



labopharm

Disclosure and Confidentiality Policy (the “Policy”)

Amended by the Board of Directors on January 26, 2010

LABOPHARM INC.

Disclosure and Confidentiality Policy

1. Introduction

1.1 Goal of Policy. This policy confirms in writing our disclosure and confidentiality policies and practices. Its goal is twofold:

- to raise awareness of Labopharm's approach to disclosure among directors, officers and employees; and
- to develop and maintain realistic investor expectations by broadly disseminating all required disclosures without being unduly optimistic on prospects for future Company performance.

The implementation of this Policy and compliance with it will help to ensure compliance with the rules and regulations applicable to public companies and will help reduce volatility, improve market valuation, increase liquidity, increase Labopharm's credibility and enhance shareholder value.

1.2 Who does this Policy apply to? This Policy extends to all directors, officers and employees of Labopharm, and to those authorized to speak on its behalf.

1.3 What does the Policy cover? It covers disclosures made in documents filed with the securities regulatory authorities and written statements made in the Company's annual and quarterly reports, news releases, letters to shareholders, speeches by senior management and information contained on Labopharm's website and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media, as well as press conferences and conference calls.

1.4 Disclosure Policy Committee. The Disclosure Policy Committee consists of CEO, CFO and GC.

The Disclosure Policy Committee ("DPC") will determine when developments justify public disclosure and will meet as conditions dictate. It is essential that the DPC be fully apprised of all material developments in order to evaluate and discuss those events to determine the appropriateness and timing for public release of information or whether the information should be kept confidential. The DPC will meet informally as the need arises and a quorum will consist of any 2 of its 3 members. The DPC can invite other employees of Labopharm to contribute their thoughts and participate in its meetings as it sees fit. The DPC will work in consultation with Labopharm's external counsel when deemed appropriate.

From time to time, the Disclosure Committee or designated representatives will systematically review Labopharm's prior disclosures, filings, and other public information to determine whether any updating or correcting is appropriate.

The CEO, or in his absence or inability to act, another member of the DPC, will report to the board of directors on significant issues encountered by the DPC in the fulfilment of its mandate since the last such report and on conclusions reached by the DPC.

1.5 Designated Spokespersons. Designated spokespersons for media, analysts and investors are the CEO, CFO and the Director, Public Relations/Investor Relations, if such position exists within the Company (individually, a "PR/IR Contact Person"). The CEO may from time to time appoint additional specific designated spokespersons such as a VP, the General Counsel ("GC") or any other person so designated by the CEO.

Others within Labopharm may from time to time be designated by the DPC to respond to specific inquiries as necessary or appropriate. All material information regarding Labopharm's business and affairs must be provided to the CFO, as well as to the DPC as a whole, in order to enable them to make a decision as to whether its public disclosure is appropriate.

Employees who are not authorized spokespersons must not respond under any circumstances to inquiries from the investment community, the media or shareholders unless specifically asked to do so by an authorized spokesperson. All media and industry analyst enquiries must be referred to the CEO and all financial analysts and investor enquiries should be referred to the CFO, or in his absence, the PR/IR Contact Person.

Labopharm spokespersons shall be integrally involved in scheduling and developing presentations for all meetings and other communications with analysts, institutional investors and shareholders and the media, arranging appropriate interviews with Labopharm management and responding to all inquiries from the public for additional information. After public dissemination, all of Labopharm's disclosure will be monitored by Labopharm spokespersons to ensure accurate reporting and to take corrective measures, if and when necessary.

1.6 Analysts' Research Reports. With regard to financial models or drafts of financial/industry analysts' research reports, Labopharm's policy is to review for factual content and to only give guidance when assumptions have been made on the basis of incorrect data that render the conclusions reached unrealistic. A section of this policy which follows, sets out in more detail Labopharm's policy with respect to analysts' reports.

1.7 Electronic Communications – Website. This policy also applies to electronic communications. Accordingly, officers and personnel responsible for written public disclosures shall also be responsible for electronic communications.

The PR/IR Contact Person is responsible for updating the investor relations section of Labopharm's website and is responsible, along with the appropriate business manager for content, for appropriateness and the GC is responsible for monitoring all Company information placed on the website to ensure that it is accurate, complete and up to date. Any material changes in information will be updated immediately.

Although Labopharm views electronic communications as an extension of its formal disclosure record, it recognizes that disclosure on its website may not constitute adequate disclosure (which would require "broad dissemination") of information that is considered material non-public information. Any disclosures of material information on its website will be coordinated with a news release.

The PR/IR Contact Person shall also be responsible for responses to electronic inquiries from financial analysts and investors. Only public information or information which could otherwise be disclosed in accordance with this policy shall be utilized in responding to electronic inquiries.

1.8 Disclosure Record. Labopharm will maintain a file containing all public information about Labopharm, including continuous disclosure documents, press releases, analysts' reports, transcripts or tape recordings of conference calls and newspaper articles.

2. Principles of Disclosure of Material Information

2.1 Concept of Material Information. "Material" information is any information relating to the business and affairs of Labopharm that results in, or would reasonably be expected to result in, a significant change in the market price or value of Labopharm's securities. Material information

consists of both material facts and material changes relating to the business and affairs of Labopharm.

Examples of developments that may give rise to material information include, but are not limited to, the following:

- a) a significant acquisition, disposition or merger involving Labopharm;
- b) a new issue of securities or a significant change in Labopharm's capital structure;
- c) a change in corporate structure, such as reorganizations, amalgamations, etc.;
- d) take-over bids or issuer bids;
- e) a change in Labopharm's dividend policy;
- f) a significant change in Labopharm's lending arrangements;
- g) development of new products and developments affecting the Company's resources, technology, products or market;
- h) a significant change in expected earnings or revenues;
- i) entering into or loss of significant contracts;
- j) major operational events or incidents;
- k) changes in capital investment plans or corporate objectives;
- l) significant changes in management;
- m) significant litigation;
- n) major labour disputes or disputes with major contractors or suppliers;
- o) events of default under financing or other agreements;
- p) significant developments in research or development (R&D) activities; and
- q) any significant issues with material suppliers.

Prior approval of certain additional transactions or changes may be required and any public announcement of any such transaction or event must indicate that the matter is "subject to regulatory approval".

2.2 Disclosure of Material Information. Securities law and stock exchange rules require all material information to be disclosed "forthwith".

Labopharm's Disclosure Rules

2.2.1. Material information will be publicly disclosed immediately, unless the DPC determines, after consultation with the Company's external counsel, that such disclosure would be detrimental to Labopharm (in which case the information will be kept confidential, until a further determination is made and a confidential filing made with the securities authorities).

2.2.2. There are types of material information that for business purposes will need to be kept confidential, until the matter becomes more certain. For instance, a significant acquisition may be discussed and negotiated for weeks. Labopharm will not want to disclose to the public the potential acquisition until some sort of agreement has been reached with some certainty. On the other hand, the TSX Policy Statement on Timely Disclosure indicates that:

"Many developments must be disclosed at the proposal stage, or before an event actually occurs, if the proposal gives rise to material information at that stage. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the board of directors of the company, or

by senior management with the expectation of concurrence from the board of directors."

2.2.3. The TSX Policy on Timely Disclosure also notes that:

"Announcements of an intention to proceed with a transaction or activity should not be made unless the company has the ability to carry out the intent (although proceeding may be subject to contingencies) and a decision has been made to proceed with the transaction or activity by the board of directors of the company, or by senior management with the expectation of concurrence from the board of directors."

Examples of instances in which disclosure of material information would be unduly detrimental to the interests of Labopharm, are as follows:

- a) Release of the information would unduly prejudice the ability of Labopharm to pursue specific and limited objectives or to complete a transaction or series of transactions that are under way. For example, premature disclosure of the fact that Labopharm intends to purchase a significant asset or business may increase the cost of making the acquisition.
- b) Disclosure of the information would provide Labopharm's competitors with confidential information that would be of significant benefit to them. Such information may be kept confidential if Labopharm is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. For example, a decision to release a new product, or details on the features of a new product, may be withheld for competitive reasons.
- c) Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. Disclosure should be made once "concrete information is available", such as a final decision to proceed with the transaction (e.g. a signed letter of intent) or, at a later point in time, such as finalization of the terms of the transaction.

2.2.4. Disclosure must include any information, the omission of which would make the rest of the disclosure misleading.

2.2.5. Unfavourable material information must be disclosed as promptly and completely as favourable information.

2.2.6. Disclosure cannot be selective. Material information must not be disclosed to selected individuals (e.g. to an analyst or a major shareholder). If material information has been inadvertently disclosed to any person, then such information must be publicly disclosed immediately by issuing a news release.

2.2.7. Disclosure must be updated if earlier disclosure has become misleading as a result of any intervening events or changes.

3. Press Release Policy

3.1 Procedures for Continuous Disclosure. As required by new National Policy 51-201, Labopharm has developed and intends to maintain a routine procedure for all corporate communications. DPC members will monitor business developments requiring public disclosure. Once the DPC is of the

view that public disclosure is warranted, it will authorize the issuance of a press release, unless the DPC determines that such developments must remain confidential for the time being, appropriate control of that inside information is instituted.

Should a material oral statement inadvertently be made in a selective forum, Labopharm will immediately issue a news release in order to fully publicly disclose that information.

3.2 What type of information warrants a Press Release? Labopharm will disclose all material information about Labopharm to all of the market simultaneously, through the issuance of a press release.

3.3 News Release Procedure. Once Management members have identified news release lead and that the DPC has determined that a press release is necessary, the procedure is as follows:

- 1) One member of the DPC contacts the PR/IR Contact Person, if such position exists within the Company, or external consultants, as rapidly as possible and asks to prepare draft press release and Q&A template.
- 2) The PR/IR Contact Person completes draft of news release and Q&A template and submits to relevant manager and DPC for review (same stipulations on timing as above).
- 3) Once changes/comments have been obtained internally, work through edits/revisions with external parties, if warranted.
- 4) Once the release content has been agreed upon internally, forward the release to external party, if any, and for review and approval by GC and external legal counsel, if warranted.
- 5) The PR/IR Contact Person coordinates newswire process and media follow-up with external consultant.
- 6) The PR/IR Contact Person will ensure the internal and external Web masters receive final versions of news release for posting to Web site.
- 7) The PR/IR Contact Person will ensure the final version of the news release is distributed to the executive team and the board of directors, as well as internal communication of news release to Labopharm employees after it crosses the wires.

3.3.1. If a press release contains material information:

- 1) The Market Surveillance Division of the TSX and the Marketwatch Department of Nasdaq must be advised, in advance, of the content of any press release announcing material information, and must be supplied with a copy of the press release in advance of its release with sufficient notice for the TSX to have the opportunity to review the proposed press release.
- 2) If a press release announcing material information is to be released after the TSX or Nasdaq has closed, the Market Surveillance or Marketwatch Department staff must be advised before trading opens on the next trading day.
- 3) In accordance with applicable market disclosure policies, should Labopharm become aware that a previously undisclosed material transaction is about to occur imminently, then the Market Surveillance Division must be contacted on a confidential basis.

3.3.2. The press release is disseminated through a national wire service that provides both national and simultaneous service and other distribution channels (i.e. via Labopharm's website, via fax to shareholders upon request, and to Labopharm's employees via internal e-mail). Labopharm is committed to effecting broad dissemination to all public entities so that the entire market may adjust to the material information simultaneously.

3.3.3. The press release will be classified as subject to immediate release or subject to appropriate time embargo.

3.4 Content of Press Releases. Labopharm will endeavour to include in its press releases and other disclosure documents:

- a) appropriate forward-looking cautionary language;
- b) information sufficient to answer likely questions to minimize further inquiry; and
- c) other disclaimers or safe harbours contemplated by securities legislation.

3.5 Timing of Press Release. In accordance with the TSX Policy Statement on Timely Disclosure, Labopharm will ensure that significant announcements are released immediately, once a determination has been made by the DPC that its release is warranted. If it is determined that immediate disclosure is not in the best interests of Labopharm, external legal counsel will confirm whether such disclosure can be withheld and determine if regulatory authorities must be contacted or if confidential filings are required.

3.6 Questions Regarding Press Releases.

3.6.1. When is a press release meaningful enough to be filed separately on SEDAR? A press release is required to be filed on SEDAR if it relates to a “material fact” or “material change”.

Press releases are usually voluntarily filed on SEDAR for ease of access by the public, even if the subject matter is not necessarily material. For similar reasons, most press releases (whether material or not) are typically posted on Labopharm's Website. Voluntarily filing of press releases on SEDAR is not necessarily an admission that the subject matter was “material”. If filed on SEDAR, the Company shall ensure that the release is contemporaneously filed with the SEC on Form 6-K (through EDGAR), or other applicable reporting form.

When is a press release meaningful enough that it requires a Material Change Report? Any press release which discloses a “material change” also requires the filing of a material change report with the securities commissions as soon as practicable, and in any event within ten days of the date on which the change occurs. The GC should be contacted if there is any confusion about whether some “material information” is a “material change” requiring the filing of a material change report with the securities commissions.

3.6.2. What is the threshold for requesting a trading halt and what is the protocol if an exchange independently requires a trading halt? Labopharm will request a trading halt if it believes that there exists material undisclosed information which is so significant that it must be provided to the market forthwith, and that the market needs time to adequately digest the news before trading should be allowed to proceed - in other words, in situations where a press release cannot be delayed until after the close of the markets. The TSX's regular trading hours are 9:30 a.m. EST until 4:00 p.m. EST and its after hours trading (so-called last-sale trading session) runs from 4:05 p.m. EST to 5:00 p.m. EST. Nasdaq's regular trading hours are 9:30 a.m. EST until 4:00 p.m. EST and its after hours trading runs from 4:00 p.m. EST to 6:30 p.m. EST. The initiation of a trading halt would allow the market to adequately respond to the new information. Should it be determined that a trading halt is necessary, and such a halt is granted by the stock exchanges, Labopharm will issue a press release announcing the material information forthwith.

The TSX or Nasdaq may independently halt trading in the securities of Labopharm. Normally this would only happen if an undisclosed material change occurs during normal trading hours or share-trading volume jumps substantially indicating that rumours may be moving the market which requires immediate public disclosure. Labopharm will respond immediately to such trading halts by contacting the TSX or Nasdaq, as applicable, and seeking clarification. If it is deemed necessary to do so by the Disclosure Policy

Committee, a press release will be issued immediately making whatever disclosures or comments are warranted.

4. Rumours

Labopharm's approach to dealing with rumours should be consistent, as follows:

Labopharm spokespersons should not comment on or attempt to rectify market rumours which do not relate to significant developments and which do not appear to have a significant impact on the trading price of Labopharm's shares or result in unusual trading volumes. If contacted, Labopharm's spokespersons should respond consistently to those rumours by saying: "It is our policy not to comment on market rumours or speculation".

Where Labopharm becomes aware of a market rumour that is causing significant volatility in the share price or unusual trading volumes, or, should the stock exchange request that Labopharm make a definitive statement in response to such a rumour, the DPC will consider the matter and decide whether to make a policy exception and issue comments in a press release if determined appropriate to do so.

- 4.1 Chat Rooms.** Employees and members of the board of directors of Labopharm are strictly prohibited from participating in Internet chat room or newsgroup discussions on matters pertaining to Labopharm's activities or its securities. Employees and Board members who encounter a discussion pertaining to Labopharm should advise the PR/IR Contact Person immediately, so the discussion may be monitored.

It is Labopharm's policy to monitor chat room discussions about Labopharm on a regular basis. Should monitoring of chat room discussions about Labopharm reveal material information which is inaccurate, the matter should be brought to the attention of the DPC for consideration of whether Labopharm should respond by either issuing a press release or posting the correct information on its website.

- 4.2 Whisper Numbers.** In accordance with the above policy pertaining to rumours, it is Labopharm's policy not to respond to whisper numbers. Whisper numbers are quarterly results circulating on the Web purportedly coming from insider sources.

5. Forward Looking Information

It is Labopharm's policy to provide forward-looking information to enable the investment community to better evaluate the Company and its prospects. Labopharm will make statements and respond to certain inquiries, including significant new product developments and projected demand or market potential for products or services.

- 5.1 Continuous Disclosure Document.** If the forward looking information is provided in a disclosure document, then such statements will be accompanied by appropriate cautionary language that warns the investors that there is a risk that the statement could materially change.

- 5.2 Oral Statements.** If the forward looking statement is made orally, then the statement will be identified as such and the spokesperson will refer to a readily available written document such as a press release or annual report for the cautionary language.

Labopharm will endeavour to update the forward-looking statements, if any material changes occur, to the extent it is possible to do so.

6. Dealing with Analysts

- 6.1 Contacts with Analysts and Investors.** Labopharm recognizes that analysts are important conduits for disseminating corporate information to the investing public and that analysts play a key role in interpreting and clarifying existing public data and in providing investors with background information and details that cannot practically be put in public documents.

Accordingly, Labopharm will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this policy.

To the extent practicable, at meetings with analysts and/or investors more than one Labopharm representative should be present.

Labopharm recognizes that analyst disclosure does not constitute adequate disclosure of information that is considered material non-public information. If material information is to be announced at an analyst or shareholder meeting or a press conference, its announcement must be coordinated with a general public announcement via a press release.

Labopharm shall make sure that in the event that selective disclosure of confidential information to third parties inadvertently occurs, the information will immediately be disclosed publicly by issuing a press release.

- 6.2 Quiet Periods.** In order to avoid selectively disclosing material information to some persons and to avoid the appearance of same, the CEO and the CFO shall be the only authorized spokespersons/spokespeople of Labopharm during quarterly quiet periods. The quiet period corresponds with the quarterly blackout period and commences the first day subsequent to the end of a fiscal quarter and ends 48 hours following the issuance of a press release disclosing quarterly results.
- 6.3 Reviewing Draft Analyst Reports and Models.** Labopharm will review, upon request, analysts' draft research reports or models. It is Labopharm's policy to review for factual content only and indicate only when assumptions have been made on the basis of incorrect data that render the conclusions reached unrealistic.

Labopharm regards analyst reports as proprietary information belonging to the analyst's firm. Re-circulating a report by an analyst may be viewed as an endorsement by Labopharm of the report. Accordingly, Labopharm will not provide analyst reports through any means to persons outside of Labopharm.

- 6.4 Earnings Estimates.** It is Labopharm's policy, when analysts inquire about their earnings and/or cash flow estimates to
- acknowledge what the current range of analysts' estimates is on the street, and
 - to question an analysts' assumption if her/her estimate is out of the range of street estimates or point out an error in historical fact upon which the analyst relied in making such an estimate.

Labopharm will not provide guidance nor confirm, or attempt to influence, an analysts' opinions or conclusions.

- 6.5 Conference Calls.** It is Labopharm's policy to hold conference calls with members of the investment community to discuss financial and operating results on a quarterly basis. These conference calls shall be open to the public. Labopharm will announce the date and time of the conference call by press release and the conference call may be broadcast simultaneously via

Webcast over the Internet. The media and individual investors may call a toll-free number or access the Webcast and listen to the call on a real-time basis.

A tape recording of the conference call will be made available for a period of one month following the call on either a toll-free number or an archived audio Webcast on the Internet, for anyone interested in listening to a replay.

Generally, a script is prepared for the spokesperson in advance of the conference call which includes the forward looking information disclaimer.

7. Website Policy

Labopharm recognizes the importance of its Website in providing disclosure to its shareholders and the market as a whole. As a result, Labopharm is committed to maintaining accurate, timely and up-to-date disclosure on its Website.

- 7.1 Content of Website.** It is Labopharm's policy to ensure that all relevant investor relations information is made readily available to its shareholders on its Website. Thus, all current securities filings of Labopharm, including financial statements, annual information forms, annual reports and prospectuses, as well as corporate investor presentations, will be posted on the Website or redirected to SEDAR.

The minimum retention period for material corporate information posted on the Website is one year. Specifically, news releases will be kept for a period of two years, quarterly and annual reports for five years. An archive section will be created.

The DPC will ensure that information posted remains current that any new public disclosure documents are posted forthwith on the Website, by reviewing the contents thereof on a monthly basis and at other times when appropriate.

- 7.2 Accuracy of Information Posted.** Labopharm recognizes that it is imperative to ensure that any information posted on its Website is not misleading. Material information is misleading if it is incomplete, incorrect or omits a fact so as to make another statement misleading.

To ensure that the information is accurate, the DPC will review its contents on a regular basis.

- 7.3 Responding to General Inquiries.** In keeping with its policy to make information readily available to its shareholders and the market generally, Labopharm is committed to responding quickly to any general inquiries. A general inquiry e-mail address is prominently displayed on its Website and all efforts will be made to make as helpful and as timely responses as are possible.

8. Maintaining Confidentiality

Any employee of Labopharm privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Efforts will be made to limit access to such confidential information to only those who need to know the information and such persons will be advised that the information is to be kept confidential.

- 8.1 E-mail.** Communication by e-mail leaves a physical track of its passage that may be subject to later decryption attempts. All confidential information being transmitted over the Internet must be secured by reasonable encryption and validation methods available.

- 8.2 Third Parties.** Outside parties who are privy to confidential information about Labopharm will be told that they must not divulge such information to anyone else, other than in limited circumstances, and prior to disclosure (to the extent possible) they will be asked to sign a confidentiality agreement.

If outside parties are privy to undisclosed material information about Labopharm, they will be told that they may not trade in the Labopharm's securities until the information is generally disclosed.

As stated in Section I.5, the CEO is Labopharm's primary designated spokesperson and shall be responsible for speaking on behalf of Labopharm to the news media, analysts, institutional investors and others who make or influence investments. In the absence of the CEO, the CFO will fulfill this role and in the CFO's absence, the PR/IR Contact Person. In addition, the CEO may designate on an ad hoc basis other members of management to act as spokesperson generally or on specific matters. Any other officer, director or employee who is authorized to speak to the media, analysts and institutional investors should be briefed in advance to review what information is material and what part of it has not been disclosed.

- 8.3 Procedures to Maintain Confidentiality.** In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

- a) Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
- b) Confidential documents should not be read in public places and should not be discarded where others can retrieve them. Confidential documents should be shredded if and when they are no longer needed. Employees should not leave confidential information about Labopharm at their homes.
- c) Transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
- d) Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
- e) Access to confidential electronic data should be restricted through the use of passwords.
- f) Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business.
- g) All proprietary information, including computer programs and other records, remain the property of the Company and may not be removed, disclosed, copied or otherwise used except in the normal course of employment or with prior permission.

- 9. Communication and Enforcement.** New directors, officers and employees of Labopharm will be advised of this policy and its importance and this policy will be brought to the attention of all employees periodically.

An employee who violates this policy may face disciplinary action up to and including termination of his or her employment with Labopharm. The violation of this policy may mean that a violation of certain securities laws has occurred. If Labopharm discovers that an employee has violated such securities laws, it may refer the matter to the appropriate regulatory authorities.