Apple Financial Holdings, Inc.
IT Asset Management Procedures

March 24, 2021

Contents

REVIEW AND TRACKING CHART

Effective Date*:	March 24, 2021
Version Number:	1.0
Review Frequency:	Annual (Every 12 Months)
Last Business Area Leader/Department Head Review Date*:	March 24, 2021
Next Business Area Leader/Department Head Review Date*:	March 2022
Business Area Leader/Department Head:	Debi Gupta, CTO
Overarching Policy or Policies:	IT Asset Management Policy
Procedures Owner:	Maria Siegel

I.   PROCEDURES PURPOSE STATEMENT AND SCOPE

The   IT Asset Management   Procedures   (the   "Procedures")   apply   to   the   implementation, management,   monitoring and compliance   with IT Asset Management at   Apple Financial Holdings, Inc. ("AFH"), inclusive of Apple Bank for Savings and its subsidiaries (collectively, "ABS," "Apple," or the "Bank") in accordance with applicable state and federal statutes, rules and regulations.

All AFH employees and third party resources engaged by the Bank must comply with the terms of these Procedures to the degree applicable to them.

II.   DEFINITIONS

- **Annual or Annually:** Every twelve (12) months.

- **Business Area Leader or Department Head:** The management level person who is responsible for (1) the business unit that has developed a set of Procedures and (2) the Annual review and approval of Procedures.

- **Control Form:** The form to be submitted to the PPA (defined in this Section) in connection with revised Procedures. The Control Form is available on AppleNet.

- **Legal Contact:** The attorney from the Legal Department assigned to the group responsible for these Procedures. To the extent needed, the Procedures Owner may consult with the Legal Contact in drafting and updating the Procedures.

- **Policies and Procedures Administrator ("PPA"):** The PPA is a member of Risk Management. The PPA monitors the occurrence and timeliness of scheduled Procedure reviews, obtains updated versions of Procedures, and ensures that they are uploaded to AppleNet within seven days of the approval dates of the documents.. The PPA will also provide guidance on the PPGP (defined in this Section) to Bank Personnel.

- **Policy, Standards, Procedures, and Manual Index:** An index, maintained by the PPA, which sets out the Policy, Standards, Procedures, or Manual name, Owner, regularly scheduled review dates, Regular Board Review Cycle (to the extent applicable), Designated Management Committee, and Designated Board Committee (to the extent applicable). The index is available on AppleNet.

- **Policy and Procedures Governance Policy (PPGP):** The PPGP establishes a standardized and consistent approach to the creation, review, approval and maintenance of Policies, Standards, Procedures, and Manuals across the Bank.

- **Procedures Owner:** The person responsible for managing and tracking a set of Procedures. This includes initiating the required Annual review of the relevant Procedures and recommending updates to the Procedures, to the extent needed. Procedures Owners are responsible for providing the approved documents to the PPA (defined in this Section) for upload to AppleNet. The Procedures Owner will monitor these Procedures. Any non-compliance with the Procedures will be escalated to the Business Area Leader or Department Head for resolution.

III.   KEY PROCEDURES COMPONENTS

1.   Executive Summary

This document outlines AFH's Procedures with respect to the implementation, management, monitoring and compliance with IT Asset Management.

2.   Objectives

The objective of these Procedures is to establish a standardized and consistent approach to the management of AFH IT assets.

3.   Key Components of Procedures

A.   IT Asset Management

IT asset management (ITAM) provides a framework and set of processes that strategically track and manage the financial, physical, licensing and contractual aspects during the life cycle of hardware and software assets. Hardware asset management (HAM), software asset management (SAM), and application portfolio management (APM) are important disciplines within Apple Bank's IT asset management (ITAM) capabilities. HAM. SAM and APM are modules within ServiceNow.

HAM manages the lifecycle process for physical IT assets from procurement to disposal.

SAM manages out-of-the-box software licenses and end of life (EOL) /end of support (EOS). This includes systematically tracking and managing software entitlements and compliance.

APM is business application lifecycle management. Business applications are the link between the critical capabilities of the business and the underlying technologies. This includes:
* Updating and registering new business applications.
* Decommissioning a business application, including all the related application services and infrastructure.
* Web applications such as SaaS, PaaS vs IaaS

B.   Software Asset Management (SAM)

The primary goals of the SAM process include: to reduce IT costs and limit operational, financial, and legal risks related to the ownership and use of software through managing and optimizing software assets across their lifecycle (introduction through to retirement).

The overall responsibilities related SAM are to ensure the correct inventory and management of software assets (including software licenses) throughout their lifecycle. The lifecycle begins with the request, through procurement, deployment, recycling/reassignment and finally retirement. Along with the software itself, SAM includes management of the license that comes with it, helping to ensure users are using the software within the agreed upon product usage rights and that the organization maintains compliancy.

The SAM module is used to systematically track, evaluate and manage software licenses and

usage. The SAM Manager role in ServiceNow has full access to the SAM application. This role is required to import entitlements, manage reclamation rules, perform reconciliation, create custom products and pattern normalization rules as needed, and other administrative features.

Discovery of Installed Software

ServiceNow Discovery is an automatic process that runs daily, it finds applications and devices on your network, and then updates the CMDB with the information it finds. What is the Configuration Management Database (CMDB)? The CMDB is the ServiceNow database that stores information about all technical services. Within the CMDB, the support information for each service offering is stored in a Configuration Item (CI) specific to that service.

Discovery finds computers, servers, printers, a variety of IP-enabled devices, and the applications that run on them. It can then update the CIs in your CMDB with the data it collects. If new IP ranges are added to the environment the CMDB Manager will update the CMDB discovery schedules to include the new networks.

The SAM module runs a Normalization process on a daily basis that compares the discovered publisher, discovered product, and discovered version values against the ServiceNow repository of previously normalized equivalents. The reconciliation process calculates the compliance status of software products regarding discovery and entitlements.

The Software Model Lifecycle report and the Software Model with EOL report are the products of the reconciliation process based on the normalization results from the respective publishers, e.g., Adobe, Microsoft, etc. These reports will be reviewed by the SAM Manager on a daily basis in order to determine if any action required to replace, retire and uninstall software identified as End of Support/End of Life.

Managing Software Entitlements and End of Life/End of Support

The SAM Manager will add new software licenses by either adding a new application to SAM or adding to an existing one. The usage of existing applications will be monitored to ensure they are being used effectively. In addition, review and analysis of reconciliation reports are performed daily to determine required actions to address non-compliant software installations. This includes the creation of allocations, removal of unlicensed and unused software and purchasing new rights.

Another task is managing software requests from employees submitted to the Service Desk. Whether they are requests for new software, or requests for software to be removed, moved or changed in any way. The processes around requests works with IT Service Management (ITSM). The ITSM tool allows for tracking of the request, also allows the SAM Manager to fully identify what the request is about, and have a record of it for future reference.

New software requests require manager approval and business justification. Those requests are routed to the Information Security team within ServiceNow for review. If approved, those requests will then be routed to the SAM Manager within ServiceNow. This process will ensure proper license compliance is maintained and the software can still be accurately managed.

The following information is required when adding new software entitlements into SAM.

- Published part number
- Software model (e.g., Adobe Acrobat DC Pro, Microsoft Excel 2016, etc.)
- Agreement type (e.g., enterprise, generic, etc.)
- License type (e.g., perpetual, subscription, etc.)
- Metric group (e.g., Microsoft, Adobe, Oracle, etc.)
- License metric (e.g., per device, per user, etc.)
- Purchased rights (number of licenses purchased)
- Unit cost
- Total cost
- Owned by
- State (In use, Retired, In Stock)
- Substate (Available, Reserved, Pending install, etc.)
- Company
- Vendor
- Invoice number
- PO number
- Contract

The invoice or other proof of purchase will be attached to the software entitlement record to evidence the number to licenses actually purchased.

Software models are created as part of the asset management process, they are required for all installed software products so they can be used to tie software installations (software being used) with entitlements (software owned). Entitlements define license details and are assigned to software models.

The SAM Manager is responsible for reviewing the Software Asset Analytics dashboard in ServiceNow on a regular basis to check License Workbench and Compliance Summary and take action as appropriate. In addition, the License Position Report is also reviewed regularly since it shows compliance details for each software model in a single list.

The following actions will be performed as a result of any inconsistencies in the License Workbench and Compliance Summary. The SAM Manager will create a ticket for the Service Desk to investigate a discrepancy. The Service Desk will work with the user to determine if the application is required to perform his/her job. The outcome of the investigation will be documented in the ticket and communicated to the SAM Manager within the ServiceNow ticket.

If it is determined an additional license is required it will be ordered by the responsible IT support team – Service Desk, Server Infrastructure or Network Infrastructure. The SAM Manager will update the entitlements for this application once the license confirmation has been received and an invoice or other proof of purchase will be attached to the application record in SAM.

If it is determined the application is not needed the Service Desk will uninstall the application. The ticket will be noted for the SAM Manager so s/he can confirm the license count is now aligned with entitlements.

C. Application Portfolio Management (APM)

Application Portfolio Management (APM) is a framework for managing enterprise Business Applications and software-based services. APM provides management with a comprehensive inventory of the company's software applications and metrics to illustrate the business benefits of each application. APM looks at this inventory through four key areas of concern: business capability planning, application rationalization, information usage, and technology risk management.

Within APM, there are several key concepts that should be understood:

- **Application Family** - An application family is an attribute to group a set of related applications based on manufacturer classification of their products into product suites.

- **Application Service** - An application service is a set of interconnected applications (i.e., software) and hosts which are configured to offer a service to the organization. Application services can be internal, like an organization email system or customer-facing, like an organization website, e.g., BAM+

- **Business Application** - A Business Application includes software used by business users to perform a business function. Business Application is more than just software, it is a logical concept (i.e., process) that encompasses the following:

    - the underlying infrastructure that provide these business services
    - the software that is used (might be more than one)
    - the capabilities/function it provides to your company and its customers

- **Business Capability** - Business capability is the ability of an organization to perform its business activity successfully and fulfill its business goals.

- **Business Process** - A business process is a method of related structured tasks performed to accomplish a specific business service. The business capabilities of a business application can be modeled as a business process. Create a business process to group applications that help accomplish a specific business service.

- **Demand Action** - Demand actions are strategic decisions that you want to execute for an application. Application Portfolio Management provides preconfigured actions that help you enhance the capability of the applications. You can add new demand actions as per your requirements.

- **Software Model** - The technology of a business application is also known as a software model. A software model is a specific version or configuration of a software. The software models or the technologies used in your business applications can be operating systems, database management systems, development tools, and middleware, each of which has a lifecycle. If these lifecycle stages are not tracked, there are risks where the vendor may not support them any longer and the business applications that run on these technologies are at stake.

- **Technology Portfolio** - The technologies that underlie the business applications used in your business enterprise have a shelf life that must be actively managed and diligently monitored to track their versions and lifecycle, e.g., Oracle WebLogic Server, IBM WebSphere Application Server, etc.

As with SAM ServiceNow Discovery is being used to discover the software and applications installed in the environment. However, the Normalization process is not possible for Business Applications since the end of life/support is determined by a published part number which is not available for these applications or services. The EOL/EOS dates will be determined by the business owners and/or IT owners.

The APM Manager will collaborate with business and IT owners to proactively manage all Business Applications. This role is responsible for adding new Business Applications and maintenance of existing Business Applications; and will be part of the process that defines internal lifecycles and performs quarterly recertification.

Business Applications are registered for lifecycle management. In order to register a new Business Application in ServiceNow the following information is required:

- Application name
- Business function
- Application type (homegrown or COTS)
- Architecture type (web based, client/server, etc.)
- Install type (on premise, cloud, etc.)
- Business unit
- Department
- Description
- Business owner
- IT application owner
- Status
- Technology stack (.net, Java, SQL, etc.)
- User base (number of users using the application)
- Platform (Windows, UNIX, Oracle, etc.)
- Business criticality (low, medium, high)
- Emergency tier (business critical, mission critical, non-critical)
- Data classification (public, internal, highly sensitive, confidential)

D. **Hardware Asset Management (HAM)**

Hardware Asset Management (HAM) is the process responsible for managing the life cycle of all hardware assets within ServiceNow. The primary goal of the HAM process is to standardize the asset lifecycle as it pertains to the requesting, procurement, receiving, installation, retirement and disposal. This includes the tracking and reporting on the data attributes relating to ownership, status and location of hardware assets and associated maintenance contracts.

The objectives of the HAM process are as follows:

- Ensure all hardware assets are recorded and maintained in the asset repository.

- Accurately identify hardware assets to be refreshed or retired.

- Ensure all maintenance agreement information is maintained in the asset repository and linked to the appropriate asset records.

ServiceNow Discovery runs on a daily basis and is used to discover devices connected to the Apple Bank network. Devices must be connected and online for successful discovery. Devices that are offline are skipped and will be purged after 60 days of inactivity. VPN-based devices cannot currently be scanned due to configuration issues. The CMDB Manager is in the process of resolving this issue. Once resolved, same discovery rules will apply.

Access to update the hardware asset records is controlled, and access rights are only given to HAM Manager in order to prevent unauthorized changes to hardware asset records. The asset management process participants (also known as the Asset Analysts) are responsible for ensuring the reliability of the asset repository and the integrity of the asset/CI records. Those participants are members of the IT support teams – Service Desk, Server Infrastructure and Network Infrastructure.

HAM Manager responsible for reviewing the metrics on the Hardware Asset Dashboard.

The Asset Analysts are responsible for the following:

- Recording and maintaining assets within the repository
- Monitoring the asset repository for accuracy & consistency
- Assisting the HAM Manager with audits and report generation
- Collecting and retaining asset data for risk and cost assessment
- Supporting, maintaining, controlling and updating assets defined within the scope of their area
- All activities that directly affect the actual asset or assets, e.g., procurement, deployment, retirement activities.
- Collaborating with HAM Manager on process changes/continual improvement

The following information is required to add a new asset record:
- Asset tag
- Serial Number (also called Service Tag on Dell devices)
- User Name
- Model Category (e.g., laptop, desktop, server, etc.)
- Model type (e.g., Microsoft, Dell, Cisco, etc.)
- Model Name (e.g., Latitude 7400, Surface Pro, OptiPlex XE3, etc.)
- State (e.g., In Use, In Maintenance, Retired, etc.)
- Class (Hardware)
- Comments (this field is used for the computer name, e.g., BR219LT158)
- Stockroom (Scarsdale, Chanin, Recycle/Retired)
- Location (not required at this time, but will be in the future)
- Department (not required at this time, but will be in the future)

HAM Lifecycle Process

Request Hardware Asset	The request for a hardware asset is initiated and approved.
Source Asset	Stock is reviewed to determine if a hardware asset is available to fulfil a Service Request or Change Request.
Process Procurement Request and Create Asset Record	Hardware asset is purchased from supplier and shipping notifications are provided to enable the initial creation of an asset record.
Receive, Store and Transfer Assets	New and decommissioned assets are received and recorded in the asset repository, placed into stock for installation, disposal, and transferred to other stockrooms for storage activities.
Install/Move/Add/ Change Asset	Install, move, add and change activities are performed. This includes the replacement of defective assets.
Validate Assets for Refreshment	Assets are identified and validated as candidates for refreshment.
Retire Asset	Assets are decommissioned, software uninstalled and determination is made if the asset requires disposing or harvesting.
Dispose Asset	Disposal activities are performed, and end-of-life assets are physically disposed.
Maintain Hardware Product Models	Hardware model records are created and published to a catalogue (when applicable). Models are specific versions of an asset and are used for managing and tracking assets through various ServiceNow applications such as CMDB, Procurement and Service Catalog. A model can be in one or more model categories, e.g., a laptop can be a computer and a server.
Maintain Stock Rules	Stock rules criteria are defined. It is the quantity of a particular asset in a particular stockroom reaching a specified threshold; a certain number should either be transferred from another stockroom or ordered from a vendor.

Asset and Configuration Item Status

Asset states and corresponding substates can be used to accurately track assets at a detailed level. ServiceNow tracks the Lifecycle State and Configuration Status of assets. An asset record will display an Asset State where a Configuration Item (CI) will display a Status. It is important to manage the relationship between assets and associated CIs.

The State field of an asset record and Status field of the corresponding CI record are synchronized so that changes made on one form trigger the same update on the corresponding form, ensuring consistent reporting. All state fields are synchronized as well. State fields are mapped to their most logical counterpart on the other table. For example, for a hardware asset set to state *In Stock - Pending disposal*, the corresponding CI is set to *In Disposition* with no substate.

The following diagram illustrates the concept of Asset-CI mapping and synchronization.
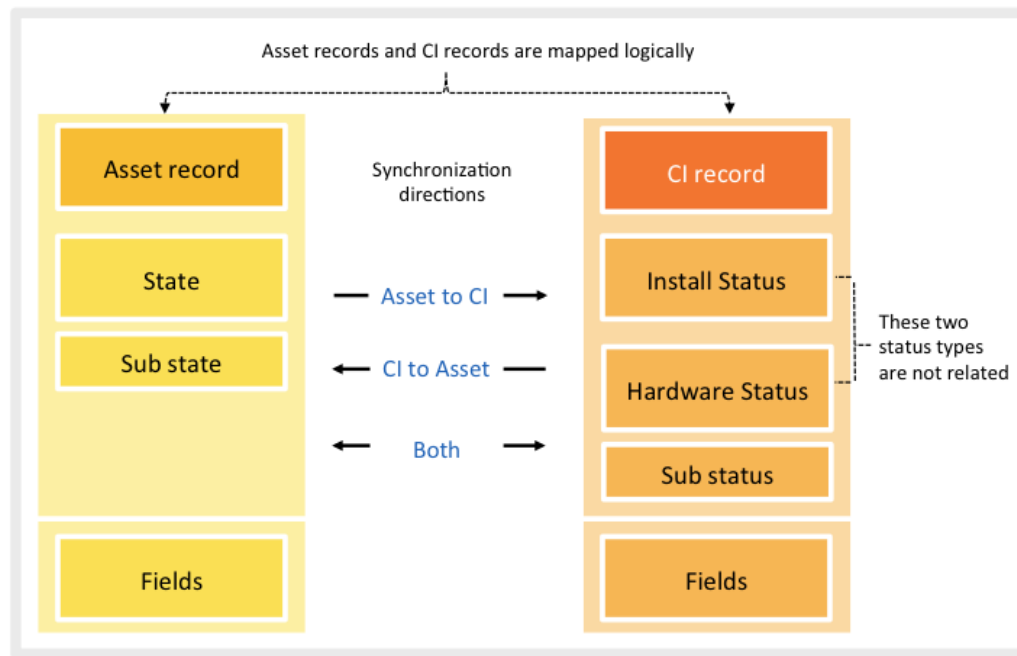
E. End-of-Life, End of Useful Life, Retirement and Disposal

As part of lifecycle management, original equipment manufacturers (OEMs) will declare hardware assets as end-of-life (EOL) status after a given period of time. As a result we need to be able to forecast what hardware assets will need to be replaced and when.

All assets will eventually reach one of the following stages:

- *End-of-Life*
The asset support vendor has indicated it will no longer provide normal or extended support past a set date. In this case AFH will seek to remediate the asset according to End-of-Life Procedures which may vary based on asset criticality, replacement options, business impact, cost and other factors.

- *End of Useful Life*
The period of time in which an asset fulfills the purpose for which it was required. This time period may or may not match the End-of-Life cycle indicated by the vendor or manufacturer. In this case, the Asset Manager may recommend early replacement, retirement, and disposal of assets prior to its End-of-Life date. Reasons for invoking End of Useful life may include but are not limited to newer technology, degraded performance, incompatibility or security concerns.

End of Life and Disposal Procedures

The Service Desk is responsible for the tracking of end-user or desk-side assets such as desktops and laptops.

The Service Desk will identify assets for disposal and transfer them to the Retire/Recycle Stockroom within the HAM module in ServiceNow. A threshold of 100 retired devices has been

set to automatically create a ticket which will be automatically assigned to the Service Desk to contact the recycling vendor.

This ticket will be used to trigger a task for the Service Desk to perform - *Schedule the Recycling Vendor*. The vendor will be instructed to bring a hard drive shredder to the office. A member of the Service Desk will observe the removal of all hard drives from the computer cases, each hard drive serial number is scanned so the serial numbers can be added to the destruction certificate. A member of the Service Desk will also observe the actual destruction of the hard drives. Once completed the employee will generate an email to the HAM Manager attesting he/she observed the removal and destruction /shredding of the hard drives on the executed date.

The recycling vendor will provide a Certificate of Destruction containing all of the serial numbers for all of the hard drives.

End of Life Procedure for Server Infrastructure Equipment

1. Locate DAYS LEFT of physical host via KACE under Inventory -> Devices -> Device Detail: "HOST NAME" and determine if the host has reached 0 days left

2. Check the status of the warranty date and verify if it has/hasn't been expired.
3. If expired, find out from Apple Bank's Dell sales representative if this physical host is eligible for a warranty extension on it.
4. If warranty extension is not eligible, then proceed with decommissioning the physical host.

Decommission procedure checklist
1. Review the systems state, i.e., Production or UAT, etc.
2. Was the information/virtual servers migrated to a new host?

- If information/virtual servers has not been migrated, receive approval to do so to proceed.
3. Request for change within Service Now ticketing system.
4. Once CAB approval is granted, proceed to suspend monitoring & alerts
5. Make sure full backup is completed towards 100%.
6. Shut down the host and proceed to disconnect cabling and remove from rack.
7. Remove physical hard drives to properly certifiably destroy company data.
8. Schedule third party vendor to come on site to pick up EOL host for disposal.

<u>End of Life Procedures for Network Infrastructure Equipment</u>

- The Network Infrastructure Group is subscribed to the Cisco End of Life announcement. Also, our account representatives from other makers keep us inform about the publications of End of Life announcements
- When a device's model reaches End of Life the Network Infrastructure Group contact the vendor who inform about the replacement device
- The Network Infrastructure Group engage the area manager to present a quotation from the vendor in preparation for the replacement
- Once the new device arrives, the Network Infrastructure Group plan to the device's replacement, to wit:
    - Creates a Change Control to get approval by the CAB
    - Schedule the change after hours and the manager assign an engineer for the replacement: unmount the existing device, and mount the new one, using the same physical connections and existing environmental
    - The device is preconfigured before placed it into production as per maker's best practices
    - The device is placed into production while the assigned engineer is attentive to its functionality
- The assigned Engineer makes the necessary preparations to properly schedule a destruction the former device
- Before the device is render to the recycle company, the engineer reset from factory the device, which delete the entire existing configuration. No information is kept in the device

4. **Escalation Procedures**

The Procedures Owner will monitor these Procedures. Any non-compliance with the Procedures will be escalated to the Business Area Leader or Department Head for resolution.

IV. REQUIRED ANNUAL (12 MONTH) REVIEW

Procedures are required to be reviewed and approved at least Annually by the Business Area Leader or Department Head. The Procedures Owner is responsible for initiating an Annual review of the Procedures. The Procedures Owner will track the review date for the Procedures and begin the review process early enough to provide ample time for the appropriate review to occur in a timely manner.

Once updated Procedures have been approved by the Business Area Leader or Department Head,

the updated Procedures shall go into effect and the Procedures Owner shall be responsible for delivering the approved Procedures together with a Control Form to the PPA within seven days of the approval date so that it can be loaded in a timely manner to AppleNet or such other intranet site where Procedures are stored and made available to the employees of the Bank.

The Next Business Area Leader/Department Head Review Date shall be adjusted accordingly.

V.   OFF-CYCLE REVIEW AND APPROVAL PROCESS

If the Procedures require changes to be made outside the Required Annual (12 Month) Review outlined in the previous section, the same steps as outlined in the previous section shall apply.

VI.   EXCEPTIONS TO THE PROCEDURES

Requests for exceptions to these Procedures must be specific and may only be granted on specific items, rather than to entire sections. AFH staff must communicate their exception requests in writing to the Procedures Owner, who will then present the request to the Business Area Leader or Department Head for consideration.

VII.   ROLES AND RESPONSIBILITIES

The key roles and responsibilities for these Procedures are summarized below:

Bank Personnel: Bank Personnel are responsible for understanding and following relevant Procedures. Bank Personnel participate in the development or updates of Procedures that exist within their business unit. When creating or updating Procedures, Bank Personnel should follow the Policy and Procedure Governance Policy and utilize the associated Procedures template which is available on AppleNet.

Business Area Leader or Department Head: *See Section II – Definitions*.

Internal Audit: The Internal Audit team is responsible for the periodic audit of these Procedures. Internal Audit will review the processes and any related gaps will be identified as findings to be monitored and remediated.

Legal Contact: *See Section II – Definitions*.

PPA: *See Section II – Definitions*.

Procedures Owner: *See Section II – Definitions*.

Senior Management: Members of management and business units are responsible for developing and implementing these Procedures which align with the requirements of the overarching Policy or Policies to which these Procedures relate, and ensuring compliance and understanding of these Procedures.

VIII.   RECORD RETENTION

Any records created as a result of these Procedures should be held for a period of 7 years pursuant to the Bank's Record Retention Policy. Should records created as a result of these Procedures require a different retention period (either a shorter or longer time period), the Procedures Owner must describe the rationale for a different retention period and share the rationale with the Business Area Leader or Department Head, who shall in turn document the deviation and supporting rationale in such a way that it can be presented to relevant parties upon request.

IX.   QUESTIONS AND CONTACT INFORMATION

Questions regarding compliance with these Procedures may be addressed to the Procedures Owner listed in the tracking chart on the first page.

X.   LIST OF REFERENCE DOCUMENTS

- IT Asset Management Policy

XI.   REVISION HISTORY

Version	Date	Description of Change	Author	Approver
1.0	March 24, 2021	New procedure developed in accordance with the *IT Asset Management Policy.*	M. Siegel	Debi Gupta, CTO