

System and Organization Controls Report (SOC 3)

for

Prophix Software Inc.

On

Prophix Cloud Services

Report on the Suitability of the Design and Operational Effectiveness of Controls to meet the Criteria for Security, Availability, Process Integrity, Confidentiality and Privacy for the period November 1, 2020 to April 30, 2021





Non-Disclosure Agreement

It is agreed that, in consideration for Prophix's ("the Company" or "the Client") disclosure of this SOC 3 Report dated July 23, 2021 (hereinafter referred to as the Proprietary Material), the Customer agrees that the Proprietary Material is, and shall at all times remain, the property of Prophix or, in the case of the independent service auditors' report, KPMG LLP ("KPMG"), and shall be used solely by the Customer and the independent auditors of the Customer in connection with the services performed by Prophix for the Customer. The Customer will not copy, reproduce, sell, assign, license, market, transfer, or otherwise dispose of or give the Proprietary Material to any person, firm or corporation. The Customer shall keep the Proprietary Material confidential and shall not disclose the Proprietary Material to another party without first obtaining written permission from a duly authorized officer of Prophix.

The Customer shall restrict use of the Proprietary Material to its employees and independent auditors who are involved in the evaluation of the Proprietary Material.



CONTENTS

1. Statement by Prophix Management	4
2. Independent Service Auditors' Report.....	5
Attachment A: Management's Description of the boundaries of its Cloud Service System	7
Prophix Software Inc. Overview	7
Description of Services Provided	7
Components of the System Providing Services.....	7
People.....	8
Procedures.....	9
Data	9
Software.....	9
Infrastructure.....	9
Customer Responsibilities	9
Subservice Organizations	10
Complementary Subservice Organization Controls.....	10
User Controls Considerations.....	11
Identified System Incidents.....	11
Changes since the Date of the Last Report.....	11
Attachment B: Principal Service Commitments and System Requirements.....	12



1. Statement by Prophix Management

We are responsible for designing, implementing, operating, and maintaining effective controls within the Prophix's Cloud Service system throughout the period November 01, 2020, to April 30, 2021, to provide reasonable assurance that Prophix Software Inc.'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 01, 2020, to April 30, 2021, to provide reasonable assurance that Prophix Software Inc.'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 Software Inc.'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.

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 01, 2020, to April 30, 2021, to provide reasonable assurance that Prophix Software Inc.'s service commitments and system requirements were achieved based on the applicable trust services criteria

A handwritten signature in black ink, appearing to read "Alok Ajmera".

Mr. Alok Ajmera
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July 23, 2021



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2. Independent Service Auditors' Report

To: Management of Prophix Inc.

Scope

We have been engaged to report on Prophix Software Inc.'s accompanying statement titled "Statement by Management of Prophix Software Inc." (statement) that the controls within Prophix Cloud Service system (system) were effective throughout the period November 01, 2020, to April 30, 2021, to provide reasonable assurance that Prophix Software Inc.'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*).

Service Organization's Responsibilities

Prophix Software Inc. 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 Software Inc.'s service commitments and system requirements were achieved. Prophix Software Inc. has also provided the accompanying statement about the effectiveness of controls within the system. When preparing its statement, Prophix Software Inc. 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 Software Inc.’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 Software Inc.’s service commitments and system requirements based the applicable trust services criteria; and
- Our engagement also included 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 Software Inc.’s Cloud Service system were effective throughout the period November 01, 2020, to April 30, 2021, to provide reasonable assurance that Prophix Software Inc.’s service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.

*CPA auditor, public accountancy permit No. A119819
Montreal, Quebec, Canada
July 23, 2021



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. With Prophix, companies can automate 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 Prophix 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 & Close, Dashboarding, and Visual Analytics delivered via standard web browser HTML5 interface using a secured, encrypted HTTPS connection to a variety of devices (laptop, tablet, smartphone);
- Data integration services for managing the import of data into 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.

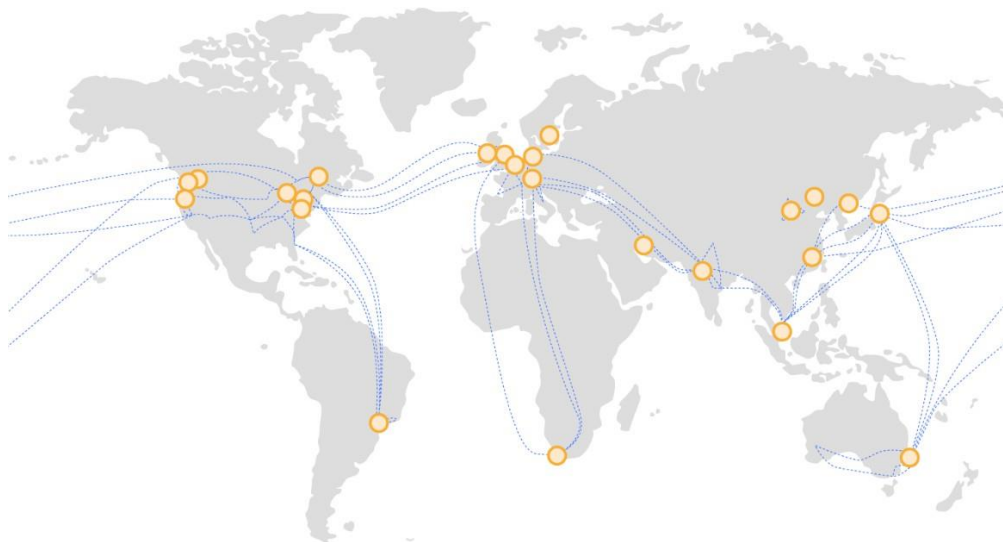


Figure 1-From Amazon Web Services

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. Prophix receives and evaluates AWS's SOC 2 report on an annual basis and monitors that controls deployed at AWS meet the company's control requirements

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:

- SVP, Product & Technology - Executive responsible for reviewing and approving policies and procedures, cloud operations resource management, cross-departmental collaboration, product management, release management, and product strategy;
- VP, Professional and Client Services – Executive responsible for the Professional Services and Client Services teams, support policies, application-level support escalation management, and customer support resource management;
- Director, Information Security – Responsibilities include managing security operations, Cloud security audit and compliance, threat analysis, security monitoring, incident management and serves as the Privacy Officer and Change Management review board chair;
- 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, customer escalations, and support operations resource management;
- Technical Specialists – Responsible for provisioning cloud resources, configuration management, application support, general cloud monitoring, and on-call/standby support; and

All 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. All 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 76 Availability Zones within 24 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.



Subservice Organizations

The Description of the Prophix Cloud Services system presented in this report is that which Prophix Software Inc. believes is relevant to user entities; however, it does not include controls in effect at the subservice organization.

Prophix Software Inc. uses the services of an external subservice organization to perform some functions on its behalf. A brief description of the external subservice organization Prophix Software Inc. has evaluated as being necessary to meet its service commitments and systems requirements as they relate to the user entities and the services they provide is listed in the table below. Prophix Software Inc. reviews subservice organizations' Service Organization Control reports as new reports are released to validate that the controls in place are sufficient to support the achievement of Prophix Software Inc. service commitments and systems requirements.

Subservice Organization	Service Provided
AWS (Amazon Web Services)	Prophix Software Inc. selected Amazon Web Services (AWS) to provide infrastructure to host the System's main components for its deployments. AWS is a world leader in terms of Cloud Infrastructure (see July 2020 Gartner's Magic Quadrant for Cloud Infrastructure as a Service). Not only does AWS implement extensive physical and environmental security controls (described in their security whitepaper), AWS has also implemented a comprehensive compliance program to provide its customers assurance about the security of its underlying infrastructure. AWS publishes a Service Organization Control (SOC) 1 (SSAE 16), SOC 2 and SOC 3 report, is PCI DSS Level 1 compliant, certified for HIPAA, is ISO 27001, ISO 27017 and ISO 27018 certified, FedRAMP Moderate and is certified to allow US government agencies to achieve and sustain compliance with FISMA. AWS is also a Cloud Security Alliance (CSA) Security, Trust & Assurance (STAR) registrant.

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	Prophix Control Reference	Complementary Subservice Organization Control	AWS Control References
AWS (Amazon Web Services)	CC6.4.A	Prophix has no physical access to the Amazon Web Services (AWS) physical location. AWS Audit Reports are reviewed by the Director of IS	AWSCA-4.12 to 4.13 AWSCA-5.1 to 5.5
	A1.2.A	Environmental protections have been installed including the following: - Cooling systems;	AWSCA-1.10 AWSCA-4.12

		<ul style="list-style-type: none"> - Battery and natural gas generator backup in the event of power failure; - Redundant communications lines; - Smoke detectors; and - Dry pipe sprinklers. 	AWSCA-5.1 to 5.12
	PI1.3.F	Operations personnel monitor the status of environmental protections during each shift.	AWSCA-5.3/5.4/5.6/5.8

User Controls Considerations

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 and account information;
- Controls are in place to notify Prophix immediately of any unauthorized use of Prophix internal or Customer Assets.
- User organizations are required to communicate changes in the designation of individuals who are authorized to instruct Prophix regarding activities on behalf of the user organization.
- User organizations are required to obtain appropriate consent from their data subjects regarding the collection, use, retention, disclosure, and disposal of personal information through the use of Prophix’s system and act in accordance with such authorization.

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.

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 since the date of the last report.



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, but are not limited to, the following:

- **Security:** Prophix has made commitments related to protecting the System and securing 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 related to 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 related to maintaining the confidentiality of customers' data through data classification policy, data encryption and other relevant security controls; and
- **Privacy:** Prophix has made commitments related to protecting collected information and complying with applicable privacy laws and regulations.

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.

