



Corporate Social Responsibility Report – Fiscal 2009

Here at Bioniche, we believe that shareholders expect us to act responsibly and do the right thing with their investment in the Company. This brief report details some initiatives we have developed to achieve our mission of improving quality of life through innovation. We take the term 'corporate responsibility' to heart, and always are trying to maintain policies and practices that exceed government regulations. By embodying our core values of integrity, ethics, loyalty and compassion, we hope to create long-term relationships that enhance the well-being of all of our stakeholders.

Responsible to our patients through our products

Our business model is dependent foremost on the health and well-being of our patients (whether human or animal), so we take steps to protect them from harmful substances and disease. Urocidin™, our bladder cancer therapy that is currently in Phase III clinical trials, is made from a bacterium that is not disease causing. Econiche™, our *E. coli* O157 vaccine for cattle, prevents the attachment of a pathogenic bacterium to the intestinal tract of cattle, thus reducing its shed into the environment (food and water supplies) and protecting humans from infection. All of our products must pass stringent testing before being made available to the public, and are designed for maximum effectiveness with minimal impact throughout their life-cycles.

Responsible to our employees through engagement and empowerment

Our management team has worked hard to design a corporate culture that encourages an inclusive and diverse work environment for our employees, although it hasn't always been easy. Earlier this year, we were forced to cut back on expenses due, in part, to the global credit crisis. Our employees banded together by eliminating overtime and reducing hours without compromising work quality. Although some employees were temporarily laid off during this period, all but one (who found another contract in the meantime) are back working with us full-time.

We are proud to have been ranked #13 in this year's Best Small & Medium Employers in Canada survey performed by the Queen's University School of Business Queen's Centre for Business Venturing and Hewitt Associates. Our employees completed surveys that gauged employee recognition, managing performance, career opportunities and organizational reputation. Building on this result, our Human Resources department hosted several focus groups with employees to determine our strengths and areas for improvement. Although employees were very happy with a strong sense of community, accessible management, cultural diversity and a Company-wide concern for human and animal health, we recognize that there is still much that

can be improved. The valuable information gathered from these focus groups will help inform a “People Strategy” that will further enhance employee engagement and contribute to a stronger corporate culture.

Employee safety is a big priority at Bioniche, and we are proud to report that we have not had a lost-time accident since May, 2002. Furthermore, we have enabled our employees to become stewards of the environment by implementing recycling and composting programs at our head office. In 2008, we saved 88 trees by recycling 4.66 metric tonnes of paper products, and our kitchen food waste is composted on-site and used to fertilize crops at our farm! Every Earth Day for the past five years, our employees worldwide have taken part in the “Bioniche Community Cleanup” to pick up litter around corporate sites and in public areas, and we also gave each of our employees “Going Green” lunch and tote bags that replace disposable plastic bags.

Responsible to our planet and community through philanthropy

We feel that our commitment to responsibility should extend beyond the walls of our offices and laboratories. That’s why we financially support initiatives that contribute to a better planet and community. Species extinction is a big problem in Australia, where endangered animals live in an often harsh environment. To become part of the solution, we’ve donated supplies and money to the University of Sydney’s assisted reproductive technology course that allows researchers to understand and improve breeding techniques for endangered marsupials.

We are also very proud of our partnership with the local Hospice organization that provides palliative care for terminally ill patients. After years of supporting their fundraising efforts at special events, we formalized our partnership with them in May, 2009 by donating a house adjacent to our headquarters and creating the Bioniche Hospice Quinte Centre. The Centre is conveniently close to the local hospital, and provides Hospice Quinte with headquarters, volunteer training and meeting facilities in a home-like setting with easy access for patients and their families.