

**TRADE PRACTICES ACT 1974****UNDERTAKINGS TO THE TRADE PRACTICES COMMISSION
GIVEN FOR THE PURPOSES OF SECTION 87B****BY****SWAROVSKI INTERNATIONAL (AUSTRALIA) PTY LTD****ACN 000 679 419****Background**

Swarovski International (Australia) Pty Ltd ("Swarovski International") is incorporated in New South Wales. Swarovski International supplies specialist optical equipment, namely binocular and telescopic equipment, to camera shops, ornithologist shops, binocular and telescope shops.

By letter of May 10, 1995 from Swarovski International to Granite Arms Sales Pty Ltd ("Granite Arms") and in other correspondence and conversations with Swarovski Optik, Swarovski International engaged in conduct which the Trade Practices Commission alleges was an attempt to induce Granite Arms into a price fixing contract, arrangement or understanding.

On July 27, 1995 the Commission wrote to Swarovski International in response to a complaint from Granite Arms Pty Ltd alleging a breach of section 45 of the Trade Practices Act, 1974. In substance it was alleged that Swarovski International had attempted to induce a price fix in the wholesale market for specialist optical equipment in Australia.

Swarovski International has advised that it did not intend to breach the Act and it has co-operated with the Trade Practices Commission's enquiry.

Undertaking

Swarovski International undertakes for the purposes of section 87B of the Trade Practices Act 1974 that:

1. It will not, by itself, its servants, agents or otherwise howsoever make, attempt to make, induce the making of, or attempt to induce the making of, a contract or arrangement, or arrive at, attempt to arrive at, induce the making of, or attempt to induce the making of, an understanding, if a provision of the proposed contract, arrangement or understanding has the purpose or would be likely to have the effect of fixing, controlling or maintaining the wholesale price or the discount, allowance, rebate or credit available in relation to goods, including specialist optical equipment, supplied by the parties to the contract, arrangement or understanding, or by any of them in competition with each other.

2. In relation to any person that supplies goods ("the supplier") to a person with whom Swarovski International competes in a market in Australia ("the competitor"), Swarovski International by itself, its servants, agents or otherwise howsoever will not induce, attempt to induce or in any way be knowingly concerned in any conduct by the supplier to induce or attempt to induce the competitor to enter into or make a contract, arrangement or understanding with Swarovski International which has the purpose or would be likely to have the effect of fixing, controlling or maintaining price in a market in which Swarovski International and the competitor compete.

3. It will, within 3 months of the signing of this Undertaking, prepare for consideration by the Commission a "Trade Practices Compliance Programme" with the following characteristics:

(a) Aim

To create a culture of compliance within Swarovski International and to prevent any contravention of the Act.

(b) Policy

To formally adopt a written company policy of compliance with the Act.

(c) Infrastructure

To appoint a suitably qualified senior officer of Swarovski International to have responsibility for compliance with Trade Practices.

(d) Coverage

To cover all directors, employees and agents of Swarovski International ("relevant staff").

(e) Education

To implement an education programme calculated to give the relevant staff an awareness of the provisions of the Act whereby:

- (i) relevant staff can avoid obvious contraventions and/or refer potential

Trade Practices problems to the senior officer;

- (ii) the senior officer can address Trade Practice issues and identify those issues which require referral to the legal advisers of Swarovski International.
3. Swarovski International will make changes the Commission may reasonably suggest in relation to the "Trade Practices Compliance Programme" referred to in clause 3.
 4. The "Trade Practices Compliance Programme", referred to in clause 3, is to be implemented by Swarovski International within 3 months of the approval of the Commission of its form and content.
 5. The "Trade Practices Compliance Programme" referred to in clause 3 is to remain in force for 3 years from the signing of this Undertaking.

ACKNOWLEDGEMENTS

Swarovski International acknowledges and accepts that this Undertaking will be placed on the Public Register of the Trade Practices Commission and may be referred to by the Trade Practices Commission at its discretion.

Swarovski International also notes that this Undertaking in no way derogates from the rights or remedies available to any other person arising from the alleged conduct.

IN WITNESS OF THESE UNDERTAKINGS

THE COMMON SEAL of SWAROVSKI)
INTERNATIONAL (AUSTRALIA))
PTY LTD was hereunto affixed)
by authority of the Board)
previously given in the)
presence of:)



Max Kirdler

ACCEPTED BY THE TRADE PRACTICES COMMISSION PURSUANT TO SECTION
87B OF THE TRADE PRACTICES ACT

Allan Fels

(Professor Allan Fels)
Chairman

This 26 day of *September*, 1995