



June 7, 2017

## DESCRIPTION OF AUDITING STANDARDS

### ISAE 3402 (FORMER SAS 70) AUDITING STANDARD

Customers require that the service organizations demonstrate they have the adequate internal control system to protect data and sensitive information belonging to the customers. Created by the American Institute of Certified Public Accountants (AICPA), the SAS 70 standard was developed specifically to address this concern.

Based on independent audits, the SAS 70 certification allows the service organization to guarantee their customers the effective working of internal controls and processes. The SAS 70 audit report was intended to be used by the customers and their auditors.

From 2011, new standards, i.e. ISAE 3402 (International standard) and SSAE 16 (American standard), are used instead of SAS 70.

#### EPAM obtained the following audit certificates:

- SAS 70 Type II: in 2007, 2008, 2009 and 2010
- ISAE 3402 / 3000 Type 2: in 2011, 2012, 2013, 2014, 2015, and 2016

#### Locations in the audit scope:

- Belarus, Minsk Software Development Center (9 offices)
- Belarus, Minsk Business Systems and Services
- Bulgaria, Sofia Software Development Center
- China, Shenzhen Software Development Center
- China, Shenzhen Particular Offshore Development Center
- Czech Republic, Prague Software Development Center
- Hungary, Budapest Software Development Center (2 offices)
- Hungary, Budapest Particular Offshore Development Center
- Hungary, Szeged Software Development Center
- Kazakhstan, Karaganda Software Development Center
- Kazakhstan, Astana Software Development Center
- Poland, Gdansk Software Development Center
- Poland, Gdansk Particular Offshore Development Center
- Poland, Krakow Software Development Center
- Poland, Krakow Particular Offshore Development Center
- Russia, St. Petersburg Software Development Center
- Ukraine, Kyiv (4 offices)

**Audit periodicity:** annually

**Auditor Company:** Deloitte Ltd.

The audit is performed in November usually. During the latest audit, 26 facilities were audited in 9 countries while the auditors interviewed 200+ employees.

**The Auditors' Opinion:**

[...] The controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period from May 1, 2016 to October 31, 2016

## ISO 27001 AUDITING STANDARD

ISO/IEC 27001 is an internationally recognized standard to manage the company's Information Security Management System.

The company's Information Security Management System is developed according to the requirements of ISAE 3402 (former SAS 70) and ISO 27001, which are leading auditing and security standards.

EPAM was the first ITO provider in Central and Eastern Europe to achieve SAS70 Type II report and ISO 27001 certificate. EPAM's dedication to protecting its clients' information and intellectual property assets is demonstrated by obtaining these certificates annually.

### EPAM obtained the ISO 27001:2005 audit certificates:

- **Years:** 2010, 2011, 2012, 2013 and 2014
- **Locations:** Hungary, Budapest Software Development Center  
Hungary, Budapest Particular Offshore Development Center  
Hungary, Szeged Software Development Center  
Ukraine, Kyiv Particular Offshore Development Center

**Audit periodicity:** annually

**Auditor Company:** DNV - Det Norske Veritas

### EPAM obtained the ISO 27001:2013 audit certificate:

- **Years:** 2015, 2016 and 2017
- **Locations:** Bulgaria, Sofia Software Development Center  
China, Shenzhen Software Development Center  
China, Shenzhen Particular Offshore Development Center  
Hungary, Budapest Software Development Center  
Hungary, Budapest Particular Offshore Development Center  
Hungary, Debrecen Software Development Center  
Hungary, Szeged Software Development Center  
India, Hyderabad Software Development Center  
Kazakhstan, Karaganda Software Development Center  
Kazakhstan, Astana Software Development Center  
Mexico, Guadalajara Software Development Center  
Poland, Gdansk Software Development Center  
Poland, Gdansk Particular Offshore Development Center  
Poland, Krakow Software Development Center  
Poland, Krakow Particular Offshore Development Center  
Ukraine, Kyiv Particular Offshore Development Center  
United States, Washington D.C. Software Development Center  
United States, Conshohocken Software Development Center

**Audit periodicity:** annually

**Auditor Company:** DNV - Det Norske Veritas

## ISO 9001 AUDITING STANDARD

ISO 9001 sets out the criteria for a quality management system and is the only standard in the family that can be certified to (although this is not a requirement). In fact ISO 9001 is implemented by over one million companies and organizations in over 170 countries.

The standard is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. These principles are explained in more detail in the pdf Quality Management Principles. Using ISO 9001:2008 helps ensure that customers get consistent, good quality products and services, which in turn brings many business benefits.

Certification is a confirmation of the requirements of ISO 9001, which guarantees the availability of the Company's disciplined approach to the management and quality of products and services.

**EPAM obtained the ISO 9001:2008 audit certificate:**

- **Years:** 2011, 2012, 2014, 2015
- **Locations:** Belarus, Minsk office  
Russia, Moscow office

**EPAM obtained the ISO 9001:2015 audit certificate:**

- **Year:** 2017
- **Location:** Belarus, Minsk office

**Certification audit:** every 3<sup>rd</sup> year

**Inspection audit:** annually

**Auditor company:** BelGiss, ROSTEST -Moscow, SGS

## SOX AUDITING STANDARD

The Sarbanes-Oxley Act (SOX) of 2002 established accountability for the accuracy of financial statements. Its Section 404, Management Assessment of Internal Controls, requires publicly held companies to undergo strict audits on financial data and internal controls. These audits – known as SOX audits – provide information for investors and other stakeholders with information on how well the audited company maintains general accounting standards and has adequate management controls over business and financial information.

A SOX audit tests for variances and misstatements in a company's financial data, strength of internal controls and governance in the accounting department. When testing for variances and misstatements, auditors will review documents prepared by the company.

**The SOX audit has been performed annually since 2014.**

## CMMI (CAPABILITY MATURITY MODEL INTEGRATION) APPRAISAL

CMMI-DEV ((CMMI for Development) guidance covers the lifecycles of products and services from conception through delivery and maintenance. CMMI-DEV best practices are flexible enough to apply to a variety of industries, yet stable and consistent enough to provide a benchmark against which your organization can measure and compare itself.

Appraisal is a confirmation of the compliance with the level of maturity (from 2 to 5). Level of maturity is determined on the ground of the level of achievement of process areas development goals specified in the CMMI model.

Adopting CMMI-DEV is a solid, high-return investment that your organization can make to ensure long-term enduring results. The business benefits experienced by organizations using CMMI-DEV in their process improvement programs include the following:

- Improved customer satisfaction
- Increased quality
- More accurate schedules
- Lower development costs
- Substantial return on investment
- Improved employee morale and reduced turnover

**EPAM was appraised as follows:**

- **Year:** 2014 and 2017
- **Locations:** Hungary organizational unit - CMMI-DEV v1.3 Maturity Level 5  
Krakow office, Poland - CMMI-DEV v1.3 Maturity Level 5  
Shenzhen office, China (as Jointech) - CMMI-DEV v1.3 Maturity Level 3

**Appraisal periodicity:** every 3rd year

**Appraisal organization:** IAL Software Engineering, S.A (for Hungary and Poland); Zhizhuo (for Shenzhen)