



**GARDE**  
Global Alliance for Responsibility, Democracy and Equity



**Raising awareness of CSR instruments and building capacity in CSOs and  
Trade Unions in selected new member states**

**CSR convergence monitoring**

**Case study report:**

**TOBAČNA LJUBLJANA**

*Elaborated in co-operation with Pravno-informacijski center nevladnih organizacij -  
Legal-information Centre for NGOs, Slovenia*

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*The Environmental Law Service - Ekologický právní servis*

## 1. Description of the company

### 1.1. Company name

TOBAČNA LJUBLJANA, Trgovsko podjetje za tobačne izdelke, d.o.o., Ljubljana  
- Trade company for tobacco products, limited liability company)

### 1.2. Is it a daughter company? If yes, what is the mother company?

No.

### 1.3. Who owns the company?

1. IMPERIAL TOBACCO, OVERSEAS HOLDING LTD, GREAT BRITAIN  
(main owner)

2. TOBAČNA DRUŽBA ZA UPRAVLJANJE PODJETIJ, D.D., LJUBLJANA  
(the company is in state ownership)

### 1.4. Is this company a contractor, subcontractor, supplier, licensee or distributor of a transnational corporation?

*Please, fill this section in case the company that is object of this questionnaire is not a transnational company itself*

### 1.5. Subject of company's business

Gross sale and marketing of cigarettes and other tobacco products.

## 2. Positive or negative company behavior

Please mark one of the two possibilities according to what the case is about. In case of company pro active implementation of CSR and behavior with legal conformity, select "positive". In opposite case, please select negative.

positive     negative

**2.1. In case you ticked off "positive", please describe, what kind of positive impact the company has.**

**2.2. In case you ticked off "negative", please describe what kind of negative impact the company has.**

In the time the Imperial Tobacco took over the Reetsma Cigarettenfabriken GmbH from Hamburg, which was from 1991 major owner of the Tobačna Ljubljana it closed down the production of cigarettes and tobacco products, which was the basic sphere of activity

Tobačna Ljubljana. 260 workers lost the job (at the same time 380 in Hungary and 300 in Slovakia).

### 3. Geographic dimension

- local  regional  state-wide  
 international  EU-wide

### 4. Short description of the case

*Briefly describe what the core issue of the case. The text should not have more than 1200 characters including spaces.*

Tobačna Ljubljana was established in 1871. In 1991 a share of company bought Reetsma Cigarettenfabrik GmbH from Hamburg and Seita, Societe nationale d'Exploitation Industrielle des Tabacs et Aluquettes from Paris. In 1999 Reetsma took over the Seita's share and became 76% owner of Tobačna Ljubljana. In 2002 Imperial Tobacco bought 90% share of Reetsma. By the time of entering Slovenia in EU in 2004 the new customs regime caused the situation, that the production of cigarettes and tobacco products would not be further profitable. Imperial Tobacco closed down the factory and 260 workers lost their jobs.

The intentions of Imperial Tobacco were presented to workers and public "over the night" and Imperial Tobacco did not respect some obligations from workers participation law and labour law. The intention of Imperial Tobacco was realized without any consequences.

### 5. Company CSR policy

#### 5.1. What does the company state?

*(for example: Has the company adopted a code of conduct)*

What could be interpreted as a CSR policy is company's support to Slovene culture.

Some years ago, Tobačna Ljubljana decided to support Slovene culture and arts, as they share creativity, harmony of differences, freedom of choice and non-conventionalism.

Over the years, Tobačna Ljubljana supported diverse culture and arts projects and programs. Some of them are the International Summer Festival Ljubljana, the Silver Season Ticket of Cankarjev dom and the choreographer Matjaž Faric, the City Museum of Ljubljana, with a special emphasis on the Tobacco Museum, and the Café Teater. Besides, Tobačna Ljubljana awards a one-year grant to the most promising film director.

In co-operation with the renowned Slovene designer Oskar Kogoj, Tobačna Ljubljana designed a series of coffee cups. The Collection of Tobačna Ljubljana consists of seven cups. Each cup is made in 200 numbered pieces and presents the portraits of important

persons of the Slovene culture and arts. The whole collection was presented to the National University Library in Ljubljana where it is put on display.

Company states: Our main business activity is marketing and distribution of quality tobacco products from the portfolio of the Imperial Tobacco Group. We recognize that we operate in a controversial industry because of the health concerns associated with tobacco and smoking.

## **5.2. What does the mother company state?**

The mother company has some CSR policy as an annual report every year. In the 2005 annual report it lists its priorities ([www.imperial-tobacco.com](http://www.imperial-tobacco.com)):

**1. Product stewardship:** Product stewardship encompasses our consideration of the science relevant to our raw materials, processes of manufacture and product properties. It includes compliance with legislation and regulation, monitoring scientific developments and claims about the health effects of our products. We have identified several areas that are of particular importance within product stewardship and health which we report on here. These are products and ingredients, evaluating toxicity, smoking and health and developing potentially reduced exposure products. We describe issues that arise frequently in the smoking debate, namely adult choice, youth smoking prevention, other people's tobacco smoke and public smoking bans. We state our views on these issues, how we respond to them and the importance of dialogue with regulators. Our tobacco-related litigation activities are reported within our Form 20-F submission to the United States Securities and Exchange Commission and summarised in our Annual Report and Accounts.

**2. Social performance:** Our Business Principles appear on our web site. They commit us to responsible practices not only in our commercial operations but also in our social impacts. We build respectful, honest, cooperative trading relationships and contribute to the wider community by encouraging best practice amongst our business partners. We add economic value through jobs, skills, infrastructure and taxes and we contribute non-politically to the social development of many countries, appreciating cultural and traditional differences. It is in this context that we review our performance in the areas of responsible marketing, suppliers, community investment and employment.

**3. OHS&E management:** We have a well-established policy for occupational health, safety and environmental (OHS&E) management and have made significant progress in these areas over the last four years. Our Group OHS&E policy states a commitment to exercise responsible care for employees and others involved in our business activities and our aim to minimise the adverse impact of our products, activities and services upon the natural environment. In this section we describe firstly our approach to occupational health and safety management. Then, turning to environmental issues, we describe our progress in implementing management systems and our performance in relation to three key impact areas of energy and climate change, factory environmental waste production and product and packaging waste. Further details can be found in the performance section of the Review

**3. Robust processes:** Corporate responsibility is fundamental to the way we choose to do all of our business. Robust processes to ensure this happens are a key element in building our future success. In 2003, we identified the priorities for strengthening our existing processes or introducing new ones. These included communicating Group policies and standards, training and incentives, stakeholder engagement, non-financial reporting and audit and verification. We have continued to fulfil this priority during 2005. In this section we give an overview of

our organisation and management and report on policy developments, in particular for acceptable business practice, whistle-blowing and human rights. We also describe our stakeholder engagement and non-financial reporting activities

## **6. Breach of CSR policy**

*In case you ticked off "positive" at question number 2. of this form, please jump to the question number 11. of this form.*

### **6.1. Does company breach its own CSR policy?**

*Please, be specific. Make a list and describe the reason why the company is breaching the CSR policy.*

The company Tobačna Ljubljana has no whole CSR policy (look at 5.1). As concerns Imperial tobacco it could be the breaches of point 2 (look at the point 5.2).

### **6.2. Have you asked the company to fulfill its CSR provisions?**

No.

## **7. Breach of OECD Guidelines**

### **7.1. Does the company breach OECD Guidelines for Multinational Enterprises?**

Yes.

### **7.2. What article was breached?**

Article IV. Employment and Industrial Relations, point 2a), 2b), 6, 8.

### **7.3. Did you file a complaint to the National Contact Point?**

No.

### **7.4. Do CSOs in your country know about existence of National Contact Point?**

No. There is no National Contact Point in Slovenia.

### **7.5. Does the National Contact Point have a web site?**

**7.6. In case of positive answer to previous question, please make list the information published on the National Contact Point web site.**

### **7.7. Have you asked the company to respect OECD Guidelines?**

No.

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## **8. UN Global Compact**

*Please, be specific. Make a list and how the company is breaching the UN Global Compact.*

**8.1. Does the company or it's mother company support the UN Global Compact?**  
*means: is listed as a company supporting the UN Global Compact?*

No.

**8.2. Does company breach the UN Global Compact?**

No.

## **9. Legal aspects of the case**

**9.1. Is there any breach of national law?**

*Please be precise*

Yes.

1. According to workers participation law the management should, at least 15 days before decision of closing the production, consult with the workers council and try to harmonize the final decision.

2. According to labour law the management should, before closing, to the main institute for unemployed informed and deliver the a special plan, that is necessary when there is no need for work of more than (10% of all workers). The information must include the business reasons for dismissing the workers, the number, categories of all workers, term in which there will be no more need for work and criterion for concrete dismissal.

**9.2. Are there any legal steps that your organization or any other organization or individual person have done to oppose the unlawful behaviour of the company?**

No.

**9.3. Have you been already successful with your legal objections?**

**9.4. What was the company's reaction to the legal steps that have been done?**

**9.5. Are there any other occurrence of violations of the legal framework besides of the description of this case?**

**9.6. In case of positive answer to your question, please specify if there had been any judicial or administrative proceedings against the company? (in case you are not sure about the answer, don't answer this question)**

## **10. Public awareness to negative impacts**

### **10.1. Is general public informed about the case, about the company etc.?**

The public was informed about the problem through newspapers and TV/radio.

### **10.2. Who oppose the company activities (local community, NGOs, TUs?)**

The labour minister and economy minister have some public appeals to Imperial Tobacco to respect the local Slovenian law.

### **10.3. What are the results of NGOs, TUs, or local community advocacy?**

None.

### **10.4. What was the attitude of public authorities?**

Negative.

## **11. Socially or environmentally responsible behavior**

*In case you ticked off "negative" at question number 2. of this form, please go to the question number 13. of this form*

### **11.1. Is the positive activity done according to what the company officially proclaims as general CSR policy valid for or its activities, or does the company do it only in your case?**

### **11.2. Was there any external pressure (NGOs campaign, community resistance, governmental initiative?) to develop a CSR strategy in this case?**

## **12. Benefits for the company**

*In case it is easy for you to ask directly company's representatives to help you to answer this questions, please do it... In case, you don't have enough information, please try to estimate and add to your answer: "estimation".*

### **12.1. Is there any direct benefit for company from having higher standards?**

### **12.2. Is there any indirect benefit for company from having higher standards?**

### **12.3. Is there any positive reaction from the site of general public, state representatives, communities, individuals?**

### 13. Relation to public authorities

#### 13.1. Does local, regional, national government or EU Commission support the company in activities happening in your country?

No. Although the government is interested for foreign investments, but in the legal framework as it is in Slovenia

#### 13.2. Is there any connection between the company and local, regional or national government?

No.

##### a) formal

*for example a contract*

##### b) informal

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