

Pangolin AllocationVester Contract

Smart Contract Security Audit

Prepared by: Halborn

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Visit: Halborn.com

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DOCUMENT REVISION HISTORY

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CONTACTS

CONTACT	COMPANY	EMAIL	
Rob Behnke Halborn		Rob.Behnke@halborn.com	
Steven Walbroehl Halborn		Steven.Walbroehl@halborn.com	
Gabi Urrutia	Halborn	Gabi.Urrutia@halborn.com	
Roberto Reigada	Halborn	Roberto.Reigada@halborn.com	
István Böhm	Halborn	Istvan.Bohm@halborn.com	
Francisco González	Halborn	Francisco.Villarejo@halborn.com	

EXECUTIVE OVERVIEW

1.1 INTRODUCTION

Pangolin engaged Halborn to conduct a security audit on their AllocationVester smart contract beginning on March 20th, 2022 and ending on March 30th, 2022. The security assessment was scoped to the AllocationVester smart contract provided in the exchange-contracts GitHub repository pangolindex/exchange-contracts.

1.2 AUDIT SUMMARY

The team at Halborn was provided a week for the engagement and assigned two full-time security engineers to audit the security of the smart contract. The security engineers are blockchain and smart-contract security experts with advanced penetration testing, smart-contract hacking, and deep knowledge of multiple blockchain protocols.

The purpose of this audit to achieve the following:

- Ensure that all functions in the AllocationVester smart contract are intended.
- Identify potential security issues in the AllocationVester smart contract.

In summary, Halborn identified few security risks that were mostly addressed by the Pangolin team.

1.3 TEST APPROACH & METHODOLOGY

Halborn performed a combination of manual and automated security testing to balance efficiency, timeliness, practicality, and accuracy in regard to the scope of this audit. While manual testing is recommended to uncover flaws in logic, process, and implementation; automated testing techniques help enhance coverage of the bridge code and can quickly identify items

that do not follow security best practices. The following phases and associated tools were used throughout the term of the audit:

- Research into architecture and purpose
- Smart contract manual code review and walkthrough
- Graphing out functionality and contract logic/connectivity/functions (solgraph)
- Manual assessment of use and safety for the critical Solidity variables and functions in scope to identify any arithmetic related vulnerability classes
- Manual testing by custom scripts
- Scanning of solidity files for vulnerabilities, security hotspots or bugs. (MythX)
- Static Analysis of security for scoped contract, and imported functions. (Slither)
- Testnet deployment (Brownie, Remix IDE)

RISK METHODOLOGY:

Vulnerabilities or issues observed by Halborn are ranked based on the risk assessment methodology by measuring the LIKELIHOOD of a security incident and the IMPACT should an incident occur. This framework works for communicating the characteristics and impacts of technology vulnerabilities. The quantitative model ensures repeatable and accurate measurement while enabling users to see the underlying vulnerability characteristics that were used to generate the Risk scores. For every vulnerability, a risk level will be calculated on a scale of 5 to 1 with 5 being the highest likelihood or impact.

RISK SCALE - LIKELIHOOD

- 5 Almost certain an incident will occur.
- 4 High probability of an incident occurring.
- 3 Potential of a security incident in the long term.
- 2 Low probability of an incident occurring.
- 1 Very unlikely issue will cause an incident.

RISK SCALE - IMPACT

- 5 May cause devastating and unrecoverable impact or loss.
- 4 May cause a significant level of impact or loss.
- 3 May cause a partial impact or loss to many.
- 2 May cause temporary impact or loss.
- 1 May cause minimal or un-noticeable impact.

The risk level is then calculated using a sum of these two values, creating a value of 10 to 1 with 10 being the highest level of security risk.

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
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10 - CRITICAL

9 - 8 - HIGH

7 - 6 - MEDIUM

5 - 4 - LOW

3 - 1 - VERY LOW AND INFORMATIONAL

1.4 SCOPE

IN-SCOPE:

The security assessment was scoped to the following smart contract:

AllocationVester.sol

Commit ID: 404631bb50e9d04935dd79930e9769ff73764bfd

2. ASSESSMENT SUMMARY & FINDINGS OVERVIEW

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
0	0	0	3	2

LIKELIHOOD

(HAL-01) (HAL-02) (HAL-03)		
(HAL-04)		
(HAL-05)		

SECURITY ANALYSIS	RISK LEVEL	REMEDIATION DATE
HAL01 - DOS WITH BLOCK GAS LIMIT	Low	SOLVED - 3/29/2022
HAL02 - INACCURATE REWARD RATE CALCULATION	Low	SOLVED - 3/29/2022
HAL03 - FLOATING PRAGMA	Low	FUTURE RELEASE
HAL04 - MISSING EVENTS EMITTING	Informational	SOLVED - 3/29/2022
HAL05 - MISSING ZERO ADDRESS CHECK	Informational	SOLVED - 3/29/2022

FINDINGS & TECH DETAILS

3.1 (HAL-01) DOS WITH BLOCK GAS LIMIT - LOW

Description:

The setAllocations() function is used to set the token allocations for each recipient included in the function call:

```
Listing 1: setAllocations() function (Line 118)
105 function setAllocations(
       address[] memory accounts,
       uint[] memory allocations,
       uint[] memory durations
109 ) external onlyOwner {
       uint length = accounts.length;
       require(length != 0, "empty array");
       require(
           length == allocations.length && length == durations.length
       );
       uint balance = token.balanceOf(address(this));
           address account = accounts[i];
           uint allocation = allocations[i];
           uint duration = durations[i];
           Member storage member = members[account];
           require(account != address(0), "bad recipient");
           if (member.reserve != 0) {
               member.stash = pendingHarvest(account);
               reserve -= (member.reserve - member.stash);
```

Since the length of recipients is not limited, in case there are too many recipients, the block gas limit could be reached, causing miners to not respond to all setAllocations() calls, thus blocking the main purpose of the smart contract.

Risk Level:

Likelihood - 1

Impact - 3

Recommendation:

Consider limiting the number of recipients in the setAllocations() function of the AllocationVester contract with a require statement.

Remediation Plan:

SOLVED: The Pangolin Team solved this issue by implementing the above recommendation. The maximum number of recipients has been set to 40, preventing gas usage from increasing too much.

Commit ID: 9563309e6aaf1d0fc930a94cb0fc903d7017d40a

3.2 (HAL-02) INACCURATE REWARD RATE CALCULATION - LOW

Description:

AllocationVester.sol contract calculates the reward unlock rate by dividing the total amount of tokens to be unlocked by the total vesting period (in seconds), which can go from eight weeks (4838400 seconds) to infinity. However, when the amount of tokens is a number of the same order as the total vesting period, rounding Solidity to zero will introduce inaccuracies in the result of the uint division:

```
Setting 10 PNG allocation to user1 for one year (31557600 seconds) --> contract_Allocationvester.setAllocations([user1], [10*10**18], [ONE_YEAR], {'from': owner})

Transaction sent: 0xe891b5fb85a563f57826cab3dce2fb02c63a1647f4662aee88e57e9820f40ead
Gas price: 0.0 gmei Gas Limit: 800000000 Nonce: 3
AllocationVester.setAllocations confirmed Block: 14450216 Gas used: 176394 (0.02%)

Token unlock rate per second of user1 -> 3.1688087814e-07 PNG per second

Setting 31557599 tokens allocation to user2 for one year (31557600 seconds) --> contract_AllocationVester.setAllocations([user2], [31557599], [ONE_YEAR], {'from': owner})

Transaction sent: 0x9bc5916a8a49ae6fb1d774fea1d0e627d91febc90cec50e9e0d1640b7e177838
Gas price: 0.0 gwei Gas Limit: 800000000 Nonce: 4
AllocationVester.setAllocations confirmed Block: 14450217 Gas used: 127170 (0.02%)

Token unlock rate per second of user2 -> 0.0 PNG per second
```

The accuracy of the reward unlock rate depends primarly on the ERC20 token to be distributed, which is associated with the AllocationVester contract during its deployment. The use of the token contracts with high decimal values such as Png (18) is considered safe, but the use of contracts with lower decimal values such as USDT (6) may result in an inaccurate rate calculation, which can undermine user trust.

For example, allocating 30 USDT for one year would result in an unlock rate of 0, and it would take 5% more time to unlock 1000 USDT allocated for two years.

However, it has been noted that incorrectly set allocations can be easily overridden by the contract owner, if needed, causing locked funds to be returned to the contract reserve.

Code Location:

```
Listing 2: Reward rate calculation (Line 146)

144 // add vesting info for the member

145 member.reserve += allocation;

146 member.rate = allocation / duration;

147 member.lastUpdate = block.timestamp;
```

Risk Level:

Likelihood - 1 Impact - 3

Recommendation:

Consider checking the decimals of the token to be distributed in the AllocationVester constructor.

Also, before deployment, consider reviewing the use cases of the contract and the associated token to ensure the currently implemented reward calculation algorithm does not have perceptible rounding errors.

Remediation Plan:

SOLVED: The Pangolin Team solved this issue by multiplying the token allocation by a coefficient that will add 11 decimals of precision when calculating the reward unlock rate, which is considered enough for this contract.

Commit ID: 69fa24b3b55c0c7b5bc566354e9b1b36eb3f6272

3.3 (HAL-03) FLOATING PRAGMA - LOW

Description:

AllocationVester.sol contract uses the floating pragma ^0.8.0. The contract should be deployed with the same compiler version and flags that they have been tested with thoroughly. Locking the pragma helps to ensure that contracts do not accidentally get deployed using, for example, either an outdated compiler version that might introduce bugs that affect the contract system negatively or a pragma version too new which has not been extensively tested.

Code Location:

```
Listing 3: Floating pragma (Line 3)

3 pragma solidity ^0.8.0;
```

Risk Level:

Likelihood - 1 Impact - 3

Recommendation:

Consider locking the pragma version with known bugs for the compiler version. When possible, do not use floating pragma in the final live deployment. Specifying a fixed compiler version ensures that the bytecode produced does not vary between builds. This is especially important if you rely on bytecode-level verification of the code.

Remediation Plan:

PENDING: The Pangolin Team acknowledged this issue and will address it in future releases.

3.4 (HAL-04) MISSING EVENTS EMITTING - INFORMATIONAL

Description:

It has been observed that important functionalities are missing emitting events. The following functions should emit events in the AllocationVester contract:

Fuctions with events missing:

- withdraw()
- harvest()

Risk Level:

Likelihood - 1

Impact - 2

Recommendation:

Consider emitting an event when calling related functions on the list above.

Remediation Plan:

SOLVED: The Pangolin Team solved this issue by defining new events that will be emitted every time a reward pickup or withdrawal occurs.

Commit ID: d8137ff12bfbf6c083939b8d487e6dd47a70a3ea

3.5 (HAL-05) MISSING ZERO ADDRESS CHECK - INFORMATIONAL

Description:

The constructor of the AllocationVester contract is missing address validation. The distributionToken parameter should be checked to be non-zero. This is considered a best practice.

Code Location:

Risk Level:

Likelihood - 1 Impact - 1

Recommendation:

It is recommended to validate that each address inputs in the constructor and other critical functions are non-zero.

Remediation Plan:

SOLVED: The Pangolin Team solved this issue by implementing a zero check address in the contract constructor.

Commit ID: 2a5bb1afe0e1cb0aab67b9f8e75970a3ad75c992

AUTOMATED TESTING

4.1 STATIC ANALYSIS REPORT

Description:

Halborn used automated testing techniques to enhance coverage of certain areas of the scoped contract. Among the tools used was Slither, a Solidity static analysis framework. After Halborn verified all the contracts in the repository and was able to compile them correctly into their abi and binary formats. This tool can statically verify mathematical relationships between Solidity variables to detect invalid or inconsistent usage of the contracts' APIs across the entire code-base.

Slither Results:

```
AllocationVester.harvest() (contracts/allocation-vester/AllocationVester.sol#67-87) uses a dangerous strict equality:
- member.reserve == 0 (contracts/allocation-vester/AllocationVester.sol#84)
Reference: https://glthub.com/crytic/slither/wiki/Detector-Documentation#dangerous-strict-equalities
    AllocationVester.setAllocations(address[],uint256[],uint256[]).i (contracts/allocation-vester/AllocationVester.sol#118) is a local variable never initialized Reference: https://qithub.com/crytic/slither/wiki/Detector-Documentation#uninitialized-local-variables
    AllocationVester harvest() (contracts/allocation-vester/AllocationVester.sol867-87) ignores return value by _membersAddresses.remove(account) (contracts/allocation-vester/All orationVester rosl844)
    ocationVester.sol#84)
AllocationVester.setAllocations(address[],uint256[],uint256[]) (contracts/allocation-vester/AllocationVester.sol#105-155) ignores return value by _membersAddresses.add(accour
t) (contracts/allocation-vester/AllocationVester.sol#150)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#unused-return
   Claimable.transferOwnership(address).newOwner (contracts/Claimable.sol#14) lacks a zero-check on :
- _pendingOwner = newOwner (contracts/Claimable.sol#15)
Reference: https://github.con/crytic/slither/wiki/Detector-Documentation#missing-zero-address-validation
 AllocationVester.harvest() (contracts/allocation-vester/AllocationVester.sol#67-87) uses timestamp for comparisons

Dangerous comparisons:

- require(bool,string)(amount != 0,no pending harvest) (contracts/allocation-vester/AllocationVester.sol#73)

- require(bool,string)(amount != 0,no pending harvest) (contracts/allocation-vester/AllocationVester.sol#84)

AllocationVester.withdraw(uint250) (contracts/allocation-vester/AllocationVester.sol#93-96) uses timestamp for comparisons

Dangerous comparisons:

AllocationVester.setallocations(address[],uint256[],uint256[]) (contracts/allocation-vester/AllocationVester.sol#105-155) uses timestamp for comparisons

- require(bool,string)(balance >= reserve, low balance) (contracts/allocation-vester/AllocationVester.sol#173-180)

Langerous comparisons:

- require(bool,string)(balance >= reserve, low balance) (contracts/allocation-vester/AllocationVester.sol#173-180) uses timestamp for comparisons

Dangerous comparisons:

- amount > member.reserve (contracts/allocation-vester/AllocationWester.sol#173-180)

Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#block-timestamp
   Address.isContract(address) (node_nodules/@openzeppelin/contracts/utils/Address.sol#27-37) uses assembly
- INLINE ASM (node_nodules/@openzeppelin/contracts/utils/Address.sol#33-35)

Address.vertfyCallResult(bool, bytes,string) (node_nodules/@openzeppelin/contracts/utils/Address.sol#36-216) uses assembly
- INLINE ASM (node_nodules/@openzeppelin/contracts/utils/Address.sol#36-28-211)

EnumerableSet.values(EnumerableSet.AddressSet) (node_nodules/@openzeppelin/contracts/utils/structs/EnumerableSet.sol#274-283) uses assembly
- INLINE ASM (node_nodules/@openzeppelin/contracts/utils/structs/EnumerableSet.sol#278-280)

EnumerableSet.values(EnumerableSet.UintSet) (node_nodules/@openzeppelin/contracts/utils/structs/EnumerableSet.sol#378-356) uses assembly
- INLINE ASM (node_nodules/@openzeppelin/contracts/utils/structs/EnumerableSet.sol#331-353)

Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#assembly-usage
   AllocationVester.setAllocations(address[],uint256[],uint256[]) (contracts/allocation-vester/AllocationVester.sol#105-155) has costly operations inside a loop:
- reserve -= (nember.reserve - nember.stash) (contracts/allocation-vester/AllocationVester.sol#1031)
AllocationVester.setAllocations(address[],uint256[],uint256[]) (contracts/allocation-vester/AllocationVester.sol#105-155) has costly operations inside a loop:
- reserve += allocation (contracts/allocation-vester/AllocationVester.sol#141)
Reference: https://gltbub.con/cryttc/sltther/wklt/Detector-DocumentationBrostty-operations-inside-a-loop
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#costiy-operations-inside-a-loop

Address.functionCall(address,bytes) (node_modules/@openzeppelin/contracts/utils/Address.sol#309-315) is never used and should be removed

Address.functionCall(address,bytes), bytes) (node_modules/@openzeppelin/contracts/utils/Address.sol#309-315) is never used and should be removed

Address.functionDelegateCall(address,bytes) (node_modules/@openzeppelin/contracts/utils/Address.sol#309-318) is never used and should be removed

Address.functionStaticCall(address,bytes) (node_modules/@openzeppelin/contracts/utils/Address.sol#309-318) is never used and should be removed

Address.functionStaticCall(address,bytes) (node_modules/@openzeppelin/contracts/utils/Address.sol#329-318) is never used and should be removed

Address.functionStaticCall(address,bytes) (node_modules/@openzeppelin/contracts/utils/Address.sol#329-318) is never used and should be removed

Address.functionStaticCall(address,bytes) (node_modules/@openzeppelin/contracts/utils/Address.sol#329-318) is never used and should be removed

Address.functionStaticCall(address,bytes) (node_modules/@openzeppelin/contracts/utils/Address.sol#329-318) is never used and should be removed

Context__nsgData() (node_modules/@openzeppelin/contracts/utils/Address.sol#329-318) is never used and should be removed

EnumerableSet__at(EnumerableSet.Set) (node_modules/@openzeppelin/contracts/utils/structs/EnumerableSet.sol#310-118) is never used and should be removed

EnumerableSet_add(EnumerableSet.Julnt250) (node_modules/@openzeppelin/contracts/utils/structs/EnumerableSet.sol#319-319) is never used and should be removed

EnumerableSet_add(EnumerableSet.Julnt250) (node_modules/@openzeppelin/contracts/utils/structs/EnumerableSet.sol#319-319) is never used and should be removed

EnumerableSet_add(EnumerableSet.Julnt250) (node_modules/@openzeppelin/contracts/utils/structs/EnumerableSet.sol#319-319) is never used and should be removed

EnumerableSet_add(EnumerableSet.Julnt250) 
         Pragma version^8.8.0 (node_nodules/gopenzeppelin/contracts/access/Ownable.sol#4) allows old versions
Pragma version^8.8.0 (node_nodules/gopenzeppelin/contracts/token/ERC20/IERC20.sol#4) allows old versions
Pragma version^8.8.0 (node_nodules/gopenzeppelin/contracts/token/ERC20/IERC20.sol#4) allows old versions
Pragma version^8.8.0 (node_nodules/gopenzeppelin/contracts/token/ERC20/IERC20.sol#4) allows old versions
Pragma version^8.8.0 (node_nodules/gopenzeppelin/contracts/utils/doffress.sol#4) allows old versions
Pragma version^8.8.0 (node_nodules/gopenzeppelin/contracts/utils/structs/Enumerableset.sol#4) allows old versions
Pragma version^8.8.0 (contracts/clainable.sol#2) allows old versions
   Low level call in Address.sendvalue(address, uint256) (node_nodules/@openzeppelin/contracts/uitls/Address.sol#55-60):

- (success) = recipient.call{value}: amount)() (node_nodules/@openzeppelin/contracts/uitls/Address.sol#50)

Low level call in Address.functionCallkithValue(address, bytes, uint256, string) (node_nodules/@openzeppelin/contracts/uitls/Address.sol#123-134):

- (success, returndata) = target.call{value}: value{(data) (node_nodules/@openzeppelin/contracts/uitls/Address.sol#132-161):

- (success, returndata) = target.staticcall{(data)} (node_nodules/@openzeppelin/contracts/uitls/Address.sol#132-161):

- (success, returndata) = target.staticcall{(data)} (node_nodules/@openzeppelin/contracts/uitls/Address.sol#180)

Low level call in Address.functionDelegateCall{(data)} (node_nodules/@openzeppelin/contracts/uitls/Address.sol#179-188):

- (success, returndata) = target.delegateCall{(data)} (node_nodules/@openzeppelin/contracts/uitls/Address.sol#186)

Reference: https://github.con/crytic/slither/wiki/Detector-Documentation#low-level-calls
   renounceOwnership() should be declared external:

- Ownable.renounceOwnership() (node_modules/@openzeppelin/contracts/access/Ownable.sol#54-56)

transferOwnership(address) should be declared external:

- Claimable.transferOwnership(address) (contracts/Claimable.sol#14-16)

- Ownable.transferOwnership(address) (contracts/Claimable.sol#14-16)

Reference: https://gltthuo.con/cyttc/sitther/wikit/Detector-Documentationspublic-function-that-could-be-declared-external contracts/allocation-vester/AllocationVester.sol analyzed_(8 contracts with 77 detectors), 58 result(s) found
```

- No major issues found by Slither.

4.2 AUTOMATED SECURITY SCAN

MYTHX:

Halborn used automated security scanners to assist with detecting well-known security issues and to identify low-hanging fruits on the targets for this engagement. MythX, a security analysis service for Ethereum smart contracts, is among the tools used. MythX was used to scan all the contracts and sent the compiled results to the analyzers to locate any vulnerabilities.

Results:

SphrVesting.sol

Report for contracts/allocation-vester/AllocationVester.sol https://dashboard.mythx.io/#/console/analyses/3325127b-27b9-4309-bdd0-11bf62804954

Line	SWC Title	Severity	Short Description
3	(SWC-103) Floating Pragma	Low	A floating pragma is set.

⁻ No major issues found by MythX.

THANK YOU FOR CHOOSING

