



Faraday, Inc.
Burlington, Vermont

System and Organization Controls Report on the
Description and Tests of Operating Effectiveness of the
Faraday AI System

Controls Placed in Operation Relevant to
Security, Availability, and Confidentiality

SOC 2[®] Type 2 Report

November 1, 2022 to October 31, 2023



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Faraday, Inc.

System and Organization Controls Report on the Description and Tests of Operating Effectiveness of the Faraday AI System

November 1, 2022 to October 31, 2023

Table of Contents

Section 1 Faraday, Inc.'s Assertion 2

Section 2 Independent Service Auditor's Report..... 4

Section 3 Description of the Faraday AI System Provided by Faraday, Inc. 9

 Company Overview 10

 Nature of Business 10

 Principal Service Commitments and System Requirements 10

 Description of the Faraday AI System 10

 Subservice Organizations..... 15

 Significant Changes During the Examination Period..... 15

 Control Activities with No Instances or Transactions..... 15

 Relevant Aspects of Internal Control..... 15

 Control Environment 15

 Information and Communication..... 16

 Risk Assessment 16

 Control Activities 16

 Monitoring 17

 Board of Directors 17

 Complementary User Entity Control Considerations 17

 Complementary Subservice Organization Controls 18

Section 4 Trust Services Categories, Criteria, and Related Controls and Independent Service Auditor's Tests of Controls and Results 19

 Objectives of the Examination..... 20

 Description of Testing Procedures Performed 20

 Results of Testing Performed..... 21

 Definition of Security, Availability, Processing Integrity, Confidentiality, and Privacy Trust Services Categories..... 22

 Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results 23

Section 1

Faraday, Inc.'s Assertion



Faraday, Inc.'s Assertion

We have prepared the accompanying description in Section 3 titled "Description of the Faraday AI System Provided by Faraday, Inc." (the "description") throughout the period November 1, 2022 to October 31, 2023, based on the criteria for a description of a service organization's system set forth in DC Section 200, *2018 Description Criteria for a Description of a Service Organization's System in a SOC 2® Report* (AICPA, *Description Criteria*). The description is intended to provide report users with information about the Faraday AI System that may be useful when assessing the risks arising from interactions with Faraday, Inc.'s ("Faraday") system, particularly information about system controls that Faraday has designed, implemented, and operated to provide reasonable assurance that its service commitments and system requirements were achieved based on the trust services criteria relevant to security, availability, and confidentiality (the "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*).

Faraday uses multiple subservice organizations to provide cloud computing services. The description indicates that complementary subservice organization controls that are suitably designed and operating effectively are necessary, along with controls at Faraday, to achieve Faraday's service commitments and system requirements based on the applicable trust services criteria. The description presents Faraday's controls, the applicable trust services criteria, and the types of complementary subservice organization controls assumed in the design of Faraday's controls. The description does not disclose the actual controls at the subservice organization.

The description indicates that complementary user entity controls that are suitably designed and operating effectively are necessary, along with controls at Faraday, to achieve Faraday's service commitments and system requirements based on the applicable trust services criteria. The description presents Faraday's controls, the applicable trust services criteria, and the complementary user entity controls assumed in the design of Faraday's controls.

We confirm, to the best of our knowledge and belief, that:

1. The description presents the Faraday AI System that was designed and implemented throughout the period November 1, 2022 to October 31, 2023, in accordance with the description criteria.
2. The controls stated in the description were suitably designed throughout the period November 1, 2022 to October 31, 2023, to provide reasonable assurance that Faraday's service commitments and system requirements would be achieved based on the applicable trust services criteria if its controls operated effectively throughout that period and if the subservice organization and user entities applied the complementary controls assumed in the design of Faraday's controls throughout that period.
3. The controls stated in the description operated effectively throughout the period November 1, 2022 to October 31, 2023, to provide reasonable assurance that Faraday's service commitments and system requirements were achieved based on the applicable trust services criteria if complementary subservice organization controls and complementary user entity controls assumed in the design of Faraday's controls operated effectively throughout that period.

Section 2

Independent Service Auditor's Report

Independent Service Auditor's Report

Management of Faraday, Inc.
Burlington, Vermont

Scope

We have examined the accompanying description in Section 3 titled "Description of the Faraday AI System Provided by Faraday, Inc." throughout the period November 1, 2022 to October 31, 2023 (the "description"), based on the criteria for a description of a service organization's system set forth in DC Section 200, *2018 Description Criteria for a Description of a Service Organization's System in a SOC 2® Report* (AICPA, *Description Criteria*) (the "description criteria"), and the suitability of the design and operating effectiveness of controls stated in the description throughout the period November 1, 2022 to October 31, 2023, to provide reasonable assurance that Faraday, Inc.'s ("Faraday") service commitments and system requirements were achieved based on the trust services criteria related to security, availability, and confidentiality (the "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*).

Faraday uses multiple subservice organizations to provide cloud computing services. The description indicates that complementary subservice organization controls that are suitably designed and operating effectively are necessary, along with controls at Faraday, to achieve Faraday's service commitments and system requirements based on the applicable trust services criteria. The description presents Faraday's controls, the applicable trust services criteria, and the types of complementary subservice organization controls assumed in the design of Faraday's controls. The description does not disclose the actual controls at the subservice organization, and we have not evaluated the suitability of the design or operating effectiveness of such complementary subservice organization controls.

The description indicates that complementary user entity controls that are suitably designed and operating effectively are necessary, along with the controls at Faraday, to achieve Faraday's service commitments and system requirements based on the applicable trust services criteria. The description presents Faraday's controls, the applicable trust services criteria, and the complementary user entity controls assumed in the design of Faraday's controls. Our examination did not include such complementary user entity controls, and we have not evaluated the suitability of the design and operating effectiveness of such controls.

Service Organization's Responsibilities

Faraday 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 Faraday's service commitments and system requirements were achieved. Faraday has provided the accompanying assertion in Section 1 titled "Faraday, Inc.'s Assertion" (the "assertion") about the description and the suitability of the design and operating effectiveness of controls stated therein. Faraday is also responsible for preparing the description and assertion, including the completeness, accuracy, and method of presentation of the description and assertion; providing the services covered by the description; selecting the applicable trust services criteria and stating the related controls in the description; and identifying the risks that threaten the achievement of the service organization's service commitments and system requirements.

Service Auditor's Responsibilities

Our responsibility is to express an opinion on the description and on the suitability of the design and operating effectiveness of the controls stated in the description based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, the description is presented in accordance with the description criteria and the controls stated therein were suitably designed and operated effectively to provide reasonable assurance that the service organization's service commitments and system requirements were achieved based on the applicable trust services criteria. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of the description of a service organization's system and the suitability of the design and operating effectiveness of the controls involves:

- Obtaining an understanding of the system and the service organization's service commitments and system requirements.
- Assessing the risks that the description is not presented in accordance with the description criteria and that controls were not suitably designed or did not operate effectively.
- Performing procedures to obtain evidence about whether the description is presented in accordance with the description criteria.
- Performing procedures to obtain evidence about whether controls stated in the description were suitably designed to provide reasonable assurance that the service organization achieved its service commitments and system requirements based on the applicable trust services criteria.
- Testing the operating effectiveness of controls stated in the description to provide reasonable assurance that the service organization achieved its service commitments and system requirements based on the applicable trust services criteria.
- Evaluating the overall presentation of the description.

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

Service Auditor's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct established by the AICPA.

We applied the Statements on Quality Control Standards established by the AICPA and, accordingly, maintain a comprehensive system of quality control.

Inherent Limitations

The description is prepared to meet the common needs of a broad range of report users and may not, therefore, include every aspect of the system that individual report users may consider important to meet their informational needs.

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 are achieved based on

the applicable trust services criteria. Also, the projection to the future of any conclusions about the suitability of the design and operating 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.

Description of Tests of Controls

The specific controls we tested and the nature, timing, and results of those tests are presented in Section 4 titled “Trust Services Categories, Criteria, and Related Controls and Independent Service Auditor’s Tests of Controls and Results” of this report.

Opinion

In our opinion, in all material respects:

- The description presents the Faraday AI System that was designed and implemented throughout the period November 1, 2022 to October 31, 2023, in accordance with the description criteria.
- The controls stated in the description were suitably designed throughout the period November 1, 2022 to October 31, 2023, to provide reasonable assurance that Faraday’s service commitments and system requirements would be achieved based on the applicable trust services criteria if its controls operated effectively throughout the period and if the subservice organization and user entities applied the complementary controls assumed in the design of Faraday’s controls throughout that period.
- The controls stated in the description operated effectively throughout the period November 1, 2022 to October 31, 2023, to provide reasonable assurance that Faraday’s service commitments and system requirements would be achieved based on the applicable trust services criteria if complementary subservice organization controls and complementary user entity controls assumed in the design of Faraday’s controls operated effectively throughout that period.

Restricted Use

This report, including the description of the tests of controls and results thereof in Section 4, is intended solely for the information and use of Faraday, user entities of Faraday’s Faraday AI System during some or all of the period November 1, 2022 to October 31, 2023, business partners of Faraday subject to risks arising from interactions with the Faraday AI System, practitioners providing services to such user entities and business partners, prospective user entities and business partners, and regulators, all who have sufficient knowledge and understanding of the following:

- The nature of the service provided by the service organization
- How the service organization’s system interacts with user entities, business partners, subservice organizations, and other parties as applicable
- Internal control and its limitations
- Complementary user entity controls and complementary subservice organization controls and how those controls interact with the controls at the service organization to achieve the service organization’s service commitments and system requirements
- User entity responsibilities and how they may affect the user entity’s ability to effectively use the service organization’s services
- The applicable trust services criteria
- The risks that may threaten the achievement of the service organization’s service commitments and system requirements and how controls address those risks

This report is not intended to be and should not be used by anyone other than these specified parties.

Wipfli LLP

Wipfli LLP

Minneapolis, Minnesota

January 16, 2024

Section 3

Description of the Faraday AI System Provided by Faraday, Inc.

Description of the Faraday AI System Provided by Faraday, Inc.

Company Overview

Nature of Business

Faraday, Inc. (“Faraday” or the “Company”) was organized as a Delaware corporation named Brighter Planet Technology Services, Inc., on December 10, 2012. The business of Faraday is to provide web-based software to optimize consumer-facing businesses using artificial intelligence (AI). Faraday is composed of an experienced management team with expertise in the application of machine learning (ML) principles to business objectives, as well as in the development of software. Faraday has been developing its software since formation. Faraday's headquarters are located in Burlington, Vermont.

Principal Service Commitments and System Requirements

Faraday designs its processes and procedures related to the AI platform to meet its objectives for the successful delivery of services. Those objectives are based on the service commitments Faraday makes to user entities, the laws and regulations that govern the provision of these services, and the financial, operational, and compliance requirements Faraday has established for the services. The Faraday AI System is subject to the security and privacy requirements of the Health Insurance Portability and Accountability Act (HIPAA), as well as state privacy and security laws and regulations in the jurisdictions in which Faraday operates.

Security, confidentiality, and availability commitments to user entities are documented and communicated in service level agreements (SLA), business associate agreements (BAA), and other client agreements, as well as in the description of the service offering provided online.

- Security commitments include principles within the fundamental designs of the AI platform that are designed to permit system users to access the information they need based on their roles in the system, while restricting them from accessing information not needed for their role.
- Confidentiality commitments include the use of encryption technologies to protect client data both at rest and in transit.
- Availability commitments include the ongoing monitoring and uptime of the platform.

Faraday establishes operational requirements that support the achievement of security, availability, and confidentiality commitments, relevant laws and regulations, and other system requirements. Such requirements are communicated in Faraday's system policies and procedures, system design documentation, and contracts with clients. Information security policies define an organization-wide approach to how systems and data are protected. These include policies related to how the platform is designed and developed, the platform is operated, the internal business systems and networks are managed, and employees are hired and trained. In addition to these policies, standard operating procedures have been documented on how to carry out specific manual and automated processes required when providing the AI Platform.

Description of the Faraday AI System

Critical Infrastructure

Faraday leverages third-party hosted infrastructure to host the Faraday AI System (app.faraday.ai). The third parties, Google Cloud (GCP) and Amazon Web Services (AWS), provides multizone redundancy, auto-scaling capabilities, and multi-region failovers. GCP/AWS is used for data storage, scalable computer resources, and other infrastructure functions. It provides physical security, environmental protection, and redundant infrastructure to Faraday. Faraday's Chief Information Security Officer (CISO) obtains and reviews the third party's System and Organization Controls (SOC) report to evaluate the internal control environment and the impact of exceptions noted for relevant controls.

Description of the Faraday AI System Provided by Faraday, Inc.

The Faraday AI System is accessed as a software-as-a-service (SaaS) offering. Users log in to the software over a hypertext transfer protocol secure (HTTPS) connection using their web browser. Authentication is managed by a third party.

Software

The Faraday AI System comprises applications developed and maintained by Faraday's in-house Software Engineering group. The AI system provides prediction cloud services including insight discovery, growth marketing, predictive personalization and customer engagement. The Software Engineering group enhances and maintains these services to support the needs of Faraday's clients and end users.

Faraday uses the following third-party software to assist in the operations of the Faraday AI system:

- Asana: A cloud-based project management service.
- Auth0: A cloud authentication and identity management platform used by the Faraday AI System to authorize user logins.
- Dashlane: A cloud-based password manager Faraday employees use.
- Github: A cloud-based source code management system used by Faraday as its primary source code repository and additionally for code review, automated testing, and other software life cycle functions.
- Google Apps for Business: A cloud-based suite of services used primarily by Faraday for email communication and document creation.
- Growthloop: An infrastructure service provider that manages synchronization of some client data systems external to the Faraday AI System.
- Hightouch: An infrastructure service provider that manages synchronization of some client data systems external to the Faraday AI System.
- Hubspot: A cloud-based client relationship management (CRM) solution.
- Mailchimp: A cloud-based email service provider.
- New Relic: A cloud-based infrastructure metric collection service.
- Slack: A cloud-based collaboration tool used day to day for active collaboration and access to historical company knowledge.
- Talend Stitch Data: An infrastructure service provider that manages synchronization of some client data systems external to the Faraday AI System.

People

Faraday's staff is primarily located in Burlington, Vermont, and is organized in the following functional areas:

Functional Area	Responsibilities
Senior Management	Primarily responsible for helping ensure Faraday meets investors', clients', and employees' expectations.
Sales and Marketing	Primarily responsible for acquiring new clients.
Client Success	Primarily responsible for managing existing clients.
Data Science	Primarily responsible for prescribing the data science methodology implemented in the Faraday AI System. In addition, responsible for consulting with clients.
Product Management	Overall ownership of the product direction, development, and operations.

Description of the Faraday AI System Provided by Faraday, Inc.

Functional Area	Responsibilities
Platform	Faraday's engineering team, primarily responsible for maintaining and improving the Faraday AI System.

Procedures

Senior Management has developed and communicated organizational policies and procedures to employees and clients. Changes to these procedures are performed at least annually and authorized by Senior Management. These procedures cover the following key security life cycle areas:

- Data classification (data at rest, in motion, and output)
- Categorization of information
- Confidentiality and availability
- 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 of, changes to, and termination of information system access
- Monitoring of 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, superuser functionality, master, passwords, powerful utilities, and security devices (for example, firewalls)

Data

Data, as defined by Faraday, falls into one of the following classifications:

- Account metadata
- Private client data
- Shared consumer data

Account metadata refers to data entered by end users and their account managers during and following registration to configure the Faraday AI System for the client's use. Examples of account metadata include authorized user details (e.g., email address), external data system credentials, audience descriptors, client journeys, points of interest, and business outcome definitions.

Private client data refers to data maintained by the client that is copied from the client's external data systems to the Faraday AI System for further processing and storage. Examples of private client data include client lists, lead lists, transaction records, and email engagement data.

Shared consumer data refers to data licensed by Faraday from consumer data vendors whose primary business is to collect, refine, and package consumer data for downstream licensing to firms like Faraday. Examples of shared consumer data include demographic, financial, psychographic, property, and life event details of U.S. adult consumers.

Change Management

Application Changes

The responsibilities of the Platform team, led by product and technical managers, include technical design, coding, and unit testing of new and upgraded product features. There are multiple aspects of application development activities, including the design and implementation of architecture,

Description of the Faraday AI System Provided by Faraday, Inc.

infrastructure, tools, and products. Application requirements are defined by the product manager and approved by the technical managers.

The code is developed using the latest mix of web development software tools. Developers follow a comprehensive set of guidelines and best practices when authoring source code. Code reviews are conducted by peers and technical managers to help ensure compliance with requirements and best practices.

Changes to the software and bug resolution are managed via product management software. This enforces control over the change process for the application. There is a written policy for entering tasks for changes to the software and bugs for corrections to the software. Tasks are approved for implementation by product and technical managers only.

Application source code is stored and managed via a formal source code version control process using source code management software that is described further in the Source Code Access section. Four environments are maintained and are physically and logically separated from each other: development and testing on developer machines, testing on a continuous integration (CI) server, testing in staging, and production. All but the first are hosted with a cloud hosting provider.

Production Changes

The production environment has been designed to optimize system performance while helping ensure the best possible security protocols. The design of the security controls and the system performance reviews are done regularly by platform experts to help ensure Faraday is using best practices.

Changes coming from the review process could include reclassification of data, reassessment of risk and changes in incident response and recovery plans, and verification of responsibilities for authorizing and monitoring accesses. Changes are reviewed and communicated during regular change management meetings and/or through system alerts.

The cloud hosting provider helps ensure, as part of its service, that patches are made to the operating system. Technical managers check regularly to see whether there are updates to other software used in the production environment. Once identified, a schedule is set to apply the patches.

Changes to the preproduction and production environments are controlled via tickets to help ensure documentation and process control of those changes.

Control of Changes

The product and technical managers meet at least weekly to discuss the current status and prioritize tasks and defect fixes for implementation. Once the tasks and bugs have been scheduled, the product and technical managers are responsible for controlling and coordinating aspects of the development process until release.

There are frequent meetings on the development of Faraday software with the technical and product managers and the entire Platform team. These meetings generally occur at least once a week.

Each change completed by the Platform team is posted to source code management software, and testing releases are produced and put on a testing server to help ensure each task and defect fix has been correctly completed. Updates are approved and scheduled through the change control process.

Description of the Faraday AI System Provided by Faraday, Inc.

Defect Tracking and Audit Trail

Defect tracking is done in the ticketing software. Defects can be entered into the ticketing software by any Faraday employee. Each defect is evaluated, assigned to a developer, and then reassigned to testing until the defect is successfully corrected. Detailed instructions describing how an authorized team member is to add defects to the ticketing software are maintained. These instructions are available to team members in a common folder accessible to those who require access.

The determination of priority of the defect can be suggested by the person creating the defect fix but ultimately is agreed to or amended by the product and technical managers.

Source Code Access

Software source code created in the development process is stored and controlled through an industry-standard source code version control system. The software source code includes source code produced by the Platform and Data Science teams.

Engineers retrieve copies of source code through the version control system. The system provides standard versioning mechanisms including file revision management, version labeling mechanisms, and file status indicators. The version control system has built-in reconciliation logic to help ensure application developers don't collide or lose essential changes upon check-in.

Testing of Changes

Engineers test code they produce. Technical managers perform code reviews. Product managers perform verifications.

Tasks created in ticketing must contain details for the verification of that change. That list is put together initially by the engineer assigned to the task.

For defects, the technical managers outline the steps to test, but these are generally the same steps used to re-create the bug to help ensure it is corrected.

In either case (tasks or defects), additional care is taken by the product and technical managers working with the assigned engineer(s) to identify the potential for collateral impacts that can be the unintended result of coding for new functionality or correcting bugs.

Prior to release, tests are run on a hosted server setup that is a mirror image, in material aspects, of the production system.

Software Release Process

The Platform team performs testing of Faraday's software products and custom development in an environment independent from developers and development activities. Specific activities include system testing, environment testing, regression testing, release acceptance testing, and development of automated testing tools.

The software release testing process focuses on determining that product quality levels are maintained with respect to operational characteristics, performance characteristics, and system reliability. These aspects are tested and monitored against supported environments (operating systems and machine configurations) and usage scenarios based on anticipated production scenarios.

The software release testing process is synchronized with other activities through the project management tool. The testing process is applied to product releases.

Description of the Faraday AI System Provided by Faraday, Inc.

Software release testing follows standardized procedures to determine that the system conforms to quality control standards prior to release. Software release testing focuses primarily on testing complete data flow throughout integration points. This includes installation, environment, and data integrity testing.

Software Build Process

With the exception of localized developer builds for unit testing purposes, software modules are produced through an automated build process. It is this build process that creates production software modules for release to the hosted production environment. Source codes used in the build process are retrieved from the master source code archives.

Application builds are performed automatically as code changes pass tests on continuous integration (CI). During periods of heavy development activity, builds may be produced frequently. Builds are cataloged and archived.

Subservice Organizations

Faraday uses various subservice organizations to assist in running its business operation and IT platform.

- Amazon Web Services (AWS): A cloud host Faraday uses for miscellaneous data storage, scalable computer resources, and other infrastructural functions.
- Google Cloud Platform: A cloud host Faraday uses for primary data storage, scalable computer resources, and other infrastructural functions.

Significant Changes During the Examination Period

During the audit period, November 1, 2022 to October 31, 2023, the company did not have significant changes that are relevant to the organization's service commitments and system requirements.

Control Activities with No Instances or Transactions

There were no new hires with access to sensitive information and client data that required background checks during the period November 1, 2022 to October 31, 2023.

Relevant Aspects of Internal Control

Control Environment

Faraday is committed to providing clients and employees with a business environment that promotes ethical values, competent and timely service delivery, and clear roles and responsibilities through organizational structure, policies and procedures, and delivery on commitments to the client.

Faraday cultivates this environment by encouraging control consciousness on the part of employees. This awareness starts with executive management's involvement in the creation and monitoring of policies and procedures. Sign-off by a member of Senior Management is required for the creation of new or updated policies and procedures. Policies and procedures are then disseminated through the various levels of the organization. Such a control environment influences the way Faraday's business activities are structured, objectives are established, and risks are assessed.

Description of the Faraday AI System Provided by Faraday, Inc.

Hiring and Termination Practices

A standard recruiting and hiring process exists. A new hire on-boarding checklist is used when performing new hire on-boarding tasks. Some of the tasks include receiving a signed offer letter, notifying the CEO of the new hire's official title, performing a background check, general accounting tasks, setting up the employee's Google account and other applicable application accounts, etc. New hire onboarding checklists are triggered and used in the Rippling platform.

Upon an employee being terminated, an off-boarding checklist is used for terminating user accounts. An off-boarding checklist is updated during the process of termination a user's access. Employees authorized to terminate user's accounts remove their Github access, Faraday.io access, Auth0 access, and their Google account is deleted. This is documented within risk committee meeting minutes as well.

Information and Communication

To help align Faraday's strategic and tactical decision making with operating performance, management is committed to maintaining effective communication with personnel. Information comes from both inside and outside Faraday and is used to guide Faraday's strategic and tactical decision making as well as to measure performance. External communications originate from a number of sources, take on many forms (state and federal legislation, client interaction, etc.), and are distributed to a number of destinations. Faraday's management has focused on establishing multiple formats and channels of external communications to facilitate timely and appropriate communications. Faraday's management monitors internal and external communications on an ongoing basis to assess the effectiveness of these communications.

Risk Assessment

Faraday's risk assessment process is its identification, analysis, and management of risks relevant to the delivery of services and protection of the client's data. Faraday has placed into operation a risk assessment process to identify and manage risks that could affect its ability to provide reliable services to its clients and help ensure the protection of clients' data. This process requires management to identify significant risks inherent in the software development and operational environments outlined in this report.

This process has facilitated the identification of various risks inherent in Faraday's software development and operational environment and resulted in the development and implementation of reasonable measures for the ongoing management and mitigation of these findings. The risks considered by Faraday management on an ongoing basis include the following:

- New industry legislation and regulations
- Changes in its operating environment
- New or modified information systems
- New technology
- Processes involving partner organizations
- External systems
- New product development

Control Activities

Within Faraday's business environment, control activities include the policies and procedures that help ensure management directives are carried out. They help ensure necessary actions are taken to address risks for achievement of Faraday's objectives. Control activities, whether automated or manual, have various objectives and are applied at various organizational and functional levels.

Description of the Faraday AI System Provided by Faraday, Inc.

Monitoring

Monitoring is a critical aspect of internal control in evaluating whether controls are operating as intended and whether they are modified as appropriate for changes in conditions. Management and supervisory personnel are responsible for monitoring the quality of internal control performance as a routine part of their activities. Faraday has implemented a series of management activities to measure and assess various processes involved in servicing its client base.

Board of Directors

The Board of Directors meets quarterly to discuss Company objectives, policies, and the current state of the Company. The Board of Directors provides oversight and recommendations to management to further help develop the company from an independent standpoint. Some of the Board of Directors' responsibilities are the business planning process and review of the ongoing risk assessment and management process and revision of these processes when necessary to support the achievement of objectives.

Complementary User Entity Control Considerations

Faraday's controls were designed with the assumption that certain complementary user entity controls would be operating effectively at user entities. The controls described in this report occur at Faraday and cover only a portion of a comprehensive internal controls structure. Each user entity must address the various aspects of internal control that may be unique to its particular system. This section describes the complementary user entity controls that should be developed, placed in operation, and maintained at user entities as necessary to meet the trust services criteria stated in the description of Faraday's system. The table below identifies the criteria the complementary user entity controls relate to. User entities should determine whether adequate controls have been established to provide reasonable assurance that:

Complementary User Entity Controls	Most Relevant Criteria
Confidential information sent to Faraday is transmitted via an encrypted method.	CC6.7
Information sent to Faraday is accurate.	CC2.1
Contracts with Faraday are signed by an authorized client representative.	CC2.3
Access to transmit confidential information is limited to authorized client personnel.	CC6.5
Access to the Faraday AI System is limited to authorized individuals.	CC6.1
User passwords for the Faraday AI System are required to be complex.	CC6.1
Faraday is notified of software-related issues and enhancement requests in a timely manner.	CC8.1
Security incidents are reported in a timely manner.	CC7.5

Description of the Faraday AI System Provided by Faraday, Inc.

Complementary Subservice Organization Controls

Faraday's controls related to the Faraday AI System cover only a portion of overall internal control for each user entity of Faraday. It is not feasible for the trust services criteria related to Faraday AI System to be achieved solely by Faraday. Therefore, each user entity's internal control must be evaluated in conjunction with Faraday's controls and the related tests and results described in Section 4 of this report, taking into account the related complementary subservice organization controls expected to be implemented at the subservice organization(s) as described below.

Complementary Subservice Organization Controls	Most Relevant Criteria
Security incidents related to security of the Faraday AI System are communicated to Faraday.	CC7.2
Physical security of the third-party data centers where Faraday AI System servers are hosted is maintained.	CC6.4
System recovery controls over the third-party data centers where Faraday AI System servers are hosted are maintained.	CC7.5
Environmental controls over the third-party data centers where Faraday AI System servers are hosted are maintained.	CC5.2
System availability and related security policies and procedures are documented.	CC5.2
Employees are provided with ongoing security training.	CC5.2
Assessments identifying risks and threats that could impair the ability to meet user entity commitments are conducted.	CC3.1
Disaster recovery procedures are properly designed and implemented.	CC7.5
Disaster recovery procedures are regularly reviewed, updated, and tested.	CC7.5
Procedures are in place for the management of operating system patches.	CC8.1
Electronic media that contain and store confidential information are destroyed when no longer in use.	CC6.5

Section 4

Trust Services Categories, Criteria, and Related Controls and Independent Service Auditor's Tests of Controls and Results

Trust Services Categories, Criteria, and Related Controls and Independent Service Auditor's Tests of Controls and Results

Objectives of the Examination

This report is intended to provide user entities of Faraday's Faraday AI System with information about Faraday's controls pertaining to its Faraday AI System and also to provide user entities with information about the operating effectiveness of the controls that were tested. This report, when combined with an understanding and assessment of the controls in place at user entities, is intended to assist user entities in understanding the controls in place at Faraday for the services being outsourced.

In addition, Wipfli LLP's ("Wipfli") testing of controls was restricted to the categories and related controls listed in this section of the report and was not extended to all controls described in Section 3 or to controls that may be in effect at user entities. It is each interested party's responsibility to evaluate this information in relation to the controls in place at each user entity, and if certain complementary user entity controls are not in place at a user entity, Faraday's controls may not compensate for such weaknesses.

The categories and description of controls are the responsibility of Faraday's management.

Description of Testing Procedures Performed

As a part of Wipfli's examination of Faraday's controls, Wipfli performed a variety of tests, each of which provided the basis for understanding the framework for controls, and determined whether the controls were actually in place and operated effectively in accordance with Faraday's description of controls throughout the period November 1, 2022 to October 31, 2023.

Wipfli's tests of the effectiveness of controls included such tests as were considered necessary in the circumstances to evaluate whether those controls, and the extent of compliance with them, are sufficient to provide reasonable, but not absolute, assurance that the specified criteria were achieved throughout the period November 1, 2022 to October 31, 2023. Wipfli's tests of the operational effectiveness of the controls were designed to cover a representative number of samples throughout the period November 1, 2022 to October 31, 2023, for each of the controls listed in this section, which were designed to achieve the criteria for the specified category.

In selecting particular tests of operational effectiveness, Wipfli considered:

- The nature of the items being tested.
- The types of available evidential matter.
- The assessed level of control risk.
- The expected efficiency and effectiveness of the test.

Trust Services Categories, Criteria, and Related Controls and Independent Service Auditor’s Tests of Controls and Results

The procedures performed to test operating effectiveness are listed next to each of Faraday’s respective control descriptions. Test procedures performed in connection with determining the operating effectiveness of the controls include the following:

Test Procedure	Description of Test Procedure
Corroborative Inquiry	<p>Made inquiries of appropriate organizational personnel to obtain information or corroborating evidence regarding the control descriptions, processes, and procedures.</p> <p>NOTE: Because inquiries were performed for all controls, this test may not be listed individually for every control activity included in the control testing tables.</p>
Observation	<p>Witnessed the utilization of controls by organization personnel. This included, but was not limited to, viewing the functionality of system applications and automated controls, scheduling routines, and witnessing the processing of transactions.</p>
Inspection	<p>Read documents and reports that contain an indication of performance of the control. This included, but was not limited to, reading documents and reports to determine whether authorization was evidenced and transaction information was properly recorded and controlled and examining reconciliations and evidence of review to determine whether outstanding items were properly monitored, controlled, and resolved.</p>
Reperformance	<p>Independently performed the relevant control. This included, but was not limited to, comparing reconciliations with proper source documents, assessing the reasonableness of reconciling items, and recalculating mathematical solutions.</p>

Results of Testing Performed

Test results are scored as “No exceptions noted,” or the exception is noted.

The following tables describe the tests of operating effectiveness that were performed in meeting the categories noted. The categories, along with the criteria and the control descriptions, are an integral part of management’s description of their system. The control descriptions were specified by Faraday.

Trust Services Categories, Criteria, and Related Controls and Independent Service Auditor's Tests of Controls and Results

Definition of Security, Availability, Processing Integrity, Confidentiality, and Privacy Trust Services Categories

Security - The system is protected against unauthorized access, use, or modification to meet the entity's commitments and system requirements.

Availability - The system is available for operation and use to meet the entity's commitments and system requirements.

Confidentiality - Information designated as confidential is protected to meet the entity's commitments and system requirements.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC1.0 Control Environment

Criteria Number	Control Description	Description of Testing	Results of Testing
CC1.1 - The entity demonstrates a commitment to integrity and ethical values.			
CC1.1.1	Job responsibilities are communicated to and acknowledged by employees during orientation or when a job responsibility changes. Employees' roles and responsibilities are reevaluated and acknowledged annually.	Inspected the signed job descriptions for a sample of current employees to determine whether they were acknowledged.	No exceptions noted.
CC1.1.2	An Employee Handbook that documents the Company ethical values and commitments is in place.	Inspected the Employee Handbook to determine whether it documented the Company's ethical values and commitments.	No exceptions noted.
CC1.1.3	Background checks are performed for new employees that have access to sensitive information and client data.	Per discussion with management, Faraday did not have new hires with access to sensitive information and client data that required background checks during the audit period	
CC1.1.4	An acknowledgement of the Employee Handbook and the Employee and Service Provider Information Security Agreement is completed annually. The Employee and Service Provider Information Security Agreement includes employee responsibility in regard to confidentiality and protection of information and data.	Inspected the Employee Handbook acknowledgment and the Employee and Service Provider Information Security Agreement for a sample of current employees to determine whether they were completed annually.	No exceptions noted.
		Inspected the Employee and Service Provider Information Security Agreement to determine whether it included employee responsibilities regarding confidentiality and protection of information and data.	No exceptions noted.
CC1.2 - The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.			
CC1.2.1	The Board of Directors meets quarterly to discuss Company objectives and to provide oversight to management.	Inspected the Board of Directors' meeting minutes for a sample of quarters to determine whether Company objectives were discussed and oversight was provided to management.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC1.2.2	The Risk Committee meets quarterly and includes a discussion related to Company policies, operations, events, changes, and related risk requirements as part of the agenda as needed.	Inspected the Risk Committee meeting minutes for a sample of quarters to determine whether Company policies, operations, events, changes, and related risk requirements were discussed.	No exceptions noted.
CC1.3 - Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.			
CC1.3.1	The Board of Directors meets quarterly to discuss Company objectives and to provide oversight to management.	Inspected the Board of Directors' meeting minutes for a sample of quarters to determine whether Company objectives were discussed and oversight was provided to management.	No exceptions noted.
CC1.3.2	Job responsibilities are communicated to and acknowledged by employees during orientation or when a job responsibility changes. Employees' roles and responsibilities are reevaluated and acknowledged annually.	Inspected the signed job descriptions for a sample of current employees to determine whether they were acknowledged.	No exceptions noted.
CC1.3.3	The organizational chart is updated as changes are made to reporting lines and authority.	Inspected the organizational chart to determine whether it was updated and reporting lines and authority were documented.	No exceptions noted.
CC1.4 - The entity demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.			
CC1.4.1	Faraday follows a standard recruiting process when hiring new employees.	Inspected the new hire procedure to determine whether a standard recruiting process was in place.	No exceptions noted.
CC1.4.2	Faraday uses a documented onboarding checklist when performing new hire implementation tasks.	Inspected the onboarding checklist for a sample of new employees to determine whether it was completed when performing new hire implementation tasks.	No exceptions noted.
CC1.4.3	Security awareness training is performed for employees semiannually and for new employees at the time of hire. A security awareness training tracking log is maintained internally.	Inspected the security awareness training tracking log for a sample of current employees to determine whether security awareness training was completed semiannually.	No exceptions noted.
		Inspected the security awareness training tracking log for a sample of new employees to determine whether security awareness training was completed at the time of hire.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC1.4.4	Job responsibilities are communicated to and acknowledged by employees during orientation or when a job responsibility changes. Employees' roles and responsibilities are reevaluated and acknowledged annually.	Inspected the signed job descriptions for a sample of current employees to determine whether they were acknowledged.	No exceptions noted.
CC1.5 - The entity holds individuals accountable for their internal control responsibilities in the pursuit of objectives.			
CC1.5.1	Job responsibilities are communicated to and acknowledged by employees during orientation or when a job responsibility changes. Employees' roles and responsibilities are reevaluated and acknowledged annually.	Inspected the signed job descriptions for a sample of current employees to determine whether they were acknowledged.	No exceptions noted.
CC1.5.2	An acknowledgement of the Employee Handbook and the Employee and Service Provider Information Security Agreement is completed annually. The Employee and Service Provider Information Security Agreement includes employee responsibility in regard to confidentiality and protection of information and data.	Inspected the Employee Handbook acknowledgment and the Employee and Service Provider Information Security Agreement for a sample of current employees to determine whether they were completed annually.	No exceptions noted.
		Inspected the Employee and Service Provider Information Security Agreement to determine whether it included employee responsibilities regarding confidentiality and protection of information and data.	No exceptions noted.
CC1.5.3	Security awareness training is performed for employees semiannually and for new employees at the time of hire. A security awareness training tracking log is maintained internally.	Inspected the security awareness training tracking log for a sample of current employees to determine whether security awareness training was completed semiannually.	No exceptions noted.
		Inspected the security awareness training tracking log for a sample of new employees to determine whether security awareness training was completed at the time of hire.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC2.0 Communication and Information

Criteria Number	Control Description	Description of Testing	Results of Testing
CC2.1 - The entity obtains or generates and uses relevant, quality information to support the functioning of internal control.			
CC2.1.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC2.1.2	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.
CC2.1.3	A Data Retention Policy is in place. Data retention requirements are based on client contract requirements.	Inspected the Data Retention Policy to determine whether it was in place and identified retention requirements based on client contract requirements.	No exceptions noted.
CC2.1.4	User access levels are reviewed quarterly during the Risk Committee meetings.	Inspected user access level reviews for a sample of quarters to determine whether they were performed.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC2.2 - The entity internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.			
CC2.2.1	An acknowledgement of the Employee Handbook and the Employee and Service Provider Information Security Agreement is completed annually. The Employee and Service Provider Information Security Agreement includes employee responsibility in regard to confidentiality and protection of information and data.	Inspected the Employee Handbook acknowledgment and the Employee and Service Provider Information Security Agreement for a sample of current employees to determine whether they were completed annually.	No exceptions noted.
		Inspected the Employee and Service Provider Information Security Agreement to determine whether it included employee responsibilities regarding confidentiality and protection of information and data.	No exceptions noted.
CC2.2.2	Security awareness training is performed for employees semiannually and for new employees at the time of hire. A security awareness training tracking log is maintained internally.	Inspected the security awareness training tracking log for a sample of current employees to determine whether security awareness training was completed semiannually.	No exceptions noted.
		Inspected the security awareness training tracking log for a sample of new employees to determine whether security awareness training was completed at the time of hire.	No exceptions noted.
CC2.2.3	An Information Security Policy that documents Company responsibilities to safeguard client information is in place.	Inspected the Information Security Policy to determine whether it documented Company responsibilities to safeguard client information.	No exceptions noted.
CC2.3 - The entity communicates with external parties regarding matters affecting the functioning of internal control.			
CC2.3.1	Contracts are in place for Faraday clients.	Inspected contracts for a sample of Faraday clients to determine whether contracts were in place.	No exceptions noted.
CC2.3.2	Client responsibilities for reporting incidents, failures, and complaints are defined in the Terms of Service.	Inspected a sample client contract to determine whether client responsibilities for reporting incidents, failures, and complaints were defined in the Terms of Service.	No exceptions noted.
CC2.3.3	Faraday has SLAs with critical vendors.	Inspected SLA for a sample of critical vendors to determine whether they were in place.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC2.3.4	Faraday has Nondisclosure agreements, BAAs, or Security Addendums with critical vendors.	Inspected a Nondisclosure agreement, BAA, or Security Addendum for a sample of critical vendors to determine whether they were in place.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC3.0 Risk Assessment

Criteria Number	Control Description	Description of Testing	Results of Testing
CC3.1 - The entity specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.			
CC3.1.1	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.
CC3.1.2	The Risk Committee meets quarterly and includes a discussion related to Company policies, operations, events, changes, and related risk requirements as part of the agenda as needed.	Inspected the Risk Committee meeting minutes for a sample of quarters to determine whether Company policies, operations, events, changes, and related risk requirements were discussed.	No exceptions noted.
CC3.2 - The entity identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.			
CC3.2.1	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC3.2.2	The Risk Committee meets quarterly and includes a discussion related to Company policies, operations, events, changes, and related risk requirements as part of the agenda as needed.	Inspected the Risk Committee meeting minutes for a sample of quarters to determine whether Company policies, operations, events, changes, and related risk requirements were discussed.	No exceptions noted.
CC3.3 - The entity considers the potential for fraud in assessing risks to the achievement of objectives.			
CC3.3.1	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.
CC3.3.2	The Risk Committee meets quarterly and includes a discussion related to Company policies, operations, events, changes, and related risk requirements as part of the agenda as needed.	Inspected the Risk Committee meeting minutes for a sample of quarters to determine whether Company policies, operations, events, changes, and related risk requirements were discussed.	No exceptions noted.
CC3.4 - The entity identifies and assesses changes that could significantly impact the system of internal control.			
CC3.4.1	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC3.4.2	The Risk Committee meets quarterly and includes a discussion related to Company policies, operations, events, changes, and related risk requirements as part of the agenda as needed.	Inspected the Risk Committee meeting minutes for a sample of quarters to determine whether Company policies, operations, events, changes, and related risk requirements were discussed.	No exceptions noted.
CC3.4.3	The Board of Directors meets quarterly to discuss Company objectives and to provide oversight to management.	Inspected the Board of Directors' meeting minutes for a sample of quarters to determine whether Company objectives were discussed and oversight was provided to management.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC4.0 Monitoring Activities

Criteria Number	Control Description	Description of Testing	Results of Testing
CC4.1 - The entity selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.			
CC4.1.1	The Risk Committee meets quarterly and includes a discussion related to Company policies, operations, events, changes, and related risk requirements as part of the agenda as needed.	Inspected the Risk Committee meeting minutes for a sample of quarters to determine whether Company policies, operations, events, changes, and related risk requirements were discussed.	No exceptions noted.
CC4.1.2	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC4.1.3	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.
CC4.1.4	User access levels are reviewed quarterly during the Risk Committee meetings.	Inspected user access level reviews for a sample of quarters to determine whether they were performed.	No exceptions noted.
CC4.1.5	External vulnerability scans are performed on the network weekly.	Inspected external vulnerability scans for a sample of weeks to determine whether they were performed.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC4.1.6	External penetration tests are performed on Faraday's application annually.	Inspected external penetration testing report to determine whether external penetration tests were performed annually.	No exceptions noted.
CC4.2 - The entity evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.			
CC4.2.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC4.2.2	User access levels are reviewed quarterly during the Risk Committee meetings.	Inspected user access level reviews for a sample of quarters to determine whether they were performed.	No exceptions noted.
CC4.2.3	The Risk Committee meets quarterly and includes a discussion related to Company policies, operations, events, changes, and related risk requirements as part of the agenda as needed.	Inspected the Risk Committee meeting minutes for a sample of quarters to determine whether Company policies, operations, events, changes, and related risk requirements were discussed.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC5.0 Control Activities

Criteria Number	Control Description	Description of Testing	Results of Testing
CC5.1 - The entity selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.			
CC5.1.1	Faraday has a documented Business Continuity Plan in place. Faraday has a 72-hour recovery time objective.	Inspected the Business Continuity Plan to determine whether it was in place and documented the 72-hour recovery time objective.	No exceptions noted.
CC5.1.2	An acknowledgement of the Employee Handbook and the Employee and Service Provider Information Security Agreement is completed annually. The Employee and Service Provider Information Security Agreement includes employee responsibility in regard to confidentiality and protection of information and data.	Inspected the Employee Handbook acknowledgment and the Employee and Service Provider Information Security Agreement for a sample of current employees to determine whether they were completed annually.	No exceptions noted.
		Inspected the Employee and Service Provider Information Security Agreement to determine whether it included employee responsibilities regarding confidentiality and protection of information and data.	No exceptions noted.
CC5.1.3	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.
CC5.1.4	External vulnerability scans are performed on the network weekly.	Inspected external vulnerability scans for a sample of weeks to determine whether they were performed.	No exceptions noted.
CC5.1.5	External penetration tests are performed on Faraday's application annually.	Inspected external penetration testing report to determine whether external penetration tests were performed annually.	No exceptions noted.
CC5.1.6	User access levels are reviewed quarterly during the Risk Committee meetings.	Inspected user access level reviews for a sample of quarters to determine whether they were performed.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC5.2 - The entity also selects and develops general control activities over technology to support the achievement of objectives.			
CC5.2.1	Faraday has a documented Business Continuity Plan in place. Faraday has a 72-hour recovery time objective.	Inspected the Business Continuity Plan to determine whether it was in place and documented the 72-hour recovery time objective.	No exceptions noted.
CC5.2.2	New device hardening procedures are documented.	Inspected the hardening procedures to determine whether they were documented.	No exceptions noted.
CC5.2.3	Faraday has a documented network diagram made available to employees.	Inspected the network diagram to determine whether it was documented and made available to employees.	No exceptions noted.
CC5.2.4	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC5.3 - The entity deploys control activities through policies that establish what is expected and in procedures that put policies into action.			
CC5.3.1	An acknowledgement of the Employee Handbook and the Employee and Service Provider Information Security Agreement is completed annually. The Employee and Service Provider Information Security Agreement includes employee responsibility in regard to confidentiality and protection of information and data.	Inspected the Employee Handbook acknowledgment and the Employee and Service Provider Information Security Agreement for a sample of current employees to determine whether they were completed annually.	No exceptions noted.
		Inspected the Employee and Service Provider Information Security Agreement to determine whether it included employee responsibilities regarding confidentiality and protection of information and data.	No exceptions noted.
CC5.3.2	Security awareness training is performed for employees semiannually and for new employees at the time of hire. A security awareness training	Inspected the security awareness training tracking log for a sample of current employees to determine whether security awareness training was completed semiannually.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
	tracking log is maintained internally.	Inspected the security awareness training tracking log for a sample of new employees to determine whether security awareness training was completed at the time of hire.	No exceptions noted.
CC5.3.3	An Information Security Policy that documents Company responsibilities to safeguard client information is in place.	Inspected the Information Security Policy to determine whether it documented Company responsibilities to safeguard client information.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC6.0 Logical and Physical Access Controls

Criteria Number	Control Description	Description of Testing	Results of Testing
CC6.1 - The entity implements logical access security software, infrastructure, and architectures over protected information assets to protect them from security events to meet the entity's objectives.			
CC6.1.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC6.1.2	User access permissions are assigned based on job roles.	Inspected the users and access levels and compared them with the list of current employees to determine whether user access permissions were assigned based on job roles.	No exceptions noted.
CC6.1.3	Two-factor authentication is required for Faraday's application systems. Use of a password manager is required.	Inspected the two-factor authentication and password manager screenshots to determine whether two-factor authentication and a password manager were required for Faraday's application systems.	No exceptions noted.
CC6.1.4	Device firewalls are enabled on workstations.	Inspected the firewall settings for a sample of workstations to determine whether device firewalls were enabled on workstations.	No exceptions noted.
CC6.1.5	An encrypted file transfer connection is in place for transmitting client data. Secure channels are defined, and insecure channels are not permitted.	Inspected the secure file transfer protocol (SFTP) setup to determine whether encrypted file transfer connections were in place for transmitting client data, secure channels were defined, and insecure channels were not permitted.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
		Inspected the secure file transfer protocol (SFTP) configurations to determine whether encrypted file transfer connections were in place for transmitting client data, secure channels were defined, and insecure channels were not permitted.	No exceptions noted.
CC6.1.6	Storage devices, databases, laptops and workstations, and infrastructure devices are encrypted at rest.	Inspected the data encryption at rest configurations to determine whether storage devices, databases, laptops and workstations, and infrastructure devices were encrypted at rest.	No exceptions noted.
CC6.1.7	Administrative privileges to Faraday's application are limited to authorized employees.	Inspected the admin user list and compared them with the list of current employees to determine whether administrative privileges to Faraday's application were limited to authorized employees.	No exceptions noted.
CC6.1.8	Administrative activity is logged and monitored in logging applications.	Inspected the administrative activity configuration to determine whether administrative activity was logged and monitored in logging applications.	No exceptions noted.
CC6.1.9	Security groups are enabled on cloud-based environments.	Inspected the server security group to determine whether security groups were enabled on cloud-based environments.	No exceptions noted.
CC6.2 - Prior to issuing system credentials and granting system access, the entity registers and authorizes new internal and external users whose access is administered by the entity. For those users whose access is administered by the entity, user system credentials are removed when user access is no longer authorized.			
CC6.2.1	User access permissions are assigned based on job roles.	Inspected the users and access levels and compared them with the list of current employees to determine whether user access permissions were assigned based on job roles.	No exceptions noted.
CC6.2.2	Faraday's application systems access provisioning procedures are in place to help ensure user access requests are submitted and approved by authorized employees.	Inspected the completed onboarding checklist for a sample of new hires to determine whether access provisioning procedures were in place to help ensure user access requests were submitted and approved by authorized employees.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
		Inspected the access provisioning procedures to determine whether access provisioning procedures were in place to help ensure user access requests were submitted and approved by authorized employees.	No exceptions noted.
CC6.2.3	Faraday's application systems access termination procedures are in place to help ensure employee terminations are communicated to appropriate employees and user accounts are disabled and deleted upon notice of termination.	Inspected the completed termination checklist for a sample of terminated employees to determine whether termination procedures were in place to help ensure employee terminations were communicated to appropriate employees and user accounts were disabled and deleted upon notice of termination.	No exceptions noted.
		Inspected the termination procedures to determine whether access termination procedures were in place to help ensure employee terminations were communicated to appropriate employees and user accounts were disabled and deleted upon notice of termination.	No exceptions noted.
CC6.2.4	Faraday has a documented Access Control Policy that describes expectations of user access, provisioning of user access, termination and modification of user access, and review of users' access.	Inspected the Access Control Policy to determine whether Faraday had a documented Access Control Policy that described expectations of user access, provisioning of user access, termination and modification of user access, and review of users' access.	No exceptions noted.
CC6.2.5	Faraday uses a documented onboarding checklist when performing new hire implementation tasks.	Inspected the onboarding checklist for a sample of new employees to determine whether it was completed when performing new hire implementation tasks.	No exceptions noted.
CC6.3 - The entity authorizes, modifies, or removes access to data, software, functions, and other protected information assets based on roles, responsibilities, or the system design and changes, giving consideration to the concepts of least privilege and segregation of duties, to meet the entity's objectives.			
CC6.3.1	User access levels are reviewed quarterly during the Risk Committee meetings.	Inspected user access level reviews for a sample of quarters to determine whether they were performed.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC6.3.2	User access permissions are assigned based on job roles.	Inspected the users and access levels and compared them with the list of current employees to determine whether user access permissions were assigned based on job roles.	No exceptions noted.
CC6.3.3	Faraday's application systems access provisioning procedures are in place to help ensure user access requests are submitted and approved by authorized employees.	Inspected the completed onboarding checklist for a sample of new hires to determine whether access provisioning procedures were in place to help ensure user access requests were submitted and approved by authorized employees.	No exceptions noted.
		Inspected the access provisioning procedures to determine whether access provisioning procedures were in place to help ensure user access requests were submitted and approved by authorized employees.	No exceptions noted.
CC6.3.4	Faraday's application systems access termination procedures are in place to help ensure employee terminations are communicated to appropriate employees and user accounts are disabled and deleted upon notice of termination.	Inspected the completed termination checklist for a sample of terminated employees to determine whether termination procedures were in place to help ensure employee terminations were communicated to appropriate employees and user accounts were disabled and deleted upon notice of termination.	No exceptions noted.
		Inspected the termination procedures to determine whether access termination procedures were in place to help ensure employee terminations were communicated to appropriate employees and user accounts were disabled and deleted upon notice of termination.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC6.4 - The entity restricts physical access to facilities and protected information assets (for example, data center facilities, backup media storage, and other sensitive locations) to authorized personnel to meet the entity's objectives.			
CC6.4.1	The entity restricts physical access to facilities and protected information assets (for example, data center facilities, backup media storage, and other sensitive locations) to authorized personnel to meet the entity's objectives.	Per discussion with management, vendor due diligence activities were performed to verify vendors were responsible for physical access.	
CC6.5 - The entity discontinues logical and physical protections over physical assets only after the ability to read or recover data and software from those assets has been diminished and is no longer required to meet the entity's objectives.			
CC6.5.1	Documented data retention and disposal procedures are in place to guide the secure disposal of the Company's and clients' data.	Inspected the Data Sanitization Policy to determine whether documented data retention and disposal procedures were in place to guide the secure disposal of the Company's and clients' data.	No exceptions noted.
CC6.6 - The entity implements logical access security measures to protect against threats from sources outside its system boundaries.			
CC6.6.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC6.6.2	User access permissions are assigned based on job roles.	Inspected the users and access levels and compared them with the list of current employees to determine whether user access permissions were assigned based on job roles.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC6.6.3	Two-factor authentication is required for Faraday's application systems. Use of a password manager is required.	Inspected the two-factor authentication and password manager screenshots to determine whether two-factor authentication and a password manager were required for Faraday's application systems.	No exceptions noted.
CC6.6.4	Device firewalls are enabled on workstations.	Inspected the firewall settings for a sample of workstations to determine whether device firewalls were enabled on workstations.	No exceptions noted.
CC6.6.5	An encrypted file transfer connection is in place for transmitting client data. Secure channels are defined, and insecure channels are not permitted.	Inspected the secure file transfer protocol (SFTP) setup to determine whether encrypted file transfer connections were in place for transmitting client data, secure channels were defined, and insecure channels were not permitted.	No exceptions noted.
		Inspected the secure file transfer protocol (SFTP) configurations to determine whether encrypted file transfer connections were in place for transmitting client data, secure channels were defined, and insecure channels were not permitted.	No exceptions noted.
CC6.6.6	Storage devices, databases, laptops and workstations, and infrastructure devices are encrypted at rest.	Inspected the data encryption at rest configurations to determine whether storage devices, databases, laptops and workstations, and infrastructure devices were encrypted at rest.	No exceptions noted.
CC6.6.7	Security groups are enabled on cloud-based environments.	Inspected the server security group to determine whether security groups were enabled on cloud-based environments.	No exceptions noted.
CC6.7 - The entity restricts the transmission, movement, and removal of information to authorized internal and external users and processes, and protects it during transmission, movement, or removal to meet the entity's objectives.			
CC6.7.1	An encrypted file transfer connection is in place for transmitting client data. Secure channels are defined, and insecure channels are not permitted.	Inspected the secure file transfer protocol (SFTP) setup to determine whether encrypted file transfer connections were in place for transmitting client data, secure channels were defined, and insecure channels were not permitted.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
		Inspected the secure file transfer protocol (SFTP) configurations to determine whether encrypted file transfer connections were in place for transmitting client data, secure channels were defined, and insecure channels were not permitted.	No exceptions noted.
CC6.7.2	Storage devices, databases, laptops and workstations, and infrastructure devices are encrypted at rest.	Inspected the data encryption at rest configurations to determine whether storage devices, databases, laptops and workstations, and infrastructure devices were encrypted at rest.	No exceptions noted.
CC6.8 - The entity implements controls to prevent or detect and act upon the introduction of unauthorized or malicious software to meet the entity's objectives.			
CC6.8.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC6.8.2	Antivirus and malware software is installed on workstations.	Inspected antivirus and malware software scans for a sample of workstations to determine whether antivirus and malware software was installed.	No exceptions noted.
CC6.8.3	Antivirus software and malware software are configured to check for updates regularly, and scans are performed monthly.	Inspected the workstation antivirus configurations to determine whether antivirus software and malware software were configured to check for updates regularly and scans were performed monthly.	No exceptions noted.
CC6.8.4	Server instances are rebuilt monthly to help prevent the existence of unauthorized or malicious software.	Inspected the server instances screenshot for a sample of servers to determine whether they were rebuilt monthly.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC7.0 System Operations

Criteria Number	Control Description	Description of Testing	Results of Testing
CC7.1 - To meet its objectives, the entity uses detection and monitoring procedures to identify (1) changes to configurations that result in the introduction of new vulnerabilities, and (2) susceptibilities to newly discovered vulnerabilities.			
CC7.1.1	External vulnerability scans are performed on the network weekly.	Inspected external vulnerability scans for a sample of weeks to determine whether they were performed.	No exceptions noted.
CC7.1.2	External penetration tests are performed on Faraday's application annually.	Inspected external penetration testing report to determine whether external penetration tests were performed annually.	No exceptions noted.
CC7.1.3	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC7.2 - The entity monitors system components and the operation of those components for anomalies that are indicative of malicious acts, natural disasters, and errors affecting the entity's ability to meet its objectives; anomalies are analyzed to determine whether they represent security events.			
CC7.2.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC7.2.2	Antivirus and malware software is installed on workstations.	Inspected antivirus and malware software scans for a sample of workstations to determine whether antivirus and malware software was installed.	No exceptions noted.
CC7.2.3	Antivirus software and malware software are configured to check for updates regularly, and scans are performed monthly.	Inspected the workstation antivirus configurations to determine whether antivirus software and malware software were configured to check for updates regularly and scans were performed monthly.	No exceptions noted.
CC7.2.4	External vulnerability scans are performed on the network weekly.	Inspected external vulnerability scans for a sample of weeks to determine whether they were performed.	No exceptions noted.
CC7.3 - The entity evaluates security events to determine whether they could or have resulted in a failure of the entity to meet its objectives (security incidents) and, if so, takes actions to prevent or address such failures.			
CC7.3.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
CC7.3.2	Client responsibilities for reporting incidents, failures, and complaints are defined in the Terms of Service.	Inspected a sample client contract to determine whether client responsibilities and the Terms of Service were included.	No exceptions noted.
CC7.3.3	A documented Security Incident Response Plan is in place that establish procedures for containing, remediating, and communicating security incidents, as appropriate.	Inspected the Security Incident Response Plan to determine whether it was in place and contained procedures that contain, remediate, and communicate security incidents, as appropriate.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC7.4 - The entity responds to identified security incidents by executing a defined incident-response program to understand, contain, remediate, and communicate security incidents, as appropriate.			
CC7.4.1	Client responsibilities for reporting incidents, failures, and complaints are defined in the Terms of Service.	Inspected a sample client contract to determine whether client responsibilities and the Terms of Service were included.	No exceptions noted.
CC7.4.2	A documented Security Incident Response Plan is in place that establish procedures for containing, remediating, and communicating security incidents, as appropriate.	Inspected the Security Incident Response Plan to determine whether it was in place and contained procedures that contain, remediate, and communicate security incidents, as appropriate.	No exceptions noted.
CC7.5 - The entity identifies, develops, and implements activities to recover from identified security incidents.			
CC7.5.1	A documented Security Incident Response Plan is in place that establish procedures for containing, remediating, and communicating security incidents, as appropriate.	Inspected the Security Incident Response Plan to determine whether it was in place and contained procedures that contain, remediate, and communicate security incidents, as appropriate.	No exceptions noted.
CC7.5.2	Faraday has a documented Business Continuity Plan in place. Faraday has a 72-hour recovery time objective.	Inspected the Business Continuity Plan to determine whether it was in place and documented the 72-hour recovery time objective.	No exceptions noted.
CC7.5.3	Application servers are reconstructed monthly to help determine whether data restores are operating effectively.	Inspected application server reconstruction reports for a sample of months to determine whether server provisioning software was functioning.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC8.0 Change Management

Criteria Number	Control Description	Description of Testing	Results of Testing
CC8.1 - The entity authorizes, designs, develops or acquires, configures, documents, tests, approves, and implements changes to infrastructure, data, software, and procedures to meet its objectives.			
CC8.1.1	The Software Development Life Cycle (SDLC) Policy includes gathering requirements, design, testing, acceptance, and deployment of software.	Inspected the SDLC Policy to determine whether the policy included gathering requirements, design, testing, acceptance, and deployment of software.	No exceptions noted.
CC8.1.2	Progress is tracked in industry-standard issue tracking software. Source code is version controlled.	Inspected the software development procedures to determine whether they included requirements for tracking progress in industry-standard issue tracking software and source code being version controlled.	No exceptions noted.
		Inspected the software change tickets for a sample of software changes to determine whether changes were tracked in industry-standard issue tracking software and source code was version controlled.	No exceptions noted.
CC8.1.3	Separate environments are used for development, testing, and production.	Inspected the software development procedures to determine whether separate environments were used for development, testing, and production.	No exceptions noted.
		Inspected the version control tracking software screenshot to determine whether separate environments were used for development, testing, and production.	No exceptions noted.
CC8.1.4	New device hardening procedures are documented.	Inspected the hardening procedures to determine whether they were documented.	No exceptions noted.
CC8.1.5	Servers are patched monthly as part of the monthly server reconstruction procedure.	Inspected the server patch status screenshot for a sample of Faraday servers to determine whether patches were installed monthly as part of the monthly server reconstruction procedure.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor’s Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC8.1.6	Workstations are updated for patches monthly.	Inspected the workstation patch status screenshot for a sample of Faraday workstations to determine whether patches were installed monthly.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

CC9.0 Risk Mitigation

Criteria Number	Control Description	Description of Testing	Results of Testing
CC9.1 - The entity identifies, selects, and develops risk mitigation activities for risks arising from potential business disruptions.			
CC9.1.1	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.
CC9.1.2	The Risk Committee meets quarterly and includes a discussion related to Company policies, operations, events, changes, and related risk requirements as part of the agenda as needed.	Inspected the Risk Committee meeting minutes for a sample of quarters to determine whether Company policies, operations, events, changes, and related risk requirements were discussed.	No exceptions noted.
CC9.1.3	Faraday has a documented Business Continuity Plan in place. Faraday has a 72-hour recovery time objective.	Inspected the Business Continuity Plan to determine whether it was in place and documented the 72-hour recovery time objective.	No exceptions noted.
CC9.2 - The entity assesses and manages risks associated with vendors and business partners.			
CC9.2.1	A documented risk assessment is updated on an ongoing basis and annually. The risk assessment identifies potential threats that would impair system security, confidentiality, and availability commitments and requirements; assesses risk of fraudulent actions; analyzes the significance of risks associated with the identified threats; and determines mitigation strategies for those risks.	Inspected the Information Risk Assessment to determine whether it identified potential threats that would impair system security, confidentiality, and availability commitments and requirements; assessed risk of fraudulent actions; analyzed the significance of those risks; and determined mitigation strategies.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
CC9.2.2	Faraday has SLAs with critical vendors.	Inspected SLAs for a sample of critical vendors to determine whether they were in place.	No exceptions noted.
CC9.2.3	Faraday has Nondisclosure agreements, BAAs, or Security Addendums with critical vendors.	Inspected a Nondisclosure agreement, BAA, or Security Addendum for a sample of critical vendors to determine whether they were in place.	No exceptions noted.
CC9.2.4	SOC Reports and Complimentary User Entity Controls are reviewed for critical vendors as part of the overall Vendor Due Diligence Program.	Inspected SOC report reviews for a sample of critical vendors to determine whether they were reviewed.	No exceptions noted.
CC9.2.5	Faraday personnel request, obtain, and read their third-party vendors' SOC Reports to help ensure they include control activities covering the following areas: <ul style="list-style-type: none"> • Computer operations • Change management • Logical access • Physical security • Protection against environmental factors • Power outages • Backup redundancy 	Inspected a sample SOC report review to determine whether it included a review of control activities covering the following areas: <ul style="list-style-type: none"> • Computer operations • Change management • Logical access • Physical security • Protection against environmental factors • Power outages • Backup redundancy 	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Additional Information Related to Availability

Criteria Number	Control Description	Description of Testing	Results of Testing
A1.1 - The entity maintains, monitors, and evaluates current processing capacity and use of system components (infrastructure, data, and software) to manage capacity demand and to enable the implementation of additional capacity to help meet its objectives.			
A1.1.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
A1.1.2	Application servers are reconstructed monthly to help determine whether data restores are operating effectively.	Inspected application server reconstruction reports for a sample of months to determine whether server provisioning software was functioning.	No exceptions noted.
A1.2 - The entity authorizes, designs, develops or acquires, implements, operates, approves, maintains, and monitors environmental protections, software, data backup processes, and recovery infrastructure to meet its objectives.			
A1.2.1	Monitoring software is used to identify and evaluate ongoing system performance, security threats, changing resource utilization needs, and unusual system activity.	Inspected the monitoring software configurations to determine whether it was configured to identify and evaluate system performance, security threats, resource utilization needs, and unusual system activity.	No exceptions noted.
		Inspected a sample of alerts to determine whether monitoring software identified and notified IT Management of system performance, security threats, resource utilization, and unusual system activity.	No exceptions noted.
A1.2.2	Application servers are reconstructed monthly to help determine whether data restores are operating effectively.	Inspected application server reconstruction reports for a sample of months to determine whether server provisioning software was functioning.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
A1.2.3	Faraday has a documented network diagram made available to employees.	Inspected the network diagram to determine whether it was documented and made available to employees.	No exceptions noted.
A1.3 - The entity tests recovery plan procedures supporting system recovery to meet its objectives.			
A1.3.1	Database server point-in-time recovery tests are performed semiannually to help ensure data can be restored in the event of a disaster.	Inspected semiannual database server point-in-time recovery test documentation to determine whether databases were tested for restoration purposes.	No exceptions noted.
A1.3.2	Application servers are reconstructed monthly to help determine whether data restores are operating effectively.	Inspected application server reconstruction reports for a sample of months to determine whether server provisioning software was functioning.	No exceptions noted.
A1.3.3	Faraday has a documented Business Continuity Plan in place. Faraday has a 72-hour recovery time objective.	Inspected the Business Continuity Plan to determine whether it was in place and documented the 72-hour recovery time objective.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor's Tests of Controls and Results

Additional Information Related to Confidentiality

Criteria Number	Control Description	Description of Testing	Results of Testing
C1.1 - The entity identifies and maintains confidential information to meet the entity's objectives related to confidentiality.			
C1.1.1	A Data Retention Policy is in place. Data retention requirements are based on client contract requirements.	Inspected the Data Retention Policy to determine whether it was in place and identified retention requirements based on client contract requirements.	No exceptions noted.
C1.1.2	An acknowledgement of the Employee Handbook and the Employee and Service Provider Information Security Agreement is completed annually. The Employee and Service Provider Information Security Agreement includes employee responsibility in regard to confidentiality and protection of information and data.	Inspected the Employee Handbook acknowledgment and the Employee and Service Provider Information Security Agreement for a sample of current employees to determine whether they were completed annually.	No exceptions noted.
		Inspected the Employee and Service Provider Information Security Agreement to determine whether it included employee responsibilities regarding confidentiality and protection of information and data.	No exceptions noted.
C1.1.3	A Vendor Management Policy is in place and includes confidentiality requirements.	Inspected the Vendor Management Policy to determine whether it was in place and included confidentiality requirements.	No exceptions noted.
C1.1.4	An encrypted file transfer connection is in place for transmitting client data. Secure channels are defined, and insecure channels are not permitted.	Inspected the secure file transfer protocol (SFTP) setup to determine whether encrypted file transfer connections were in place for transmitting client data, secure channels were defined, and insecure channels were not permitted.	No exceptions noted.
		Inspected the secure file transfer protocol (SFTP) configurations to determine whether encrypted file transfer connections were in place for transmitting client data, secure channels were defined, and insecure channels were not permitted.	No exceptions noted.

Criteria, Related Controls, and Independent Auditor’s Tests of Controls and Results

Criteria Number	Control Description	Description of Testing	Results of Testing
C1.2 - The entity disposes of confidential information to meet the entity's objectives related to confidentiality.			
C1.2.1	Documented data retention and disposal procedures are in place to guide the secure disposal of the Company's and clients' data.	Inspected the Data Sanitization Policy to determine whether documented data retention and disposal procedures were in place to guide the secure disposal of the Company's and client' data.	No exceptions noted.