SOC 3®– SOC for Services Organizations: Trust Services Criteria

for

Prophix Software Inc.

Report on Prophix's Description of its Cloud Services System relevant to Security, Availability, Processing Integrity, Confidentiality and Privacy

Throughout the period November 1, 2021 to April 30, 2022

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Independent Service Auditors' Report

To: Management of Prophix Software Inc.

Scope

We have been engaged to report on Prophix Software Inc.'s (Prophix's) accompanying statement titled "Statement by Management of Prophix" (statement) that the controls within Prophix's Cloud Service system (system) were effective throughout the period November 1, 2021 to April 30, 2022, to provide reasonable assurance that Prophix's service commitments and system requirements were achieved based on the trust services criteria relevant to security, availability, processing integrity, confidentiality, and privacy (applicable trust services criteria) set forth in TSP section 100, *2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (AICPA, *Trust Services Criteria*).

The description of the boundaries indicates that Prophix's controls can provide reasonable assurance that certain service commitments and system requirements can be achieved only if complementary subservice organization controls and complementary user entity controls assumed in the design of Prophix's controls are suitably designed and operating effectively, along with the related controls at Prophix. Our engagement did not include complementary subservice organization controls and user entity controls, and we have not evaluated the suitability of the design and operating effectiveness of such controls.

Service Organization's Responsibilities

Prophix is responsible for its service commitments and system requirements and for designing, implementing, and operating effective controls within the system to provide reasonable assurance that Prophix's service commitments and system requirements were achieved. Prophix has also provided the accompanying statement about the effectiveness of controls within the system. When preparing its statement, Prophix is responsible for selecting, and identifying in its statement, the applicable trust service criteria and for having a reasonable basis for its statement by performing an assessment of the effectiveness of the controls within the system.

Our Independence and Quality Control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Service Auditor's Responsibilities

Our responsibility, under this engagement, is to express an opinion, based on the evidence we have obtained, on whether management's statement that controls within the system were effective throughout the period to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria.

Our engagement was conducted in accordance with Canadian Standard on Assurance Engagements 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*, set out in the CPA Canada Handbook – Assurance. This standard requires that we plan and perform our engagement to obtain reasonable assurance about whether management's statement is fairly stated, in all material respects. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our reasonable assurance engagement included:

- Obtaining an understanding of the system and the service organization's service commitments and system requirements;
- Assessing the risks that controls were not effective to achieve Prophix's service commitments and system requirements based on the applicable trust services criteria;
- Performing procedures to obtain evidence about whether controls within the system were effective to achieve Prophix's service commitments and system requirements based the applicable trust services criteria; and
- Performing such other procedures as we considered necessary in the circumstances.

Inherent Limitations

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls.

Because of their nature, controls may not always operate effectively to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. Also, the projection to the future of any conclusions about the effectiveness of controls is subject to the risk that controls may become ineffective because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, management's statement that the controls within Prophix's Cloud Service system were effective throughout the period November 1, 2021, to April 30, 2022, to provide reasonable assurance that Prophix's service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.

KPMG LLP *

*CPA auditor, public accountancy permit No. A119819
Montreal, Quebec, Canada
June 15, 2022

1. Statement by Management of Prophix

We are responsible for designing, implementing, operating, and maintaining effective controls within the Prophix Software Inc.'s (Prophix's) Cloud Service system (system) throughout the period November 1, 2021 to April 30, 2022, to provide reasonable assurance that Prophix's service commitments and system requirements relevant to security, availability, processing integrity, confidentiality, and privacy were achieved. Our description of the boundaries of the system is presented in attachment A and identifies the aspects of the system covered by our statement.

We have performed an evaluation of the effectiveness of the controls within the system throughout the period November 1, 2021, to April 30, 2022, to provide reasonable assurance that Prophix's service commitments and system requirements were achieved based on the trust services criteria relevant to security, availability, processing integrity, confidentiality, and privacy (applicable trust services criteria) set forth in TSP section 100, *2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (*AICPA*, Trust Services Criteria)*. Prophix's objectives for the system in applying the applicable trust services criteria are embodied in its service commitments and system requirements relevant to the applicable trust services criteria. The principal service commitments and system requirements related to the applicable trust services criteria are presented in attachment B.

Our description of the boundaries of the system indicates that complementary subservice organization controls and complementary user entity controls that are suitably designed and operating effectively are necessary, along with controls at Prophix, to achieve Prophix's service commitments and system requirements based on the applicable trust services criteria. Our description of the boundaries does not extend to controls of the subservice organization and user entities.

There are inherent limitations in any system of internal control, including the possibility of human error and the circumvention of controls. Because of these inherent limitations, a service organization may achieve reasonable, but not absolute, assurance that its service commitments and system requirements are achieved.

We confirm that the controls within the system were effective throughout the period November 1, 2021, to April 30, 2022, to provide reasonable assurance that Prophix's service commitments and system requirements were achieved based on the applicable trust services criteria.

Mr. Alok Ajmera
Chief Executive Officer
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June 15, 2022

Attachment A: Management's Description of the boundaries of its Cloud Service System

Prophix Software Inc. Overview

Prophix Software, founded in 1987, began as a software distributor. After years of implementing financial applications, the company's founders, recognized the need for an innovative planning and reporting system; Prophix's Corporate Performance Management software application was born.

The Prophix software application helps financial professionals reframe their everyday challenges into genuine opportunities. Prophix strives to help companies to improve profitability and minimize risk by automating the repetitive tasks and focus on what matters. Budget, plan, forecast, consolidate, and report automatically. To further simplify deployment and offer a superior user experience, the software is delivered to customers through a fully managed software-as-a-service (SaaS) called Prophix Cloud Services that is powered by Amazon Web Services (AWS). The SaaS model offers a strong value proposition to customers by eliminating significant administrative and IT operational overhead, while still delivering enterprise-class functionality and security for corporate performance management.

Description of Services Provided

This description addresses the Cloud Service SaaS offering. Prophix Cloud Services provides the following services, all of which are covered by this report. If a customer of Prophix Cloud Services has not purchased certain services, the portions of the description that cover those services will not be relevant to those customers. For that reason, it is recommended that customers confirm the services they have purchased by contacting their Prophix Cloud Service account executive.

Prophix Cloud Services is comprised of the following:

- Application services for Budgeting, Planning, Forecasting, Reporting, Financial Consolidation & Intercompany Management (also branded as Sigma Conso Consolidation & Reporting and Sigma Conso Intercompany), Dashboarding, and Visual Analytics delivered via standard web browser HTML5 interface using a secured, encrypted HTTPS connection;
- Data integration services for managing the import or export of data into or out of the application;
- Managed sandbox environments for use as development/user acceptance testing purposes;
- Infrastructure implementation, management, and monitoring;
- Managed backups and recovery;
- Managed intrusion prevention system (IPS);
- Managed load balancing; and
- Managed firewalling and security.

Components of the System Providing Services

Prophix Cloud Services is deployed on Amazon Web Services (AWS) and relies on its global infrastructure (Figure 1) to deliver corporate performance management (CPM) SaaS to customers around the world. Although AWS is a sub-service organization, the controls in place at AWS are not included within the scope of this examination in this report as the 'carve-out' method has been applied while preparing this report.

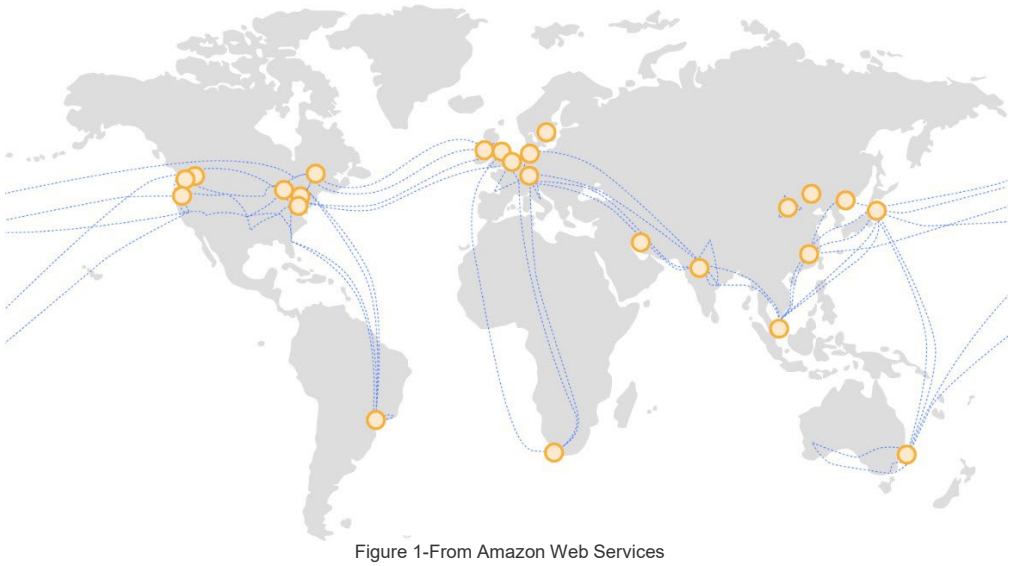

Figure 1-From Amazon Web Services

Data centers, Availability Zones (AZ), and AWS Regions are interconnected via a purpose-built, highly available, and low-latency private global network infrastructure. The network is built on a global, fully redundant, parallel 100 GbE metro fiber network that is linked via trans-oceanic cables across the Atlantic, Pacific, and Indian Oceans, as well as the Mediterranean, Red Sea, and South China Seas.

The choice of exclusively using AWS has been evaluated against a comprehensive set of business and technological decision factors, from robustness of performance, adherence to necessary security and compliance, to availability, and quality of global operational support.

People

Prophix Cloud Services personnel are organized in service teams that develop and maintain Prophix Cloud Services. Members have representation from: Cloud Operations, Information Security, Customer Support, Engineering, Information Technology (IT), Finance, Human Resources (HR), and Executive Management teams. The Operations team consists of the following roles:

- Chief Technology Officer – Executive responsible for reviewing and approving policies and procedures, cloud operations resource management, cross-departmental collaboration, product management, release management, and product strategy;
- Chief Customer Innovation Officer – Executive responsible for the Professional Servicesand Client Services teams, support policies, application-level support escalation management, and customer support resource management;
- Director, Information Security – Responsibilities include managing security operations, Cloud securityaudit and compliance, threat analysis, security monitoring, incident management and serves as the Privacy Officer and Change Management review board chair;
- Director, Cloud & Technology Operations – Responsibilities include developing, implementing, and monitoring systems, processes, and technologies for the reliable and scalable operations of Prophix Cloud Services;
- Cloud Operations Lead – AWS cloud subject matter expert responsible for leading the development and implementation of cloud automation programs, provisioning and updates, cloud monitoring, and general cloud support;
- Manager, Customer Support – Responsible for application support, incident management, customerescalations, and support operations resource management; and
- Cloud Operations Engineer – Responsible for provisioning cloud resources, configuration management, application support, general cloud monitoring, and on-call/standby support.

Prophix Cloud Services teams are recruited and managed according to Prophix Software policies and procedures.

Procedures

Formal policies and procedures exist that describe incident response, information handling, encryption, and information security standards. Prophix Cloud Services teams are required to adhere to the formal policies and procedures that define how services must be delivered. These are located on the company's intranet and can be accessed by any Prophix Cloud Services team member.

Data

Customer data is managed, processed, and stored in accordance with the relevant data protection and other regulations, with specific requirements formally established in customer contracts. This data is managed and stored using various database technologies.

Software

Prophix Cloud Services provides cloud services using the regions identified under the heading "Infrastructure," which supports the application software and underlying operating system software. These are customer dedicated instances that are maintained by Prophix Cloud Services including server backup and recovery, application software updates, patch management, management of the network and platform security firewalls, monitoring, alerting, and load-balancing.

Infrastructure

Prophix Cloud Services are provided to users via cloud service provided by AWS through its global datacenters with failover services provided between data center locations and Availability Zones.

AWS regions are physical locations throughout the world which contain multiple Availability Zones. Availability Zones consist of at least two or more discrete data centers, each with fully redundant power, networking, and connectivity housed in separate secured facilities. These Availability Zones offer the ability to operate production applications, databases, and networks in a highly available, fault tolerant and scalable manner as Availability Zones are connected via fast, private fiber-optic networking - enabling fail-over between Availability Zones without interruption. AWS operates 84 Availability Zones within 26 geographic Regions around the world serving customers in 190 countries.

Customer Responsibilities

Administrator-level user access privileges granted to customers and to their respective environment(s) are initially provided via e-mail using uniquely generated passwords that follow the Prophix Cloud Services standard for secure passwords (at least 8 characters, lower and uppercase letters, one number, and one symbol). The password is paired with the customer's account information to establish accountability for useractions in the system. In addition, although recommended, at the customer's discretion, the uniquely generated initial password associated with the customer's user ID must be changed upon initial login.

Because customers have system administrator-level privileged access to most application-level configurations and can perform logical application security administration functions for their own respective environments, any customer-initiated changes or modifications to the application and logical access entitlements are exclusively the responsibility of these customers.

Prophix Cloud Services customers retain control, stewardship, and ownership of their data.

Prophix Cloud Services requires that a customer's ability to gain logical access be performed from through encrypted session (HTTPS) and/or from behind a dedicated secure system. It is the customer's responsibility to maintain all access to their application; this process is excluded from the scope of this report.

Complementary User Entity Controls

Prophix Software applications and systems are designed with the assumption that certain controls would be implemented by user organizations. In certain situations, the application of specific controls at the user organization is necessary to achieve control objectives included in this report.

This section describes additional controls that should be in operation at the user organizations to complement the controls at Prophix. User organizations should consider whether or not the following controls have been placed in operation at the user organizations:

- Controls are in place at user organizations to ensure compliance with contractual requirements;
- Controls are in place to ensure that user organizations accept responsibility for identifying and authenticating all users, for approving access by such users to the services, for controlling against unauthorized access by users, and for maintaining the confidentiality of usernames, passwords andaccount information;
- Controls are in place to accept and provide for the confidentiality and timely and proper termination of user records in user organizations local (intranet) identity infrastructure or on user organizations local computers;
- Controls are in place to notify Prophix immediately of any unauthorized use of Prophix internal or Customer Assets;
- Controls are in place to make every reasonable effort to prevent unauthorized third parties from accessing the Prophix Cloud Services; and
- Controls are in place to ensure that user organizations communicate changes in the designation of individuals who are authorized to instruct Prophix regarding activities on behalf of the user organization.

The list of user organization control considerations presented above do not represent a comprehensive set of all the controls that should be employed by user organizations. Other controls may be required at user organizations.

Complementary Subservice Organization Controls

Prophix Software Inc. was designed with the assumption that certain control objectives can be achieved only if complementary subservice organization controls assumed in the design of Prophix Software Inc.'s controls are suitably designed and operating effectively, along with the related controls at Prophix Software Inc.

Prophix Software Inc. uses the infrastructure services of AWS to host Prophix Software Inc. and customer data.

For the control objectives listed below, Prophix Software Inc. uses AWS to support the achievement of control objectives identified in this report. The subservice organization controls presented below should not be regarded as a comprehensive list of all of the controls that should be employed by the subservice organizations.

Subservice Organization	Criterion	Complementary Subservice Organization Control	AWS Control References
AWS (Amazon Web Services)	CC 6.4	Prophix has no physical access to the Amazon Web Services (AWS) physical location. AWS Audit Reports are reviewed by the Director of IS AWS is expected to maintain industry-standard security controls. AWS is responsible for protecting the infrastructure that runs all of the services offered in the AWS Cloud. This infrastructure is composed of the hardware, software, networking, and facilities that run AWS services. Major control areas include: - Data center access limited to authorized data center technicians;	AWSCA-4.12 to 4.13 AWSCA-5.1 to 5.5

Subservice Organization	Criterion	Complementary Subservice Organization Control	AWS Control References
		- Biometric scanning for controlled data center access; - Security camera monitoring at data center locations; - 24 × 7 onsite staff provide additional protection against unauthorized entry; - Unmarked facilities to help maintain a low profile; - Physical security audited by an independent firm; - Cloud infrastructure patch & vulnerability management; - Cloud infrastructure backups and systems monitoring; - Encryption provisions for data at rest and in flight; - Pre-hardened server templates; and - Restricted logical access.	
	A1.2	Environmental protections have been installed including the following: - Cooling systems; - Battery and natural gas generator backup in the event of power failure; - Redundant communications lines; - Smoke detectors; and - Dry pipe sprinklers.	AWSCA-1.10 AWSCA-4.12 AWSCA-5.1 to 5.12
	PI1.3	Operations personnel monitor the status of environmental protections during each shift.	AWSCA-5.3/5.4/5.6/5.8

Identified System Incidents

No system incidents that (a) were the result of controls that were not suitably designed or operating effectively or (b) otherwise resulted in a significant failure in the achievement of one or more service commitments and system requirements during the period of time covered by the description have been identified.

Changes since the Date of the Last Report

There have been no significant changes to the system / controls during the period November 1, 2021 to April 30, 2022.

Attachment B: Principal Service Commitments and System Requirements

Prophix designs its processes and procedures related to Prophix's cloud services to meet its objectives. Those objectives are based on the service commitments that Prophix makes to its user entities, applicable laws and regulations that govern the provision of Prophix's cloud services, and the financial, operational, and compliance requirements that Prophix has established for the Service.

Service commitments to user entities are documented and communicated in Service Level Agreements (SLAs) and other customer agreements, as well as in the description of the service offering provided online. Service commitments are standardized and include, the following:

- **Security:** Prophix has made commitments to design, implement, and operate controls to support the protection of the System and security of customer data. These commitments are addressed through controls such as data encryption, authentication mechanisms, network security and other relevant security controls;
- **Availability**: Prophix has made commitments related to percentage uptime and connectivity to Prophix platform;
- **Processing Integrity:** Prophix has made commitments to design, implement, and operate controls to support the integrity of information produced by IT information systems such as application input validation, regression testing of key processing, reconciling output values, and investigation of variances exceeding defined thresholds.
- **Confidentiality**: Prophix has made commitments to design, implement, and operate controls to support the confidentiality of customers' data through data classification policy, data encryption and other relevant security controls; and
- **Privacy**: Prophix has made commitments to design, implement, and operate controls to support the protection and collection of information and to comply with good practices.

Prophix establishes operational requirements that support the achievement of service commitments, relevant laws and regulations, and other system requirements. Such requirements are communicated in Prophix's system policies and procedures, system design documentation, and contracts with customers. Information security policies define an organization-wide approach to how systems and data are protected. These include policies around how the service is designed and developed, how the system is operated, how the internal business systems and networks are managed, and how employees are hired and trained. In addition to these policies, standard operating procedures have been documented on how to carry out specific manual and automated processes required in the operation and development of the Cloud Service system.