

DECLARATION
of auditors and independent auditors who are members
of the Chamber of Auditors of Azerbaijan Republic

As a result of the work carried out on the basis of the instructions of the President of Azerbaijan Republic Ilham Aliyev on increasing transparency in the country, strengthening the fight against corruption, developing entrepreneurship and ensuring the sustainability of the progress of our economy, the scope of compulsory audit has significantly expanded, the measures to counteract to evasion of audit have been strengthened, steps have been taken to strengthen the auditors' independence, certain measures have been taken to support the strengthening of small and medium audit organizations, certain steps have been taken to improve the competitive environment in the market of audit services.

However, along with this, the existing situation in the audit requires from auditors and independent auditors to mobilize their forces, diligence and skill.

It became necessary to jointly fight against some of our colleagues which damage the reputation of the audit profession, reduce the public's confidence in the audit, allow incompatible actions with professional ethics of the auditors, violate the norms of professional morality, that harm the existing among auditors traditions of mutual respect. Only in this case, we can achieve an increasing of the prestige of the audit profession in society in our country, further improvement of the audit and sustainable development of the country's economy, the support expected from the audit. All this, in turn, can play a significant role in solving the tasks set for the country's auditors in congratulatory letters sent by the Republic's President, Mr. Ilham Aliyev, to the staff and members of the Chamber on April 4, 2016 on the occasion of the 20th anniversary of the Chamber of Auditors and on September 22, 2017 in connection with the International Scientific and Practical Conference on "Strategic Roadmap of the Azerbaijan's Economy: Problems of Reporting and Transparency".

Considering all this, we declare about joining to the Partnership Agreement on inadmissibility of dumping and unfair competition between members of the Chamber of Auditors of Azerbaijan Republic:

PARTNERSHIP AGREEMENT
on inadmissibility of dumping and unfair competition between members
of the Chamber of Auditors of Azerbaijan Republic

We, the independent auditors and audit organizations acceding to the present Agreement (hereinafter referred to as the Parties), joining to the appeal of the Council of the Chamber of Auditors of Azerbaijan Republic of December 21, 2016 to audit organizations and independent auditors for the purpose of uniting efforts for the fulfillment of obligations to combat corruption, dumping and unfair competition, of acceleration of economic reforms in the country, increasing transparency, fighting in the sphere of enhancing the prestige of the audit profession, declare compliance with the requirements of the Law of Azerbaijan Republic "On Audit Service", the provisions of other regulatory acts governing audit services, the requirements of the membership obligations of international organizations, the member of which is the Chamber of Auditors, declaring on inadmissibility of dumping and unfair competition in providing audit services being members of the Chamber of Auditors, have come to the following agreement:

1. General Provisions

1.1. By signing this agreement, each of the Parties confirms that its interests correspond to joint and partner cooperation in the audit service.

1.2. In order to realize common interests and achieve common goals, the Parties undertake to carry out joint activities in the above area.

1.3. The Parties carry out joint activities in accordance with the terms and conditions of this Agreement.

1.4. In the process of realization of interests and achievement of common goals, the Parties are obliged to build mutual relations on the basis of equality, honest and conscientious partnership, observing the requirements of the "Code of Ethics for Professional Accountants", at the same time, protecting each other's interests.

1.5. The Parties exchange information for general purposes and, if necessary, hold joint consultations.

1.6. The Parties undertake to take the necessary measures to protect information considered to be a commercial secret received from each other in the process of cooperation in accordance with the terms of this Agreement.

2. Purpose of the Agreement

The purpose of this agreement is to achieve transparency in the market of audit services with mutual cooperation of the Parties, to create favourable conditions for productive activities of auditors based on fair competition, to prevent cases of poor quality audit, dumping, unfair competition, as well as to increase the level of audit, in general.

3. Obligations of the Parties

3.1. The Parties establish their mutual relations within the framework of strategic cooperation and act in accordance with their interests and legitimate interests of third parties providing audit services.

3.2. The Parties mutually undertake to adhere to the requirements of regulatory enactments regulating the audit service and not to admit the following cases of unfair competition in the market of audit services:

- contradicting the legislation of Azerbaijan Republic and not conforming to business traditions, fairness and professional ethics;
- malicious acts that harm other audit organizations, independent auditors or are capable to damage to the business reputation of their competitors;
including:
 - dissemination, by audit organization, an independent auditor and their representatives, of false, inaccurate or distorted information about the same audit organization and an independent auditor;
 - providing the customer with misleading information about the nature, essence, quality and volume of services;
 - incorrect comparison of services of an audit organization, an independent auditor and their representatives with the services rendered by other audit organizations and independent auditors;
 - provision of services by an audit organization and an independent auditor with use an intellectual property and personal products of another legal entity;
 - illegal receipt, use and dissemination of trade secrets and other confidential information protected by law;
 - application of unreasonably high prices by an audit organization and an independent auditor;
 - application of unreasonably low prices for services by an audit organization and an independent auditor.

4. Rights and obligations of the Parties

The Parties have the rights and obligations defined by the Law of Azerbaijan Republic "On Audit Service", regulatory legal acts governing audit activity, and this Agreement.

5. Responsibility

If in the actions of the Party there are evidence of unfair competition, dumping and violations of other provisions provided for in this Agreement, the amount received as a result of the violation is fully paid as an indemnity to the injured Party.

6. Amendment and termination of the Agreement

6.1. This Agreement may be amended on the basis of mutual consent of the Parties.

6.2. The withdrawal from this Agreement unilaterally may be initiated by one of the Parties by sending a reasoned written notification at least 90 days before its termination.

6.3. Amendments to this Agreement are carried out by a simple majority of votes in the presence of the Parties.

6.4. Termination of the Agreement can occur in the following cases:

- with the consent of all Parties;
- in cases established by law.

7. Settlement of disputes

7.1. All disagreements and disputes arising between the Parties in connection with the implementation of this agreement shall be settled through negotiations.

7.2. If, in the event of disagreement, the Parties can not reach mutual agreement by negotiation, or if one of the Parties evades negotiations, then, if the disagreements can not be resolved by the Chamber of Auditors, the dispute is resolved by the court in the manner prescribed by law.

8. Agreement's Term and general control over the implementation of the Agreement.

8.1. The agreement is concluded indefinitely and comes into force from the date of signing by the Parties.

8.2. This Agreement is approved by signing in the exemplary sheet of notices drawn up by audit organizations and auditors who have acceded to the Agreement and are members of the Chamber of Auditors (with indication of their requisites), one copy is submitted to the Chamber of Auditors for monitoring compliance with obligations under the agreement and, in case of admission of violations by the participants, implementation the necessary measures in accordance with the law correspondingly to paragraph 7.2 of this Agreement.

9. Acceding to the Agreement and registry maintenance

9.1. Registration and registry maintenance of the Parties that have acceded to the Agreement is carried out by the Chamber of Auditors.

9.2. Those wishing to accede to the Agreement sign a notice of this (Appendices 1, 2) and apply to the Chamber of Auditors for registration.

10. Final Provisions

10.1. The Parties confirm that they will not consider the Agreement invalid or not concluded on the grounds that the corresponding consent in respect of any important article of this Agreement will not be reached in the future.

10.2. The Parties confirm that, if any article of the Agreement is considered to be contrary to the law in the future, the Parties will consider this article as invalid and, having made appropriate changes to this article and having achieved its accordance to the law, will keep this Agreement in full force.

10.3. All legal relations not regulated by the Agreement are regulated by existing legislative norms.

10.4. With a view to comply with the terms of this agreement and the requirements of the current legislation, the Parties provide each other with their personal information, allow to use, process and distribute it.

10.5. Personal data may be provided to third parties only in accordance with current legislation.

10.6. The Parties confirm that, during the signing of this agreement, they were informed of the personal data's owner and his rights, composition, content, as well as about the persons to whom this information was provided.

10.7. The Parties establish their mutual relations within the framework of strategic cooperation and act taking into account established by law their own interests and the mutual interests of third parties providing audit services.

Notification

I, _____ (name, surname, father's name) _____, an independent auditor, supporting the Declaration of audit organizations and independent auditors which are members of the Chamber of Auditors of Azerbaijan Republic, declare about acceding to the proposed Agreement and sign it.

Bank details:

Signature: independent auditor _____ (name, surname, father's name) _____

stamp

_____ 2017