

# Commercial Contract

## CONFLICT OF INTEREST AGREEMENT



*Empowered lives.  
Resilient nations.*



## Small and Medium Enterprises Development Authority

### Ministry of Industries & Production

### Government of Pakistan

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January 2013

## **Conflict of Interest Agreement**

Pro-Gole (Right to do Business)

Legal Services, B&SDS

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### LEGAL SERVICES, SMEDA

The Legal Services (LS) department is a part of Business & Sector Development Services Division of the Small Medium Enterprises Development Authority and plays a key role in providing an overall facilitation and support to the small businesses. The LS believes that information dissemination among the small businesses on the existing legal & regulatory environment and business to business and business to client contracting is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate small businesses, the LS, under the Pro-GOLE (Right to do business) project, a joint SMEDA-UNDP initiative for supporting the small businesses, has developed user-friendly contract templates.

### Pro-GOLE, (Right to do Business)

The UNDP has partnered with the Small and Medium Enterprises Development Authority to initiate and execute the Pillar 4 (Right to do business) component of the UNDP PRO-GOLE project which seeks to enhance the legal awareness and mobility of marginalized/ informal businesses. Under the project legal services outreach shall be extended to small businesses including home based enterprises, small shopkeepers, growers, women entrepreneurs, hawking vendors etc. In addition, small business shall be mobilized to access legal services.

### The Need for Commercial Contracts Templates

In an increasingly complex and competitive industry, it is vital that suppliers and purchasers are fully protected against legal and commercial risks. To counter such risks, a viable solution; available as- of the shelf commercial contract templates- will provide the users with first class ready to use support. With obligations properly set out and liabilities accurately defined, the users will be in a far better position to look after their rights and interests and move forward from their marginalized positions to being active players of the economy. The Legal Service Providers can equally take benefit of these templates for their professional and business development.

### Disclaimer

The information contained in this template is meant to facilitate the businesses in documenting transactions with reference to employment matters. However, SMEDA, UNDP or any of their employees or representatives accept no responsibility and expressly disclaim any and all liabilities for any and all losses/shortfalls caused by or motivated by recommendations from the information contained within this document. Although SMEDA's ambition is to provide accurate and reliable information; yet, the document is not an alternative to expert legal advice and should ideally be used in conjunction with the same. Any person using this document and or benefiting from the information contained herein shall do so at his/her own risk and costs and be deemed to have accepted this disclaimer.

Information contained in this document may be freely used provided that relevant acknowledgement is accurately quoted with each usage.

## Conflict of Interest Agreement

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### 11. CONFLICT OF INTEREST AGREEMENT

THIS CONFLICT OF INTEREST AGREEMENT (hereinafter referred to as the "Agreement") is made at [insert place] on this \_\_\_\_ (insert date) day of \_\_\_\_\_ (insert month), 20\_\_ (insert year)

BY AND BETWEEN:

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

(hereinafter referred to as the "Business", which expression shall, wherever the context so provides, include its successors, assigns, nominees and agents)

AND

Mr/Mrs/Ms [insert Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number] (Hereinafter referred to as the "Employee".)

(The Business and the Employee are hereinafter collectively referred to as the "Parties", and individually as the "Party").

In consideration of employment by the Business as agreed upon between the Parties by way of the Employment Agreement dated [insert date] (hereinafter referred to as the "Employment Agreement"), the Employee hereby covenants and agrees as follows:

1. No Conflict of Interest/Noninterference with the Business

- (a) The Employee agrees and undertakes that during the term of the Employment Agreement, it shall not accept work or enter into a contract or accept an obligation which is inconsistent or incompatible with Employee's obligations under the Employment Agreement or conflicts with the scope of services to be rendered to the Business in accordance with the Employment Agreement. The Employee warrants that to the best of its knowledge, there is no other existing contract or duty on part of the Employee which is inconsistent with this Agreement. The Employee further agrees not to disclose to the Business, or bring onto the Business' premises, or induce the Business to use any confidential information that belongs to anyone other than the Business, the clients of the Business, or the Employee.

# **Conflict of Interest Agreement**

Pro-Gole (Right to do Business)

Legal Services, B&SDS

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- (b) The Employee further undertakes that it shall not make or influence any decision on behalf of the Business in any matter wherein the interests of the Employee or anyone related to the Employee may be incompatible with the interests of the Business.
- (c) The Employee also agrees and undertakes that the it shall not negotiate or influence the letting of a subcontract or purchase order with another business in which the Employee or anyone related to the Employee has an employment relationship or a significant financial interest.
- (d) The Employee also agrees and accepts that it shall not undertake any activity during the term of the Employment Agreement and for a period of [insert number] years afterwards which may be directly in clash with the interests of the Business.

## **2. Competitive Activities**

During the time Employee is engaged with the Business and is providing services to the Business or any of its clients in accordance with the Employment Agreement dated [insert date], the Employee agrees and undertakes not to, directly or indirectly, in any individual or representative capacity, refer to the clients of the Business or its products with the competitors of the Business, or engage with the Business' competitors in conversations that alludes to directions and goals or products or clients of the Business in a comparative perspective.

## **3. No Solicitation of Customers or Prospective Customers**

During the term of this Agreement and for a period of [insert number] years following the date of termination of the Employment Agreement, the Employee shall not, directly or indirectly:

- a) Disclose, distribute, or otherwise make known to any person, firm, or other entity the identity or other related information with respect to any customers to whom Employee has been introduced or become acquainted with or learned about in any way during the course of its employment with the Business; or
- b) Call on, solicit, take away, or attempt to call on, solicit, or take away any clients or prospective clients that were known to Employee; or
- c) Induce or persuade or assist others in inducing or persuading any clients or prospective clients of the Business to reduce or discontinue doing business with the Business or to purchase from another person or entity any goods or services that had been previously supplied or which could be supplied by the Business; or
- d) Induce or persuade or assist others in inducing or persuading any vendor of the Business to reduce or discontinue its business engagements with the Business.

# Conflict of Interest Agreement

Pro-Gole (Right to do Business)

Legal Services, B&SDS

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IN WITNESS WHEREOF, the Parties have signed this Agreement, having fully understood the conditions set therein, of their own free will, in the presence of witnesses.

\_\_\_\_\_  
For and on behalf of  
The Business

\_\_\_\_\_  
For and on behalf of  
The Employee

Witnesses:

1. \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

2. \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_