of certain manufacturing deductions claimed by the Company following its audit of 2011 and 2012 income tax years. During the fourth quarter of 2015, the Company was notified by the IRS of their intention to audit 2013 and 2014 income tax years and have since been notified that the IRS intend to disallow these claims in the 2013 and 2014 audit cycle. The Company will appeal the proposed disallowance. The Company has evaluated its positions with respect to these claims and has provided \$22m tax reserve for amounts claimed on all open periods as its best estimate of its expected settlement position for this issue.

21. Trade and other payables

	2016 \$m	2015 \$m*
Sales returns and rebates	(402)	(287)
Trade payables	(33)	(27)
Accruals and other payables	(212)	(202)
Other tax and social security payable	(11)	(12)
	(658)	(528)

* The December 31, 2015 balances have been adjusted to correct a prior period classification between Trade payables and Accruals.

Customer 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 quarterly in the 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:

	2016 \$m	2015 \$m
Sterling	44	56
US dollar	579	442
Other currencies	35	30
	658	528

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.

Issued and fully paid	Equity ordinary shares	Issue price	Nominal value \$m
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

Issued and fully paid	Equity ordinary shares	Issue price	Nominal value \$m
At January 1, 2015	718,577,618	\$2.00	1,437
Nominal value reduction	–	(\$1.90)	(1,365)
At December 31, 2015	718,577,618	\$0.10	72

The holders of ordinary shares (par value \$0.10) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of Indivior PLC.

Notes to the Financial Statements continued

22. Share capital (continued)

The initial shareholders resolved, by a special resolution, passed on October 30, 2014, to reduce Indivior PLC's share capital by decreasing the nominal value of each Indivior Ordinary Share from \$2.00 to \$0.10. This created distributable reserves on the balance sheet which will provide Indivior with, among other things, capacity for the payment of future dividends.

As required under section 645 of the Companies Act 2006, the High Court of Justice has confirmed the reduction of the Company's share capital. Following the registration of the Order of the Court with the Companies House, the Capital Reduction became effective on January 21, 2015.

Allotment of ordinary shares

During the year, 2,019,948 ordinary shares (2015: nil) were allotted to satisfy vestings/exercises under the Group's Long-Term Incentive Plan.

23. Other equity

	2016 \$m	2015 \$m
Retained earnings		
Opening balance at January 1	967	(601)
Net profit for the year	35	228
Capital reduction	-	1,365
Transactions with owners	(52)	(18)
Other comprehensive expense	-	(7)
Closing balance at December 31	950	967

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 reconstruction in 2014.

24. Dividends

	2016 \$m	2015 \$m
The following dividends were declared and paid in the year:		
Interim dividend	69	23
	69	23

On July 26, 2016, the Directors declared and paid a second interim cash dividend of 9.5 cents per ordinary share (2015: 3.2 cents). The total amount paid in respect of this was \$69m (2015: \$23m).

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 nil-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.

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 %
2015	February 26, 2015	2015-17	1.70	39	0.0	3	0.73
2015	March 11, 2015	2015-17	1.75	38	0.0	3	0.78
2016	February 19, 2016	2016-18	1.55	38	0.0	3	0.40
2016	August 2, 2016	2016-18	2.92	46	0.0	3	0.15

- 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.

Notes to the Financial Statements continued

25. Share-based payments (continued)

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 2015	5	–	5
Awarded	–	10	10
Exercised	–	–	–
Forfeited	–	–	–
Outstanding at December 2015	5	10	15
Awarded	–	12	12
Exercised	(2)	–	(2)
Forfeited	–	(3)	(3)
Outstanding at December 2016	3	19	22

Charged to income statement

The expense charged to the income statement for share-based payments is as follows:

	2016 \$m	2015 \$m
Granted in current year	5	6
Granted in prior years	5	2
Total share-based expense for the year	10	8

26. Related party transactions

Subsequent to the demerger from former parent, RB, on December 23, 2014, Indivior continues to receive certain services like office space rental and other operational services on commercial terms and on an arm's length basis. Adrian Henna, the RB CFO, served on the Indivior PLC Board of Directors until the AGM on May 11, 2016. The amount included within SD&A in respect of these services is \$4m (2015: \$9m).

Key management compensation is disclosed in Note 6a.

The subsidiary undertakings included in the consolidated Financial Statements at December 31, 2016 are disclosed in Note 2 to the Parent Company Financial Statements.

27. Post balance sheet events

There have been no material post balance sheet events.



	2016 \$m	2015 \$m	2014 \$m	Unaudited 2013 \$m
Income statement				
Revenue from continuing operations	1,058	1,014	1,115	1,216
Operating profit	149	346	562	695
Net finance (expense)/income	(51)	(61)	(1)	–
Profit on ordinary activities before tax	98	285	561	695
Tax on profit on ordinary activities	(63)	(57)	(158)	(206)
Net income	35	228	403	489
Balance sheet				
Net liabilities	(295)	(279)	(475)	(66)
Net working capital ¹	(390)	(274)	(149)	(213)
Statistics				
Reported basis				
Operating margin	14.1%	34.1%	50.4%	57.2%
Tax rate	64.3%	20.25%	28.2%	29.6%
Diluted earnings per share (cents)	0.05	0.32	0.56	0.68

1. Net working capital includes inventories and trade receivables less trade payables.

Report on the parent company Financial Statements

Our opinion

In our opinion, Indivior PLC's parent company Financial Statements (the "Financial Statements"):

- ◀ give a true and fair view of the state of the parent company's affairs as at 31 December 2016;
- ◀ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◀ have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2 to the Financial Statements concerning the Company's ability to continue as a going concern. As more fully stated in Note 20 of the Group Financial Statements, the Group is involved in investigations by the Department of Justice and the Federal Trade Commission as well as antitrust litigation. An amount of \$219 million has been established as a provision for potential settlement for all of these matters. The amount accepted in the final agreed settlement might be materially higher from 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, all of which could mean the Group cannot continue in business without taking necessary measures to reduce its cost base and improve its cash flow. The directors believe that they are able to carry out the necessary measures and that the Company and Group 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 Financial Statements. These conditions, along with the other matters explained in Note 2 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Emphasis of matter – outcome of litigation

In forming our opinion on the Financial Statements, which is not modified, we draw your attention to Note 2 of the Group Financial Statements that describes the uncertain outcome of the ongoing ANDA patent litigation over Suboxone® Film. In the event of a negative ruling against the Group, and should there be a regulatory approval and subsequent commercial launch of generic Suboxone® Film, and pipeline products fail to obtain regulatory approval there is the likelihood that revenues and operating profits may 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. As a result of this decline and extent of its impact, the directors would consider a change in the structure of the business and methods to reduce its cost base, as also described in Note 20.

What we have audited

The Financial Statements, included within the Annual Report and Financial Statements (the 'Annual Report'), comprise:

- ◀ the parent company balance sheet as at 31 December 2016;
- ◀ the parent company statement of changes in equity for the year then ended; and
- ◀ the Notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Financial Statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Other required reporting

Consistency of other information and compliance with applicable requirements

Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- ◀ the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- ◀ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:

- ◀ materially inconsistent with the information in the audited Financial Statements; or
- ◀ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the parent company acquired in the course of performing our audit; or
- ◀ otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

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
- ◁ the 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.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 95, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of Financial Statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- ◁ whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed;
- ◁ the reasonableness of significant accounting estimates made by the directors; and
- ◁ the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the Group Financial Statements of Indivior PLC for the year ended 31 December 2016. That report includes an emphasis of matter. That report includes an emphasis of matter.

Simon Friend

(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

9 March 2017

Parent Company balance sheet

As at December 31	Note	2016 \$m	2015 \$m
Fixed assets			
Investments	2	1,437	1,437
Deferred tax	4	11	–
Current assets			
Debtors	3	10	–
Cash and cash equivalents		1	–
		11	–
Creditors due within one year	5	(12)	–
Net current assets		1,447	–
Creditors due after one year	5	(12)	(15)
Net assets		1,435	1,422
Equity			
Share capital	6	72	72
Share premium		–	–
Retained earnings			
At January 1		1,350	–
Profit for the year		65	(15)
Other charges to retained earnings		(52)	1,365
	6	1,363	1,350
Total equity		1,435	1,422

The financial statements on pages 134 to 139 were approved by the Board of Directors on March 7, 2017 and signed on its behalf by:

Shaun Thaxter
Director

Mark Crossley
Director

	Notes	Share capital \$m	Share premium \$m	Retained earnings \$m	Total equity \$m
Balance at January 1, 2015		1,437	-	-	1,437
Comprehensive income					
Net income		-	-	-	-
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income		-	-	-	-
Transactions with owners					
Share-based plans	7	-	-	8	8
Dividends paid	10	-	-	(23)	(23)
Capital reduction	6	(1,365)	-	1,365	-
Total transactions recognized directly in equity		(1,365)	-	1,350	(15)
Balance at December 31, 2015		72	-	1,350	1,422
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	7	-	-	10	10
Deferred taxation on share-based plans		-	-	7	7
Dividends paid	10	-	-	(69)	(69)
Total transactions recognized directly in equity		-	-	(52)	(52)
Balance at December 31, 2016		72	-	1,363	1,435

Notes to the Parent Company Financial Statements

The Parent Company Financial Statements of Indivior PLC (the 'Company') for the year ended December 31, 2016 were authorized for issue by the Board of Directors on March 7, 2017 and the balance sheet was signed on the Board's behalf by Shaun Thaxter and Mark Crossley. Indivior PLC is a public limited company incorporated and domiciled in England and Wales.

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 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 set out those policies which apply in preparing the Financial Statements for the year ended December 31, 2016. The Financial Statements are prepared in US dollars and are rounded to the nearest million.

	2016	2015
GBP year-end exchange rate	1.2340	1.4736
GBP average exchange rate	1.3579	1.5285

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 Company has 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 Group Financial Statements relating to the Department of Justice and Federal Trade Commission investigations and antitrust litigation, an amount of \$220m was established as a reserve at Q3 for all of these matters. The final amount might be materially higher from this reserve. This could impact the Company's ability to operate, which would be further adversely impacted should revenues decline and pipeline products fail to obtain regulatory approval, all of which could mean the Company cannot continue in business without taking necessary measures to reduce the cost base and improve its cash flow.

As such, this indicates a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, the Directors believe they have the ability to carry out the necessary measures and that the Company can continue as a going concern for at least one year from the financial statements date. Accordingly, the Directors continue to adopt the going concern basis for accounting in preparing these Financial Statements, which do not include any adjustments that might result from the outcome of this uncertainty.

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended December 31, 2016. They have all been applied consistently throughout the year and the preceding year.

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 net 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 recognized in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average 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

Fixed asset 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'.

	2016 \$m	2015 \$m
At January 1	1,437	1,437
Additions during the year	–	–
Impairments during the year	–	–
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, 2016, 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 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 Global Holdings Limited	England and Wales	103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom	Holding company	Ordinary 100

With the exception of Indivior Global Holdings Limited, none of the above subsidiaries is held directly by Indivior PLC.

3. Debtors due within one year

	2016 \$m	2015 \$m
Amounts owed by subsidiary undertakings	10	–
	10	–

Amounts owed by Group undertakings are unsecured, interest free, and are repayable on demand.

4. Deferred tax assets

	2016 \$m	2015 \$m
Deferred tax assets	11	–
	11	–

Deferred tax assets consist of short-term timing difference.

5. Creditors

	2016 \$m	2015 \$m
Amounts falling due after one year:		
Amounts owed to subsidiary undertakings	(12)	(15)
Amounts falling due within one year:		
Amounts owed to subsidiary undertakings	(12)	–
	(24)	(15)

6. Equity

	Ordinary share capital \$m	Retained earnings \$m	Total \$m
Movements during the year:			
At January 1, 2016	72	1,350	1,422
Profit for the year	–	65	65
Share-based plans	–	10	10
Deferred taxation of share-based plans	–	7	7
Dividends paid	–	(69)	(69)
At December 31, 2016	72	1,363	1,435

Further information on the share capital of the Company can be found in Note 22 of the notes to the Group Financial Statements.

7. Share-based payments

The Company operates a number of equity-settled executive and employee share plans. For all grants of share awards and options, the fair value as at the date of grant is calculated using an appropriate option pricing model, Monte Carlo, and the corresponding expense is recognized over the vesting period.

The disclosure relating to the Company is detailed in Note 25 of the Notes to the Group Financial Statements.

8. 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.

8. Auditors' remuneration

The fee charged for the statutory audit of the Company was \$29,500 (2015: \$31,000).

9. 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.

10. Dividends

During 2016, the Directors declared and paid a second interim cash dividend of 9.5 cents per ordinary share (2015: 3.2 cents). The total amount paid in respect of this was \$69m (2015: \$23m).

For further details, refer to Note 24 of the Group Financial Statements.

11. Post balance sheet events

There have been no material post balance sheet events.

Information for shareholders

Useful contacts

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)870 707 1820

Annual General Meeting ('AGM')

The AGM will be held on May 17, 2017 in the Wessex Ballroom, Renaissance London Heathrow, Bath Road, Hounslow, Middlesex, TW6 2AQ. 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.

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.

American Depositary Receipts

In addition to having its securities listed on the London Stock Exchange, Indivior sponsors a Level I 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 Depositary 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

Key dates

1 st Quarter Financial Results Announcement	May 3, 2017
Annual General Meeting	May 17, 2017
Half Year Financial Results Announcement	July 27, 2017
3 rd Quarter Financial Results Announcement	November 2, 2017



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 Indivior 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 140.

Dividends

A second interim dividend was paid on July 29, 2016 to shareholders on the register on June 17, 2016, as announced by the Board of Directors on February 18, 2016. The dividend was paid at a rate of 9.5 cents per share with an exchange rate of US\$1.2995/GB£1 to be applied.

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).

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