TimeClock Plus, LLC and Aladtec

System and Organization Controls Report (SOC 3)

Independent Report of the Controls to meet the criteria for the Security, Availability, Processing Integrity, and Confidentiality categories for the period of January 1, 2023 through December 31, 2023.

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We are responsible for designing, implementing, operating, and maintaining effective controls within TimeClock Plus, LLC and Aladtec's employee scheduling solution system (system) throughout the period January 1, 2023, to December 31, 2023, to provide reasonable assurance that TimeClock Plus, LLC and Aladtec's service commitments and system requirements relevant to security, availability, processing integrity, and confidentiality were achieved. Our description of the boundaries of the system is presented in section A and identifies the aspects of the system covered by our assertion.

We have performed an evaluation of the effectiveness of the controls within the system throughout the period January 1, 2023, to December 31, 2023, to provide reasonable assurance that TimeClock Plus, LLC and Aladtec's service commitments and system requirements were achieved based on the trust services criteria relevant to security, availability, processing integrity, and confidentiality (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*). TimeClock Plus, LLC and Aladtec'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 section 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 assert that the controls within the system were effective throughout the period January 1, 2023, to December 31, 2023, to provide reasonable assurance that TimeClock Plus, LLC and Aladtec's service commitments and system requirements were achieved based on the applicable trust services criteria.

INDEPENDENT SERVICE AUDITOR'S REPORT

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Scope

We have examined TimeClock Plus, LLC and Aladtec's accompanying assertion titled "Assertion of TimeClock Plus, LLC and Aladtec Management" (assertion) that the controls within TimeClock Plus, LLC and Aladtec's employee scheduling solution system (system) were effective throughout the period January 1, 2023, to December 31, 2023, to provide reasonable assurance that TimeClock Plus, LLC and Aladtec's service commitments and system requirements were achieved based on the trust services criteria relevant to security, availability, processing integrity, and confidentiality (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

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

Service Auditor's Responsibilities

Our responsibility is to express an opinion, based on our examination, on whether management's assertion 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 examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether management's assertion 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 examination 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 TimeClock Plus, LLC and Aladtec'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 TimeClock Plus, LLC and Aladtec's service commitments and system requirements based on the applicable trust services criteria

Our examination also included performing such other procedures as we considered necessary in the circumstances.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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 inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, management's assertion that the controls within TimeClock Plus, LLC and Aladtec's employee scheduling solution system were effective throughout the period January 1, 2023, to December 31, 2023, to provide reasonable assurance that TimeClock Plus, LLC and Aladtec's service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.

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February 6, 2024

TIMECLOCK PLUS, LLC AND ALADTEC'S DESCRIPTION OF ITS EMPLOYEE SCHEDULING SOLUTION SYSTEM

SECTION A:
TIMECLOCK PLUS, LLC AND ALADTEC'S DESCRIPTION OF THE BOUNDARIES OF ITS EMPLOYEE SCHEDULING SOLUTION SYSTEM

Services Provided

TimeClock Plus, LLC (TCP) and Aladtec provides first responders, including law enforcement, fire and rescue, dispatch centers, and emergency medical service (EMS) personnel, with Aladtec, a software-as a-service (SaaS) platform. The Aladtec platform provides users with the following capabilities:

Employee Scheduling

The scheduling module allows client managers to streamline their workload scheduling online. Through the platform, client users can submit shifts for reassignment and sign up for available shifts.

Pre-made & Custom Forms

Every Aladtec form automatically creates a data repository that allows clients to generate and filter the data into detailed reports.

Personnel Management

The platform also allows client managers to maintain personnel data from emergency contact information to licenses and certifications.

Communications

Aladtec provides clients with messaging tools for internal communications between individuals and groups.

Reporting Tools

Aladtec generates reports such as shift schedules and payroll, as well as reports from custom forms. Reports can also be exported to suit specific reporting needs.

Modules

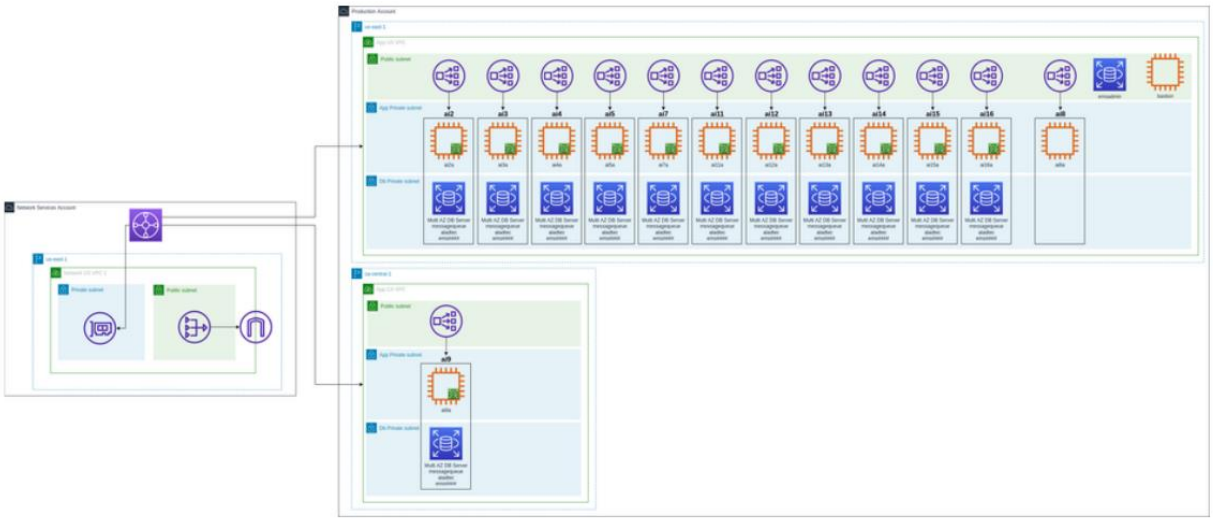
Aladtec includes a time-clock module that tracks the hours worked and generates a payroll report based on the hours clocked. This function allows the clients to customize the information included in the payroll report.

When a potential client has been identified, a free demonstration of Aladtec is scheduled for the client. The demonstration is pre-loaded with sample information to demonstrate all the system's capabilities. If the client decides to move forward with the engagement, a standard licensing agreement is signed for client to use the production solution, and additional design requirements are gathered from the client that are then applied to the platform. The customized demonstration may contain a sample roster and schedule. Upon completion of the customized platform, client testing and confirmation is completed to ensure the scheduling platform is meeting the client's expectations. Data integrity of the uploaded data is confirmed with the client during onboarding.

The only data required to set up the platform is a first name, last name, email, address, and phone number. All other data is managed by the client manager. Onboarding also includes a Train-the-Trainer training course that is provided as well as best practices videos to assist new clients. Once the platform is set up, clients are responsible for managing their own users and groups. Instructions regarding client user management is provided to clients during onboarding and through informational videos.

Infrastructure

TCP Aladtec has a cloud-based infrastructure powered by Amazon Web Services (AWS). The infrastructure is composed of S3 buckets that are used for storage of databases and customer data. Each production stack in AWS contains a network load balancer in front of an EC2 instance. The EC2 instance talks to a Relational Database Service (RDS). Each stack has its own URL as an entry point. The following network diagram depicts Aladtec's AWS infrastructure.



Aladtec AWS Infrastructure

Software

Aladtec uses the following critical software to provide its services:

- GitHub
- New Relic
- Okta
- SendGrid
- Tenable

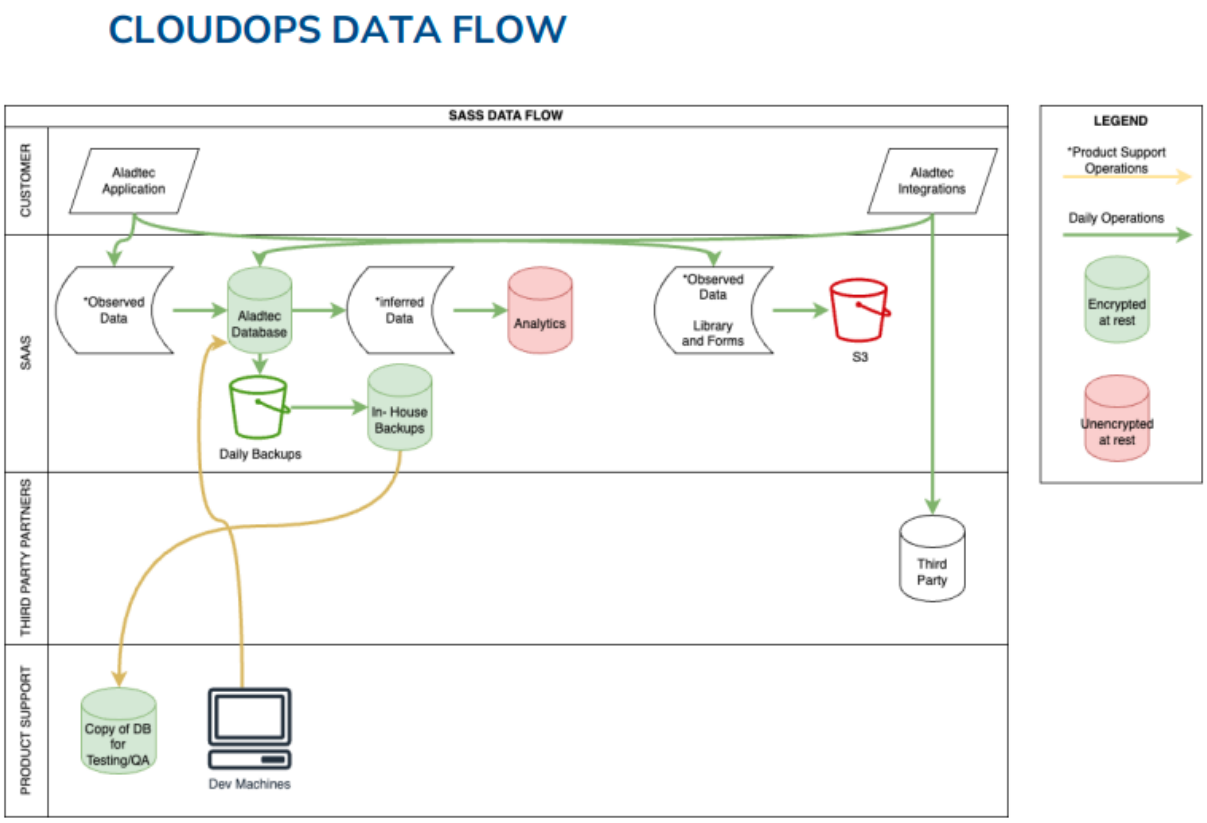
People

TCP is organized into a hierarchical structure with a Chief Executive Officer (CEO) at the head. The leadership team consists of C-level executives and the CEO, and the organization has established defined reporting lines up to the CEO. The Senior Vice President (VP) and chief executives report directly to the CEO.

Additionally, the TCP board of directors provides oversight to the organization. Quarterly board meetings are conducted during which the board reviews companywide performance and strategic initiatives. The board engages with an external company to conduct a third-party risk assessment that benchmarks TCP's security posture against other organizations, and the board reviews the results of the risk assessment and the risk maturity score.

Data

Data flow is through an AWS environment using S3 buckets. Payments made to TCP are processed through Zuora. If a customer is offboarded, the data is destroyed after 45 days. The Aladtec CloudOps Data Flow diagram below shows the data stored AWS S3 buckets, which is encrypted at rest and while transmitted within the environment.



CloudOps Data Flow Diagram

TCP employees do not receive access to customer data by default and must request and gain approved access from the Data Security Team through the TCP Security Portal, which serves as an internal identity management tool.

The Data Security Team is responsible for handling customer data. When testing must be conducted on a customer database, the Data Security Team scrubs the database to remove personally identifiable information (PII), and the database is hosted internally. The engineering team completes testing and support, and the database is deleted immediately. The Data Security Team uses a ticketing system and verifies that any database older than 45 days is removed.

The Global Data Privacy Policy governs data retention. The organization implements data retention policies for all types of personal data that TCP processes. When the retention period has expired, personal data is securely deleted or destroyed. The Data Disposal Policy and Procedures document provides guidance for disposing of customer data in the TCP SaaS environment.

The organization uses encryption to protect data. TCP follows industry best practices for encryption, including recommendations from Amazon, Payment Card Industry (PCI), and National Institute of Standards and Technology (NIST). Data in transit is encrypted using Transport Layer Security (TLS) 1.2 or higher and secure ciphers for communication sessions.

Additionally, TCP deploys a web application firewall (WAF) to protect data. The organization WAF is deployed with rules-based configurations to detect and block malicious traffic based on Open Web Application Security Project (OWASP) best practice guidelines. The WAF protects against distributed-denial-of-service (DDoS) attacks through real-time traffic inspection rules that are capable of detecting and blocking malicious behavior based on patterns.

Processes and Procedures

Management has developed and communicated procedures to guide the provision of the organization's services. Changes to procedures are performed annually and authorized by management. These procedures cover the following key security life cycle areas:

- Data classification
- Categorization of information
- Assessment of the business impact resulting from proposed security approaches
- Selection, documentation, and implementation of security controls
- Performance of annual management self-assessments to assess security controls
- Authorization, changes to, and termination of information system access
- Monitoring security controls
- Management of access and roles
- Maintenance and support of the security system and necessary backup and offline storage
- Incident response
- Maintenance of restricted access to system configurations, user functionality, master passwords, powerful utilities, and security devices

SECTION B:
PRINCIPAL SERVICE COMMITMENTS AND SYSTEM REQUIREMENTS

Regulatory Commitments

Aladtec is impacted by regulatory measures including Equal Employment Opportunity Commission (EEOC), U.S. Labor Department, Texas employee labor practices, and privacy laws, such as General Data Protection Regulation (GDPR), Biometric Information Privacy Act (BIPA), and CCPA California Consumer Privacy Act (CCPA). The organization addresses these regulations within its policies and employee training programs. Employees are required to participate in annual IT security re-certification training that includes privacy and GDPR regulations.

Contractual Commitments

The Aladtec License Agreement contains language covering confidentiality, privacy, integrity, and availability of information that is either processed or stored in the solution. The contract states that clients have sole responsibility for the accuracy, quality, content, legality, and use of client data and the means by which any personal data is obtained from designated users and employees and transferred to TCP. In addition, the client is solely responsible for any transfer of personal data to any third-party data controller or data processor (e.g., human resources or payroll application).

System Design

TCP and Aladtec designs its employee scheduling solution system to meet its regulatory and contractual commitments. These commitments are based on the services that TCP and Aladtec provides to its clients, the laws and regulations that govern the provision of those services, and the financial, operational, and compliance requirements that TCP and Aladtec has established for its services. TCP and Aladtec establishes operational requirements in its system design that support the achievement of its regulatory and contractual commitments. These requirements are communicated in TCP and Aladtec's system policies and procedures, system design documentation, and contracts with clients.