

PRAXIS Technology Escrow's SOC 2 Compliance and Insurance Coverage

Commitment to Security, Availability, and Client Protection

At PRAXIS Technology Escrow, we take the protection of our clients' sensitive information and intellectual property seriously. As part of our commitment to transparency and operational excellence, we have undergone an independent **SOC 2 Type I attestation** covering the **Security** and **Availability** trust principles. While this does not yet include **Confidentiality, Processing Integrity, or Privacy**, we want to explain why this scope is appropriate for our services—and why PRAXIS remains one of the most trusted and forward-thinking escrow agents in the industry.

We also want to share that **PRAXIS has committed to pursuing SOC 2 Type II certification in 2027**, further strengthening our assurance to clients through ongoing operational testing of our controls over time.

Why PRAXIS Pursued SOC 2 for Security and Availability

SOC 2 (System and Organization Controls) is an auditing standard developed by the American Institute of Certified Public Accountants (AICPA) that evaluates how a service organization manages data based on five Trust Services Criteria:

- Security
- Availability
- Confidentiality
- Processing Integrity
- Privacy

PRAXIS has completed a **SOC 2 Type I audit** for **Security** and **Availability**, as these are the most critical areas for a technology escrow provider.

Security

We protect the source code, proprietary software, and digital assets entrusted to us through robust access controls, encryption, and secure infrastructure. SOC 2 Type I affirms that our security controls are formally designed and implemented.

Availability

We maintain strong processes and systems to ensure that escrowed materials are retrievable and protected from disruption. Our audit confirms that these measures are appropriately structured to support system availability.

Why Confidentiality, Processing Integrity, and Privacy Are Not Included (and Why That's Okay)

Our decision to focus on Security and Availability reflects the nature of our services. PRAXIS is a custodial provider, not a data processor or analytics platform. Here's why the other categories were not included:

- **Confidentiality** – Our role is to securely store sensitive materials, not to access or analyze them. While we treat all deposits with strict confidentiality, the controls related to this SOC 2 criterion are typically relevant to organizations that *process* confidential data.
- **Processing Integrity** – This applies to systems that perform data transformations or business logic. PRAXIS does not manipulate client materials—we serve as a passive, neutral third-party custodian.
- **Privacy** – We operate in a business-to-business (B2B) context and do not process personal data on a large scale. Our systems are not designed for the collection or analysis of consumer information.

By focusing on the controls that are most relevant to our function, we provide clients with meaningful, applicable assurances. And as mentioned above, **we plan to expand this assurance with a full SOC 2 Type II audit in 2027**, which will demonstrate that our controls are not only designed correctly but are operating effectively over time.

Most Escrow Providers Have No Independent Compliance Standards

Unlike PRAXIS, **most technology escrow agents do not hold any third-party certifications or compliance reports**. They operate without independent audits, and clients are often left to assume their internal controls are sufficient.

By achieving SOC 2 Type I compliance—and publicly committing to SOC 2 Type II certification in 2027—PRAXIS is setting a higher standard for transparency, accountability, and long-term operational trustworthiness in the escrow industry.

Additional Protection: \$2 Million Errors & Omissions Insurance

To further reinforce our clients' peace of mind, PRAXIS maintains a **\$2 million Errors & Omissions (E&O) insurance policy**. This policy provides financial protection in the rare case of operational failure or professional error.

We also offer the option to name clients as an **"Additional Insured"** on this policy.

Benefits of Being Named as an Additional Insured:

- **Direct access to policy coverage** in the event of a claim
- **Clear legal standing** as a beneficiary under the policy
- **Improved internal risk posture** for your vendor management process
- **Better alignment** with compliance obligations—especially relevant for highly regulated European industries

This level of financial protection is uncommon in the escrow industry and demonstrates our seriousness in being a long-term, trustworthy partner.

Global Readiness: Built with European Clients in Mind

We understand that European organizations are subject to rigorous compliance standards such as **GDPR, NIS2, DORA**, and others. While PRAXIS is a U.S.-based firm, we are committed to providing escrow services that meet the needs of global enterprises.

- We **minimize personal data exposure** in our operations
- Our services focus on **secure custody**, not data processing
- We offer **contractual flexibility** to support EU legal frameworks when needed
- We're open to working with your legal or procurement teams to satisfy jurisdictional, regulatory, or internal policy requirements

We also provide full documentation of our SOC 2 audit and insurance policy to support your vendor due diligence process.

In Summary

PRAXIS offers a uniquely strong combination of operational integrity and client protection, including:

- **SOC 2 Type I** compliance for **Security and Availability**
- A commitment to achieve **SOC 2 Type II** compliance in **2027**
- A **\$2 million E&O insurance policy**, with client opt-in for additional insured status
- A custodial model that **avoids unnecessary data exposure or processing risk**
- A service mindset that supports **international clients, including those in the EU**

While our current SOC 2 scope does not include every trust principle, our E&O coverage, transparent practices, and planned certification roadmap provide a reliable and secure foundation for business-critical escrow arrangements.

We welcome the opportunity to discuss your unique compliance or legal needs and are happy to provide:

- A copy of our **SOC 2 Type I report**
- Details of our **E&O insurance policy**
- Support for onboarding and procurement assessments

Let's build trust—securely and professionally.

About PRAXIS

At PRAXIS Technology Escrow, we combine innovation with security to protect your most critical software and technology assets. As innovators in the field, PRAXIS offers the most advanced solutions in the industry, ensuring your deposits are always up to date and never lost, thanks to our Automated Escrow™ solution and Infinite Retention Policy™. Providing services worldwide from our U.S. headquarters, we pride ourselves on delivering flexible, tailored escrow agreements that meet each client's unique needs, backed by PRAXIS' unmatched personal service. Our team of experts provides trustworthy and responsive support, ensuring your business continuity is always protected.

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