



Code of Business Conduct and Corporate Governance

Discussions of integrity and ethics are still common topics in nearly all business publications today. But these discussions are not new to Workstream -- integrity and ethics have always been a significant part of the way we conduct business at Workstream. Operating with a strong sense of integrity is critical to maintaining trust and credibility with our customers, partners, employees, and investors. We also owe it to ourselves to maintain this focus on business ethics within the company. Our continued emphasis on the Workstream culture ultimately allows us to focus on our business goals and still be consistently rated one of the best places to work in our industry.

Our code has traditionally embodied such rules regarding individual and peer responsibilities, as well as responsibilities to our employees, customers, suppliers, shareholders, the public and other stakeholders, and includes:

- Prohibiting conflicts of interest (including protecting corporate opportunities)
- Protecting Workstream's confidential and proprietary information and that of our customers' and vendors'
- Treating Workstream's employees, customers, suppliers and competitors fairly
- Protection and proper use of company assets
- Compliance with laws, rules and regulations (including insider trading laws)
- Encouraging the reporting of any unlawful or unethical behavior

The information below are those portions of our code of conduct, which address the issues listed above.

Overview of Business Ethics

The collection of policies and guidelines established in the Code of Business Conduct applies to all Workstream employees and board members of Workstream Inc. and subsidiaries of Workstream ("Workstream"). We believe that long-term, trusting business relationships are built by being honest, open and fair. We promise to uphold the highest professional standards in all global business operations. We also expect that those with whom we do business (including suppliers, customers or re-sellers) will adhere to the standards set by Workstream's Code of Business Conduct.

Outstanding employees are key to Workstream's success. Everyone is part of the company team, and each of us deserves to be treated with dignity and respect. In addition, every employee is responsible for his/her own conduct. No one has the authority to make another employee violate Workstream's Code of Business Conduct, and any attempt to direct or otherwise influence someone else to commit a violation is unacceptable.

Managers, in particular, set an example for other employees and are often responsible for directing the actions of others. Workstream requires all employees, including managers, to know and understand the Code of Business Conduct, as it applies personally to the employee or manager and to those under his/her supervision.

The fundamental principle that underlies the way we do business at Workstream is good judgment. An understanding of our legal and ethical parameters enhances that judgment. Workstream has a responsibility to pay constant attention to all legal boundaries and to comply with all applicable laws and regulations in all of its operations worldwide. We have the same obligation to the communities in which we do business and to the customers with whom we do business. For everyone at Workstream, this means following the spirit of the law and doing the right, ethical thing even when the law is not specific.

This code outlines the broad principles of legal and ethical business conduct embraced by Workstream. It is not a complete list of legal or ethical questions an employee might face in the course of business, and therefore, this code must be applied using common sense and good judgment. Additionally, under certain circumstances local country law may establish requirements that differ from this code. Employees worldwide are expected to comply with all local country laws and Workstream business conduct policies in the area in which they are conducting Workstream business.

Although we realize that no two situations are alike, we aim for consistency and balance when encountering any ethical issues. It is essential that we all keep an eye out for possible infringements of Workstream's business ethics - whether these infringements occur in dealings with the government or the private sector, and whether they occur because of oversight or intention. Employees who have questions regarding business conduct or possible violations should contact their local HR representative, or the Compliance Manager.

Business Ethics

It is essential that we all keep an eye out for possible infringements of Workstream's business ethics-whether these infringements occur in dealings with the government or the private sector, and whether they occur because of oversight or intention. Workstream employees who have knowledge of possible violations should notify Human Resources. To assist employees in the day-to-day protection of our business ethics, we've compiled a list of some areas where breaches may occur:

- Improper or excessive payments of any of the following:
 - Consulting fees
 - Director & officer payments
 - Agents' fees
 - Advertising fees
 - Miscellaneous expenses
 - Insurance premiums
 - Nondeductible expenses
 - Employee loans
 - Public relations fees
 - Legal fees
 - Commissions
 - Other professional fees
 - Expense reports
 - Employee bonuses or compensation agreements
- Questionable payments to agents, consultants, or professionals whose backgrounds haven't been adequately investigated, who don't have signed contracts or letters of engagement, or whose association with Workstream would be embarrassing if exposed.
- Payroll-related expenditures, bonuses, awards, and non-cash gifts given to or by Workstream employees without proper approval and adequate documentation.
- Payments made in cash or checks drawn to Cash or Bearer or bank accounts/property titles not in Workstream's name.

- Transfers to or deposits in the bank account of an individual, rather than in the account of the company with which we are doing business.
- Billings made higher or lower than normal prices for fees, at a customer's request.
- Payments made for any purpose other than that described in supporting documents.
- Payments made to employees of customers or agencies through intermediary persons or organizations, or that seem to deviate from normal business transactions.
- Any large, abnormal, unexplained, or individually approved contracts, or expenditures made without review of supporting documentation.
- Unusual transactions occurring with nonfunctional, inactive, or shell subsidiaries or undisclosed or unrecorded assets or liabilities.
- Use of unethical or questionable means to obtain information, including information about competitors, information concerning government acquisition plans, or any procurement decision or action.
- An employment, consulting, or business relationship between a Workstream employee and another company, especially in the same or related business.
- Frequent trading (buying and selling over short intervals) in Workstream stock or the stock of a company with which we do business.

These are examples of possible infringements that Workstream employees need to avoid. Employees should feel free to discuss any concerns about this policy with their manager or HR representative.

Conflicts Of Interest

Employees are expected to make or participate in business decisions and actions in the course of their employment with Workstream based on the best interests of the company as a whole, and not based on personal relationships or benefits. Conflicts of interest can compromise employees' business ethics. Employees are expected to apply sound judgment to avoid conflicts of interest that could negatively affect Workstream or its business. At Workstream, a conflict of interest is any activity that is inconsistent with or opposed to Workstream's interests, or gives the appearance of impropriety

Employees should avoid any relationship that would cause a conflict of interest with their duties and responsibilities at Workstream. Employees are expected to disclose to us any situations that may involve inappropriate or improper conflicts of interests affecting them personally or affecting other employees or those with whom we do business. Waivers of conflicts of interest involving executive officers require the approval of the Board of Directors or an appropriate committee.

Members of Workstream's Board of Directors have a special responsibility because our Directors are prominent individuals with substantial other responsibilities. To avoid conflicts of interest, Directors may be expected to disclose to their fellow Directors any personal interest they may have in a transaction upon which the Board passes and to recuse themselves from participation in any decision in which there is a conflict between their personal interests and the interest of Workstream.

Set forth below is specific guidance for some areas of potential conflict of interest that require special attention. It is not possible to list all conflicts of interest. These are examples of the types of conflicts of interest that Workstream employees are expected to avoid. Ultimately, it's the responsibility of each individual to avoid any situation that could appear to be a conflict of interest. Employees are urged to discuss any potential conflicts of interest with their manager or HR Representative.

Interest in Other Businesses : Workstream employees and members of their immediate families must avoid any direct or indirect financial relationship with other business that could cause

divided loyalty. Workstream employees must receive written permission from the Workstream vice president for their business unit, before beginning any employment, business, or consulting relationship with another company. This doesn't mean that family members are precluded from being employed by one of Workstream's customers, competitors, or suppliers. However, Workstream employees must avoid conducting Workstream business with members of their families--or others with whom they have a significant personal relationship--unless they have prior written permission from the Workstream vice president of their unit.

Outside Directorships and Membership in Technical Advisory Boards ("TAB"s) : Workstream encourages its employees to be active in industry and civic associations, including membership in other companies' Boards of Directors and TABs. Employees who serve on outside Boards of Directors or TABs of a profit making organization are required, prior to acceptance, to obtain written approval. Approval for employees who are at the vice president level or above must be obtained from the Chief Financial Officer or Vice President of Human Resources. Approval for all other employees must be obtained from Workstream vice president of the employee's business unit. As a rule, employees may not accept a position as an outside director or TAB member of any current or likely competitor of Workstream. Furthermore, in the absence of an overriding benefit to Workstream and a procedure to avoid any financial conflict (such as refusal of compensation and refusal from involvement in the company's relationship with Workstream), approval is likely to be denied where the Workstream employee either directly or through people in his or her chain of command has responsibility to affect or implement Workstream's business relationship with the other company. Approval of a position as a director or TAB member of a company that supports or promotes a competitor's products or services is also likely to be denied

If an outside directorship or TAB membership is approved, employees may keep compensation earned from that directorship unless the terms of the approval state otherwise. Generally, however, employees may not receive any form of compensation (including stock options, IPO stock or cash) for service on a board of directors of a company if the service is at the request of the company or in connection with Workstream's investment in, or a significant relationship exists with, that company and the directorship is as a consequence or in connection with that relationship. Any company that is a vendor, supplier, partner or customer of Workstream has a "relationship" with Workstream. "Significant" is broadly defined to include a sole-source vendor/supplier, or one in which Workstream is responsible for generating five percent or more of the outside company's revenues. When membership on a Board of Directors or TAB is other than at Workstream's request, and even if no compensation is received, a potential for conflict of interest exists, and therefore the Workstream employee is expected to recuse him- or herself from any involvement in Workstream's relationship with that company. It is therefore important that Workstream employees recognize that their membership should be an opportunity to provide expertise and to broaden their own experience, but they should not be put in a position where the other company expects to use the person's board membership as a way to get access or to influence Workstream decisions.

Workstream may at any time rescind prior approvals in order to avoid a conflict or appearance of a conflict of interest for any reason deemed to be in the best interests of the company. In addition, Workstream will periodically conduct an inquiry of employees to determine the status of their membership on outside boards

Investments in Public Companies : Passive investments of not more than one percent of total outstanding shares of companies listed on a national or international securities exchange, or quoted daily by NASDAQ or any other board, are permitted without Workstream's approval-- provided the investment is not so large financially either in absolute dollars or percentage of the individual's total investment portfolio that it creates the appearance of a conflict of interest. Any such investment must not involve the use of confidential "inside" or proprietary information, such as confidential information that might have been learned about the other company on account of Workstream's relationship with the other company. Investments in diversified publicly traded

mutual funds are not deemed subject to these conflict of interest guidelines, provided confidentiality requirements are observed

Investments in Private Companies. Workstream employees will occasionally find themselves in a position to invest in Workstream partners or customers. It is imperative that employees presented with such opportunities understand the potential conflict of interest that may occur in these circumstances. Workstream employees must always serve our shareholders first. Investing in companies that Workstream has an actual or potential business relationship with may not be in our shareholders' best interests. The following guidelines are intended to cover such circumstances:

Workstream employees may not invest in privately held companies that are Workstream customers, partners or suppliers without disclosure to the Workstream senior vice president for their organization and to the Review Board. Where the employee either directly or through people in his/her chain of command has responsibility to affect or implement Workstream's relationship with the other company, approval of the Review Board is required; however, in such cases approval is likely to be denied. Examples of employees having such responsibilities include:

- Employees in a position to select a particular chip for a given product and owning shares in that chip vendor
- Employees in a position to recommend a particular software or hardware vendor partner to a customer while owning shares in that vendor or reseller
- Employees whose responsibilities include sales of Workstream products to a customer or reseller while owning shares in the customer or reseller

Such situations may put the Workstream employee in a conflict of interest between furthering their personal interests versus the interests of Workstream, hence the likelihood of denial. Employees in those circumstances should not invest in the company in question.

If an investment is made and/or approval is granted, and the employee subsequently finds him- or herself in a potentially conflicted position due to his or her job responsibilities or those of others in his or her chain of command, the Workstream employee is expected to recuse him- or herself from any involvement in Workstream's relationship with that company. (If the conflict is so fundamental as to undermine the employee's ability to undertake an important job activity, a discussion of possible divestiture may be required). Furthermore, with respect to any investment or financial interest in a third party, employees should be extremely cautious to avoid activities such as recommending or introducing the company to other parts of the Workstream organization unless there is a clear disclosure of the financial interest.

If an employee happens to have an investment in a company and transitions into a role that would place him/her in a conflict of interest position (such as those described above), the employee should disclose the situation in writing to his/her manager and HR Representative. Efforts will be made to resolve the situation equitably on a case-by-case basis.

Where Workstream has made an investment in a company, permission must be obtained before an employee invests in that company. When a Workstream employee is placed on a board of directors or advisory board to represent Workstream, such employee cannot make an investment in that company without Review Board approval; and they may not receive compensation for such participation at Workstream's request.

Honoraria: Speaking at events, when it is determined to be in Workstream's best interests, is considered part of an employee's normal job responsibilities. Because employees will be compensated by Workstream for most or all of their time spent preparing for, attending, and delivering presentations approved by management, employees should not request or negotiate a

fee or receive any form of compensation (excepting the novelties, favors or entertainment described below) from the organization that requested the speech, unless the employee first receives express authorization from the Workstream vice president for their organization; alternatively, a fee can be accepted provided it is donated to the Workstream Foundation or other non-profit charitable organization.

Inventions, books, and publications : Workstream employees must receive written permission from the Workstream vice president for their business unit before developing, outside of Workstream, any products, software, or intellectual property that is or may be related to Workstream's current or potential business

Proper payments : All Workstream employees should pay for and receive only that which is proper. Workstream employees should not make payments or promises to influence another's acts or decisions, and Workstream employees must not give gifts beyond those extended in normal business. Employees will not receive payments of any kind from Workstream customers.

Favors, gifts, and entertainment: Workstream employees and members of their families must not give or receive valuable gifts (including gifts of equipment or money, discounts, or favored personal treatment) to or from any person associated with Workstream vendors or customers. This includes accepting the opportunity to buy "directed shares" (also called "friends and family shares") from a company where the Workstream employee is now or is likely to become involved in the evaluation, recommendation, negotiation or approval of current or prospective business with that company.

This is not intended to preclude Workstream from receiving or evaluating appropriate complimentary products or services. Nor is it intended to preclude Workstream from making a gift of equipment to a company or organization, provided that the gift is openly given, with full knowledge by the company or organization, and is consistent with applicable law. In all cases, the exchange of gifts must be conducted so there is no appearance of impropriety. Gifts may only be given in accordance with applicable laws, including the U.S. Foreign Corrupt Practices Act.

Advertising novelties, favors, and entertainment are allowed when the following conditions are met:

- They are consistent with Workstream's business practices;
- They do not violate any applicable law, such as provincial, state and federal procurement laws and regulations;
- They are of limited value \$50 U.S./\$75 Cdn or less; and
- Public disclosure would not embarrass Workstream.

Industry Associations . Membership on boards of industry associations generally do not present financial conflicts of interest. However, employees should be sensitive to possible conflicts with Workstream's business interests, if, for instance, the association takes a position adverse to Workstream's interests or those of key customers

Supervisory Relationships with Family Members : Supervisory relationships with family members present special workplace problems, including a conflict of interest, or at least the appearance of conflict, in various personnel decisions that the supervisor makes. Accordingly, Workstream employees must avoid a direct reporting relationship with any member of their family or others with whom they have a significant relationship. If such a relationship exists or occurs, the employee must report it in writing to the HR Representative.

Special Ethics Obligations For Employees With Financial Reporting Responsibilities

As a public company it is of critical importance that the Workstream's filings with the Securities and Exchange Commission be accurate and timely. Depending on their position with Workstream, employees may be called upon to provide information to assure that the Company's public reports are complete, fair and understandable. Workstream expects all of its personnel to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements.

The Finance Department bears a special responsibility for promoting integrity throughout the organization, with responsibilities to stakeholders both inside and outside of the Workstream. The Chief Executive Officer, Chief Financial Officer and Finance Department personnel have a special role both to adhere to these principles themselves and also to ensure that a culture exists throughout the company as a whole that ensures the fair and timely reporting of Workstream's financial results and condition.

Because of this special role, the Chief Executive Officer, the Chief Financial Officer and all members of Workstream's Finance Department are bound by the following Financial Officer Code of Ethics, and by accepting the Code of Business Conduct, each agrees that he or she will:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
- Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that Workstream files with, or submits to, government agencies and in other public communications.
- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies.
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
- Respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one's work will not be used for personal advantage.
- Share knowledge and maintain skills important and relevant to stakeholder's needs.
- Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community.
- Achieve responsible use of and control over all assets and resources employed or entrusted.
- Promptly report to the Manager of Internal Compliance and/or the Chairman of the Audit Committee any conduct that the individual believes to be a violation of law or business ethics or of any provision of the Code of Conduct, including any transaction or relationship that reasonably could be expected to give rise to such a conflict.

Violations of this Financial Officer Code of Ethics, including failures to report potential violations by others, will be viewed as a severe disciplinary matter that may result in personnel action, including termination of employment. If you believe that a violation of the Financial Officer Code of Ethics has occurred, please contact Workstream's Manager of Compliance at Compliancemanager@workstreaminc.com. You may also contact the Audit Committee of the Board of Directors at auditcommittee@workstreaminc.com.

It is against Workstream policy to retaliate against any employee for good faith reporting of violations of this Code.

Proprietary Information

Proprietary information is defined as information that was developed, created, discovered by or on behalf of Workstream, or that became known by or was conveyed to the company, that has commercial value in Workstream's business or that Workstream does not want publicly disclosed. It includes but is not limited to software programs and subroutines, source and object code, trade secrets, copyrights, ideas, techniques, know-how, inventions (whether patentable or not), and any other information of any type relating to designs, product specifications, configurations, toolings, schematics, master works, algorithms, flowcharts, circuits, works of authorship, formulae, mechanisms, research, manufacture, assembly, installation, marketing, pricing, customers, salaries and terms of compensation of company employees, and costs or other financial data concerning any of the foregoing or the company and its operations generally.

Workstream's business and business relationships center on the confidential and proprietary information of Workstream and of those with whom we do business- customers, vendors, and others. Each employee has the duty to respect and protect the confidentiality of all such information. The disclosure or use of confidential and proprietary information - whether Workstream's or a third party's - should be covered by a written agreement. In addition to the obligations imposed by that agreement, all employees should comply with the following requirements:

- Confidential information should be received and disclosed only under the auspices of a written agreement.
- Confidential information should be disclosed only to those Workstream employees who need to access it to perform their jobs for Workstream.
- Confidential information of a third party should not be used or copied by any Workstream employee except as permitted by the third-party owner (except as permitted in a written agreement between Workstream and the third party owner).
- Unsolicited third-party confidential information should be refused or, if inadvertently received by a Workstream employee, returned unopened to the third party or transferred to the Workstream Legal Department for appropriate disposition.
- Employees must refrain from using any confidential information belonging to any former employers (with the exception of any such information acquired by Workstream), and such information must never be brought to Workstream or provided to other employees.

Laws, Regulations And Government Related Activities

As an international Canadian based company, Workstream is subject to laws and regulations both in Canada and the U.S. Violation of governing laws and regulations is both unethical and subjects Workstream to significant risk in the form of fines, penalties and damaged reputation. It is expected that each employee will comply with applicable laws, regulations and corporate policies. Specific areas with which employees are expected to comply include:

- Anti-Trust
- Insider Trading
- Foreign Corrupt Practices Act
- Government Business
- Political Contributions
- Using Third-Party Copyrighted Material
- Export, Re-export and Transfer Policy
- Customs Compliance for International Shipping

Anti-Trust

The economy of the United States, and of most countries in which Workstream does business, is based on the principle of a free competitive market. To ensure that this principle is played out in

the marketplace, most countries have laws prohibiting certain business practices that could inhibit effective competition. The antitrust laws are broad and far-reaching. They touch upon and affect virtually all aspects of Workstream's operations. Workstream fully embraces all antitrust laws and avoids conduct that may even give the appearance of being questionable under those laws. Each employee should keep those thoughts in mind when going about his/her job, because the penalties for violations can be quite serious, both to Workstream and to the individual. Whether termed antitrust, competition, or free trade laws, the rules are designed to keep the marketplace thriving and competitive.

Insider Trading

If an employee has material, non-public information relating to Workstream or its business, it is Workstream's policy that the employee, the employee's family members, or any entities controlled by the employee or his/her family members, may not buy or sell securities of Workstream or engage in any other action to take advantage of, or pass on to others, that information. This policy also applies to trading in the securities of any other company, including our customers, suppliers, vendors or other business partners, if employees have material, non-public information about that company which the employee obtained by virtue of his/her position at Workstream.

Transactions that may be necessary or justifiable for independent reasons, including emergency expenditures and transactions planned before the employee learned the material information, are not exceptions. Even the appearance of an improper transaction must be avoided to prevent any potential prosecution of Workstream or the individual trader.

Besides the obligation to refrain from trading while in possession of material, non-public information, employees are also prohibited from "tipping" others. The concept of unlawful tipping includes passing on information to friends or family members under circumstances that suggest that employees were trying to help them make a profit or avoid a loss. Besides being considered a form of insider trading, of course, tipping is also a serious breach of corporate confidentiality. For this reason, employees should be careful to avoid discussing sensitive information in any place (for instance, at lunch, on public transportation, in elevators) where others may hear such information.

Foreign Corrupt Practices Act

Workstream requires full compliance with the Foreign Corrupt Practices Act (FCPA) by all of its employees, consultants, agents, distributors, and resellers. The anti-bribery and corrupt payment provisions of the FCPA make illegal any corrupt offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any foreign official, or any foreign political party, candidate or official, for the purpose of:

- Influencing any act, or failure to act, in the official capacity of that foreign official or party
- Inducing the foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business for anyone, or direct business to anyone.

Payments, offers, promises or authorizations to pay any other person, U.S. or foreign, are likewise prohibited if any portion of that money or gift will be offered, given or promised to a foreign official or foreign political party or candidate for any of the illegal purposes outlined above

All Workstream employees, whether located in Canada or the United States, are responsible for FCPA compliance and the procedures to ensure FCPA compliance. All managers and supervisory personnel are expected to monitor continued compliance with the FCPA to ensure compliance with the highest moral, ethical and professional standards of the company.

Any action in violation of the FCPA, or any of the ethical and business standards as outlined in Workstream's Resource Guide is prohibited. Any employee who becomes aware of apparent FCPA violations should notify the CFO or VP Human Resources.

Government Business

Workstream employees should understand that special requirements might apply when contracting with any government body (including national, state, provincial, municipal, or other similar government divisions in local jurisdictions). Because government officials are obligated to follow specific codes of conduct and laws, special care must be taken in government procurement. Some key requirements for doing business with a government are:

- Accurately representing which Workstream products are covered by government contracts.
- Not offering or accepting kickbacks, bribes, gifts, gratuities or anything else of value with the intent of obtaining favorable treatment from the recipient (a gift that is customary in the business sector may be perceived as a bribe by a government official).
- Not improperly soliciting or obtaining confidential information, such as sealed competitors' bids, from government officials prior to the award of a contract .
- Hiring present and former government personnel may only occur in compliance with applicable laws and regulations (as well as consulting Workstream Human Resources).

Political Contributions

No Workstream assets--including employees' work time, use of Workstream premises, use of Workstream equipment, or direct monetary payments--may be contributed to any political candidate, political actions committees (aka "PACs"), party, or ballot measure without the permission of the Chief Financial Officer. Of course, Workstream employees may participate in any political activities of their choice on an individual basis, with their own money and on their own time.

Using Third-Party Copyrighted Material

Employees may sometimes need to use third-party copyrighted material to perform their jobs. Before such third-party material may be used, appropriate authorization from the copyright holder must be obtained, with the exception of material for which Workstream holds the copyright. The need for such permission may exist whether or not the end product containing third-party material is for personal use, for Workstream internal or other use. It is against Workstream policy and it may be unlawful for any employee to copy, reproduce, scan, digitize, broadcast, or modify third-party copyrighted material when developing Workstream products, promotional materials or written communications (such as manuals, presentations, etc.), unless written permission from the copyright holder has been obtained prior to the proposed use. Improper use could subject both Workstream and the individuals involved to possible civil and criminal actions for copyright infringement. It is against Workstream policy for employees to use Workstream's facilities for the purpose of making or distributing unauthorized copies of third-party copyrighted materials for personal use or for use by others.