PAR

REPORT ON

PAR'S

DESCRIPTION OF ITS PSYCHOLOGICAL TESTING PLATFORM AND ECOMMERCE MARKET SYSTEM AND ON THE SUITABILITY OF ITS CONTROLS RELEVANT TO SECURITY AND AVAILABILITY THROUGHOUT THE PERIOD

JUNE 1, 2023 TO NOVEMBER 30, 2023

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Acronym Table

Section 1: Assertion of the Management of PAR

Assertion of the Management of PAR

We are responsible for designing, implementing, operating, and maintaining effective controls within PAR's Psychological Testing Platform and eCommerce Market System throughout the period June 1, 2023 to November 30, 2023, to provide reasonable assurance that PAR 's service commitments and system requirements were achieved based on the trust services criteria relevant to security and availability (applicable trust services criteria) set forth in *TSP 100, 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy*, (*With Revised Points of Focus- 2022*), in AICPA Trust Services Criteria. Our description of the boundaries of the system is presented in attachment 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 June 1, 2023 to November 30, 2023, to provide reasonable assurance that PAR's service commitments and system requirements were achieved based on the applicable trust services criteria. PAR'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 assert that the controls within the system were effective throughout the period June 1, 2023 to November 30, 2023, to provide reasonable assurance that PAR's service commitments and system requirements were achieved based on the applicable trust services criteria.

/s/ Byron Clark
CTO
PAR, Inc.
January 2, 2024

Section 2: Independent Service Auditors' Report

Independent Service Auditor's Report

To: PAR

Scope

We have examined PAR's accompanying assertion titled "Assertion of PAR Management" (assertion) that the controls within PAR's Psychological Testing Platform and eCommerce Market System (system) were effective throughout the period June 1, 2023 to November 30, 2023, to provide reasonable assurance that PAR's service commitments and system requirements were achieved based on the trust services criteria relevant to security and availability (applicable trust services criteria) set forth in *TSP 100, 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (With Revised Points of Focus- 2022)*, in AICPA Trust Services Criteria.

Service Organization's Responsibilities

PAR 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 PAR's service commitments and system requirements were achieved. PAR has also provided the accompanying assertion about the effectiveness of controls within the system. When preparing its assertion, PAR 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 Auditors' Responsibilities

Our responsibility is to express an opinion, based on our examination, on 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 AICPA. 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.

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

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Our examination included the following:

➢ 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 PAR'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 PAR'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.

Inherent Limitations

There are inherent limitations in 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 are 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 PAR's Psychological Testing Platform and eCommerce Market System were effective throughout the period June 1, 2023 to November 30, 2023, to provide reasonable assurance that PAR's service commitments and system requirements were achieved based on the applicable trust services criteria is fairly stated, in all material respects.

Marcum LLP

Marcum LLP

Tampa, FL
January 2, 2024

Attachment A: PAR's Description of the Boundaries of its Psychological Testing Platform and Ecommerce Market System

Company Overview and Services Provided

Founded in 1978, Psychological Assessment Resources, Inc. (PAR), is a leading publisher of assessment instruments, software, books, and other related materials. Over the past four decades, PAR has earned a reputation for providing its customers with innovative assessment solutions and unparalleled Customer Service.

PAR offers a number of products to its clients through its public facing web portal. PAR also offers its Invista and PARiConnect platforms to clients. The Invista platform helps customers identify the necessary abilities for job performance and link those abilities to customized hiring solutions. PAR can develop tests to measure virtually any competency, skill, or knowledge domain relevant to your business. The PARiConnect platform is an online assessment portal that offers more than 70 products for administration, scoring, and reporting.

Infrastructure

The key infrastructure supporting PAR's Psychological Testing Platform and eCommerce Market System resides within a Tier 3 data center located in Nashville, Tennessee and at a location in Tampa, Florida. The Nashville location houses their production servers and SQL databases utilized in the Psychological Testing Platform and eCommerce Market System. PAR has front-end systems consisting of industry standard routers, firewalls, IPS, and switching which filters traffic to form a barrier between the Internet and PAR's internal systems.

PAR utilizes its Florida facility as disaster recovery site for the production environment. Scheduled backups are performed to prevent PAR data from being lost where it is then replicated and encrypted to the Florida facility to support the restoration of operations in the event of a business interruption.

Software

The following provides a summary of the software and related services used in the delivery of the Psychological Testing Platform and eCommerce Market System:

- ➤ Security and event logging for the production environment.
- ➤ Capacity and utilization monitoring of production environments.
- ➤ 24x7 systems availability monitoring for alerting of production environment issues.
- ➤ Service Desk Management for reporting, requirement management, and project management tool for tracking system changes.
- ➤ SQL Database Servers for relational database management of production databases.
- ➤ Secure file transfer platform.
- ➤ Next Generation antivirus on servers and workstations.
- ➤ File integrity monitoring.
- ➤ Centrally managed backup solution for automated backup and restoration.

People

People involved in the operation and use of the system are:

- CEO – Responsible for the general oversight of the company and overall business strategy.
- COO - Responsible for the daily operations of the company and managing the executive team.
- CTO – Responsible for developing and executing technology strategy, managing the technology budget, and overseeing the IT infrastructure and security measures.
- CFO – Responsible for managing the company's finances, including financial planning, management of financial risks, record-keeping, and financial reporting.
- CPO – Responsible for product-related matters including product strategy, product vision, product innovation, product design and product development.
- Developers – Responsible for the development, implementation, and support of internal systems and technical services.
- Employees – Responsible for upholding security practices and following company policies and procedures.

Procedures

Executive Management personnel maintain documented automated and manual standard procedures involved in operation of Psychological Testing Platform and eCommerce Market System that include:

- Acceptable Use
- Access Control
- Asset Management
- Backups
- Change Management
- Data Destruction
- Data Classification
- Data Confidentiality
- E-mail
- Employee Training
- Encryption
- Firewall Management
- Incident Management
- Information Disposal
- Log Management
- Mobile Device Management
- Network Security
- Physical Security
- Passwords

- ➢ Remote Access
- ➢ Risk Assessment
- ➢ Vendor Management

Control activities have been placed into operation to help ensure that actions are carried out properly and efficiently. Control procedures serve as mechanisms for managing the achievement of control activities and are a part of the process by which PAR strives to achieve its business objectives. PAR has applied a risk management approach to the organization in order to select and develop control procedures. After relevant risks have been identified and evaluated, controls are established, implemented, monitored, reviewed, and improved when necessary to meet the applicable trust services criteria and the overall objective of the organization.

The PAR control procedures, which have been designed to meet the applicable trust services criteria, are included in Section 4 of this report to eliminate the redundancy that would result from listing the procedures in this section as well.

Data

PAR collects and transmits data for their Psychological Testing Platform and eCommerce Market System through both web applications and file transfer servers. The data being transmitted over public networks is encrypted using TLS 1.2 and the file transfer servers utilized SFTP with strong encryption.

Data is securely stored within SQL databases and encrypted at rest with data being appropriately segmented based on company policies and procedures. Access to these databases and key management system is restricted to authorized IT staff and other appropriate personnel.

Backups of the SQL databases are performed daily and then replicated to the Tampa corporate office for disaster recovery purposes. Any development code pertaining to the Psychological Testing Platform and eCommerce Market System is securely stored within Azure DevOps and restricted to appropriate personnel.

System Boundaries

System boundaries, pertaining to collection, use, retention, disclosure, and disposal or anonymization or personalization of data, are governed by contract provisions for particular service engagements. Data is not utilized or disclosed to third parties outside of the scope allowed in such contracts and agreements.

Risk Assessment

PAR management performs an annual risk assessment, which requires management to identify risks in its areas of responsibility and to implement appropriate measures to address those risks.

PAR's management reevaluates the risk assessment annually or when otherwise necessary to both update the previous results and to identify new areas of concern.

The risk assessment process consists of the following phases:

➢ Identifying: The identification phase includes listing out risks (including threats and vulnerabilities) that exist in the environment. This phase provides a basis for all other risk management activities.
➢ Assessing: The assessment phase considers the potential impact(s) of identified risks to the business and its likelihood of occurrence.
➢ Mitigating: The mitigation phase includes putting controls, processes, and other physical and virtual safeguards in place to prevent and detect identified and assessed risks.
➢ Reporting: The reporting phase results in risk reports provided to managers with the necessary data to make effective business decisions and to comply with internal policies and applicable regulations.
➢ Monitoring: The monitoring phase includes PAR management performing monitoring activities to evaluate whether processes, initiatives, functions and/or activities are mitigating the risk as designed.

Consideration of Fraud

Risks of fraudulent activities being carried out are addressed in the risk assessment and the treatment process described above by the risk management team. This process is aimed to identify and address the company's vulnerabilities to internal and external fraud.

Subservice Organizations

PAR uses a managed services provider to maintain the production environment. This provider is responsible for the uptime, management, and logical security of their infrastructure that supports the delivery of software development and managed services. This provider is also responsible for providing physical security controls, administration of their hardware equipment, and reporting any logical or physical security incidents.

PAR uses a Tier 3 data center for hosting services. This site provides hosting and technical support for the PAR server infrastructure. The data center provider provides an annual attestation report to PAR as part of the vendor risk assessment program.

PAR also uses a managed security operations center. Any unusual/suspicious behavior is investigated and reported to appropriate PAR IT and management personnel via email communication. PAR and the security operations center collaborate to resolve any identified issues and track their resolution procedures within service desk tickets.

PAR monitors the commitments and obtains attestation reports and/or supporting documentation, when applicable, on an annual basis to help ensure that commitments are being met and reflect the current security control environment.

Communication

Internal Communications

PAR has implemented various methods of communication to help provide assurance that employees understand their individual roles and responsibilities and that significant events were communicated. These methods include orientation for new employees and ongoing trainings for employees. Job descriptions are provided to employees and evaluations are completed against those job descriptions annually.

External Communications

PAR has also implemented various methods of communication to help provide assurance that customers understand the roles and responsibilities in communication of significant events. These methods include the use of e-mail messages and a customer contact option on the PAR website.

Attachment B: Principal Service Commitments and System Requirements

Principal Service Commitments and System Requirements

PAR designs its processes and procedures related to its Psychological Testing Platform and eCommerce Market System to meet its objectives. Those objectives are based on the service commitments that PAR makes to user entities, the laws and regulations that govern service providers, and the financial, operational, and compliance requirements that PAR has established for the services.

Security

Security commitments to user entities are documented in customer agreements. Security commitments are standardized and include, but are not limited to, the following:

➢ Security principles within the fundamental designs of the Psychological Testing Platform and eCommerce Market System that are designed to permit system users to access the information they need based on the permission of least privilege provisioning.
➢ Use of encryption protocols to protect client data at rest and in transit.
➢ Access and authentication standards.
➢ Intrusion detection and incident handling standards.
➢ Use of firewalls to limit unnecessary ports, protocols, and services.

Availability

Availability commitments to user entities are documented in customer agreements. Availability commitments are standardized and include, but are not limited to, the following:

➢ Processing capacity is maintained, monitored, and evaluated.
➢ Backup and recovery capabilities are in place.
➢ Business continuity and disaster recovery plans are in place and tested.

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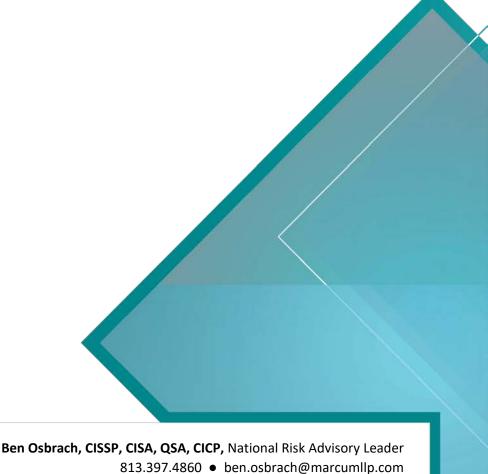**www.marcumis.com**

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