

HACKEN

SMART CONTRACT CODE REVIEW AND SECURITY ANALYSIS REPORT

Customer: Solace

Date: October 11th, 2021



This document may contain confidential information about IT systems and the intellectual property of the Customer as well as information about potential vulnerabilities and methods of their exploitation.

The report containing confidential information can be used internally by the Customer, or it can be disclosed publicly after all vulnerabilities are fixed – upon a decision of the Customer.

Document

Name	Smart Contract Code Review and Security Analysis Report for Solace.
Approved by	Andrew Matiukhin CTO Hacken OU
Type	Platform
Platform	Ethereum / Solidity
Methods	Architecture Review, Functional Testing, Computer-Aided Verification, Manual Review
Github	https://github.com/solace-fi/core/tree/8cd613b1fd4a686a2119fc50bb77170658cc05f5
Technical Documentation	NO
JS tests	YES
Timeline	27 SEPTEMBER 2021 - 11 OCTOBER 2021
Changelog	05 OCTOBER 2021 - INITIAL AUDIT 11 OCTOBER 2021 - SECOND REVIEW



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Introduction

Hacken OÜ (Consultant) was contracted by Solace (Customer) to conduct a Smart Contract Code Review and Security Analysis. This report presents the findings of the security assessment of the Customer's smart contract and its code review conducted between September 27th, 2021 - October 5th, 2021.

Scope

The scope of the project is smart contracts in the repository:

Github:

<https://github.com/solace-fi/core/tree/>

Commit:

[8cd613b1fd4a686a2119fc50bb77170658cc05f5](https://github.com/solace-fi/core/commit/8cd613b1fd4a686a2119fc50bb77170658cc05f5)

Technical Documentation: No

JS tests: Yes

Contracts:

[products/BaseProduct.sol](#)

[ClaimsEscrow.sol](#)

[PolicyManager.sol](#)

[RiskManager.sol](#)

[Treasury.sol](#)

[Vault.sol](#)

[Governable.sol](#)

We have scanned this smart contract for commonly known and more specific vulnerabilities. Here are some of the commonly known vulnerabilities that are considered:

Category	Check Item
Code review	<ul style="list-style-type: none">▪ Reentrancy▪ Ownership Takeover▪ Timestamp Dependence▪ Gas Limit and Loops▪ DoS with (Unexpected) Throw▪ DoS with Block Gas Limit▪ Transaction-Ordering Dependence▪ Style guide violation▪ Costly Loop▪ ERC20 API violation▪ Unchecked external call▪ Unchecked math▪ Unsafe type inference▪ Implicit visibility level▪ Deployment Consistency▪ Repository Consistency▪ Data Consistency

Functional review	<ul style="list-style-type: none"> ▪ Business Logics Review ▪ Functionality Checks ▪ Access Control & Authorization ▪ Escrow manipulation ▪ Token Supply manipulation ▪ Assets integrity ▪ User Balances manipulation ▪ Data Consistency manipulation ▪ Kill-Switch Mechanism ▪ Operation Trails & Event Generation
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Executive Summary

According to the assessment, the Customer's smart contracts are secured but tests are failing.

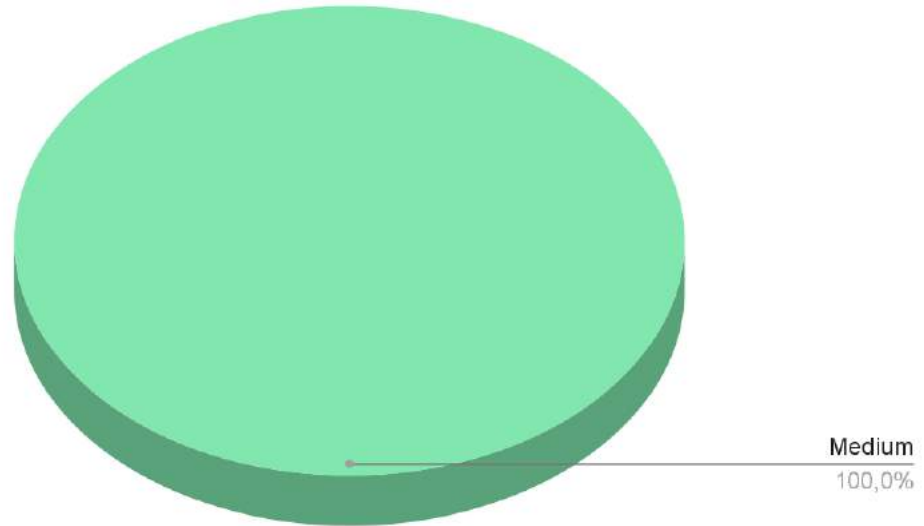


Our team performed an analysis of code functionality, manual audit, and automated checks with Mythril and Slither. All issues found during automated analysis were manually reviewed, and important vulnerabilities are presented in the Audit overview section. All found issues can be found in the Audit overview section.

As a result of the audit, security engineers found 1 medium and 4 low severity issues.

After the second review security engineers found 1 medium severity issue.

Graph 1. The distribution of vulnerabilities after the audit.





Severity Definitions

Risk Level	Description
Critical	Critical vulnerabilities are usually straightforward to exploit and can lead to assets loss or data manipulations.
High	High-level vulnerabilities are difficult to exploit; however, they also have a significant impact on smart contract execution, e.g., public access to crucial functions
Medium	Medium-level vulnerabilities are important to fix; however, they can't lead to assets loss or data manipulations.
Low	Low-level vulnerabilities are mostly related to outdated, unused, etc. code snippets that can't have a significant impact on execution



Recommendation: Please make sure your contracts are checking provided addresses to be the correct ones.

Status: Fixed.

3. Too many digits

Literals with many digits are difficult to read and review.

Recommendation: Instead of using `10000000000000000000`, which could be hard to read, please consider using solidity provided ether units: `1 ether`

Status: Fixed.

4. A public function that could be declared external

public functions that are never called by the contract should be declared external to save gas.

Recommendation: Use the external attribute for functions never called from the contract.

Status: Fixed.



Conclusion

Smart contracts within the scope were manually reviewed and analyzed with static analysis tools.

The audit report contains all found security vulnerabilities and other issues in the reviewed code.

As a result of the audit, security engineers found 1 medium and 4 low severity issues.

After the second review security engineers found 1 medium severity issue.



Disclaimers

Hacken Disclaimer

The smart contracts given for audit have been analyzed in accordance with the best industry practices at the date of this report, in relation to cybersecurity vulnerabilities and issues in smart contract source code, the details of which are disclosed in this report (Source Code); the Source Code compilation, deployment, and functionality (performing the intended functions).

The audit makes no statements or warranties on the security of the code. It also cannot be considered as a sufficient assessment regarding the utility and safety of the code, bug-free status, or any other statements of the contract. While we have done our best in conducting the analysis and producing this report, it is important to note that you should not rely on this report only – we recommend proceeding with several independent audits and a public bug bounty program to ensure the security of smart contracts.

Technical Disclaimer

Smart contracts are deployed and executed on a blockchain platform. The platform, its programming language, and other software related to the smart contract can have vulnerabilities that can lead to hacks. Thus, the audit can't guarantee the explicit security of the audited smart contracts.