

VETROELEKTRANE BALKANA (WEBG)

REPORT ON CSR ACTIVITIES 2009-2015

Introduction

WEBG has been working on development of approximately 160 MW wind farm “Čibuk 1” in the municipality of Kovin since 2008. As one of the pioneers in wind farm development in Serbia, the project was facing a very challenging task: Serbia was still reluctant to build new capacities from renewable energy sources, unaware of the benefits and necessity of turning to green energy, still largely committed to coal, and, as any economy in transition, very much lacking clear strategy of how to harmonize its economy and market with the EU.

In this environment, WEBG decided to invest a significant amount of its human and financial resources into CSR with the primary goal to contribute to local economic development and build strong community relations by actively involving local community in the realization of the investment.

Context

In general, WEBG also wanted its project to be one of the beacons of “Green Economy” concept in Serbia, thus promoting doing business in environmentally and socially sustainable way.

It is also interesting to note that development of a wind farm in Serbia required changing and adapting a whole range of directly or indirectly related laws and secondary legislation (bylaws and decrees), including Energy Law, but also the Law on Planning and Construction, the Law on the Use of Agricultural Land, and similar, which needed to be harmonized with the EU and were generally important for Serbia’s investment attraction. Thus, by paving the way to renewable energy-friendly Serbia, SEWEA managed to change certain pieces of legislation which contributed to the country’s economic development and EU accession in general.

First Steps: 2008-2010

In its first year of operation, 2008, WEBG, in accordance with the best international standards, signed Cooperation Agreement with the Municipality of Kovin which states that 2% of the net annual profit of the wind farm will be transferred to the municipality’s budget to be used as deemed necessary by the local parliament. At the same time, WEBG committed to make every effort to engage local companies and local workforce during construction of the wind farm – as long as adequate experience, qualifications and skill level are available locally.

In 2010, in order to initiate a strong public education and information campaign about the benefits and necessity of renewable energy sources, and to gather investors into a group which would promote its interest in transparent way as opposed to each investor lobbying individually for own interests, with the support of the United States Agency for International Development (USAID), WEBG initiated the establishment of the Serbian Wind Energy Association (SEWEA). As an association gathering foreign and domestic investors interested in developing more than 1,000 MW of wind capacity in Serbia, SEWEA proved to be a credible partner to the Government of Serbia in its quest to harmonize its energy related legislation with that of the EU. In the effort to build coalitions with all relevant players, and create a wide-spread consensus which would be able to influence changes in Serbia’s legislation, SEWEA partnered with international

development organizations such as USAID; diplomatic missions, such as Embassies of Belgium, Netherlands, Austria, Italy, Denmark, the US, and others; international financial institutions, such as the European Bank for Reconstruction and Development (EBRD); European institutions, such as the Energy Community Secretariat; and relevant local associations, such as the National Alliance for Local Economic Development (NALED). SEWEA initiated a strong campaign which resulted in increased public awareness that renewables are good for Serbia, and broad public consensus that Serbia should slowly turn away from “black” lignite-dominated energy in order to build cleaner, healthier, but also more energy independent future for itself.

On 15th June 2011, WEBG, as a part of SEWEA, and in coordination with the European Wind Energy Association (EWEA) marked the first ever celebration of the Global Wind Day in Serbia, and in March 2011 a panel on renewable energy sources was organized within the leading Serbian economic event, Kopaonik Business Forum.

Simultaneously with establishing SEWEA and brining in European expertise from EWEA, WEBG reached out to other partners from civil society able to contribute to the public information and education campaign on renewable energy sources. In 2010, WEBG (through CWS) financially supported MIKSER, a multidisciplinary platform which focuses on the affirmation of cultural industry of the Balkans and the organization of the biggest regional festival of creative arts. MIKSER gathers together professionals and enthusiasts who, through their different transcultural projects, support the development of national and regional creative economy, and who facilitate a dialogue between contemporary global trends and domestic, as well as regional practice. As a part of its festival, MIKSER featured “Green Department” to promote environmental protection, recycling, renewable energy, and similar. With the Serbian Government representatives, WEBG took part in the debates on electricity prices, energy efficiency, and green energy thus raising general visibility of those issues.

In addition to efforts aimed at the national-level reforms, WEBG mostly focused on the local level: Vojvodina, as the province where most of wind investments including wind farm “Čibuk 1” is taking place, as well as the municipality of Kovin and the surrounding villages, as a home to “Čibuk 1” wind farm. In that respect, one of the key WEBG partners was EXIT festival. Internationally recognized as one of the best festivals in Europe and the world, EXIT serves as one of the beacons of modern Serbia and is one of the best known Serbian brands worldwide. WEBG, though CWS, was cooperating with EXIT since 2009 on promoting renewable energy and cleaner, healthier Serbia.

However, above all, WEBG has always been focusing on local community development. Although very close to the Serbian capital Belgrade, and in the otherwise economically advanced province of Vojvodina, the municipality of Kovin is economically challenged municipality starved of investments. As the first large investor in Kovin, WEBG is fully committed to work with its host municipality to change its fortune.

In line with international best practices, WEBG is working on the following:

- Sustainable development – To influence sustainable development of the municipality, WEBG has signed the Cooperation Agreement with Kovin which stipulates that 2% of annual profits of the “Čibuk 1” wind farm will go directly to the municipal budget. This will represent a significant source of own-revenue to the municipality and will be used to service projects important for the citizens of Kovin.

- Infrastructure development – In addition to this, in line with the company's commitment to local economic development as well as the project's own needs, WEBG has committed to improve the existing road infrastructure in the municipality and the surrounding villages which will enable easier access to the land and commute to the city of Vršac as the closest economic, administrative and cultural center.
- Fair play – To set the standards which will later be followed by other investors, when purchasing the land from farmers, WEBG signed contracts which state that the farmers/sellers will continue farming the land and which provide them the option to buy-out the land from WEBG in 25 years (upon decommissioning of the wind farm) for 1 euro. The contracts also state that the farmers will be compensated for the loss of crops during construction as well as maintenance of the wind farm.
- Community development – To date, WEBG invested more than €50,000 in various local community activities, such as the traditional strudel-making competition, wine fair, motor-race, donations to women handball club, local football club, etc. With limited social and cultural happenings, these events represent the backbone of community life and WEBG is deeply committed to providing continuous support to them.
- Promotion of Kovin – WEBG has been making substantial efforts to promote Kovin as business-friendly destination and include it in the economic circles with proactive attitude towards investment attraction and Republic Government relations. WEBG has consequently advocated for Kovin to become a member of the National Alliance for Local Economic Development (NALED), organization which gathers local governments, businesses and civil society to influence positive change in Serbia. Kovin thus became a part of the larger Serbian economic community.

WEBG Social Investment Plan (SIP)

WEBG executed its Social Investment Plan from 2011 to 2013 on an ad-hoc basis in accordance with requests submitted by the local communities and government officials.

The company's focus remained on supporting promotion of renewable energy sources and environmental protection. Among many projects, WEBG supported local cultural projects in Kovin, increased pedestrian safety by building and donating two bus stops at the most frequent spots in Mramorak in 2012, and finally, on a large scale, has supported EXIT Festival in Novi Sad on a long term and strategic basis.

The importance of this support for municipalities such as Kovin is best testified by the fact that on 16th May 2011 local governments of South Banat (part of Vojvodina) signed the Protocol of Cooperation which is one of the first self-initiated multilateral municipal agreements signed in Serbia. The Protocol on Regional Cooperation and Development of Cities and Municipalities of South Banat was signed by eight municipalities: Alibunar, Bela Crkva, Vršac, Kovačica, Kovin, Opovo, Pančevo, and Plandište. The Protocol, amongst other things, states that these municipalities will ensure regular exchange of information related to activities which can improve the quality of life of citizens locally and regionally. Specifically, under this Protocol, the municipalities signed the Initiative for Improvement of Conditions and Possibilities to Utilize Wind Energy in which they defined obstacles to development of wind farms and identified investments into wind as their most important potential and stated: "By defining our potentials, we will be able

to initiate concrete actions towards relevant players on the national level so we can, in the best, healthiest, and safest way, make full use of the potential provided to us by nature".

2013 Social Investment Plan Highlights

As of 2013, WEBG has been implementing SIP, as strategically planned, participatory and fully transparent program for support of local initiatives. The main activities that were being supported within three communities — Mramorak, Dolovo and Vladimirovac — located around the "Čibuk 1" wind farm site included:

- Small projects for development of infrastructure;
- Education and sport;
- Support to vulnerable groups (old people, disabled persons, youth and children);
- Preservation of environment;
- Promotion of local customs and tradition; and
- Promotion of European values: the rule of law, transparency and antidiscrimination.

In total, €10,000 was allocated for the 2013 SIP budget. The budget was divided into three parts: Vladimirovac – €4,000, Dolovo – €3,000 and Mramorak – €3,000 in accordance with the expected impact of the wind farm on these local communities.

A total of 29 project proposals were supported in three local communities:

- 12 projects in Vladimirovac in total value of 450.000,00 RSD (cca €3,900)
- 12 projects in Dolovo in total value of 375.000,00 RSD (cca €3,260)
- 5 projects in Mramorak in total value of 350.000,00 RSD (cca €3,040).

All projects were implemented in the local communities within the calendar year of 2013 and all reports and financial statements were provided in timely manner and published on the project website (www.wpc.rs).

Local community staff provided support during the implementation phase and WEBG staff were present at the majority of events. The major positive impact, outside the areas covered by the SIP, in all three communities was made in the field of promoting corporate social responsibility as the important part of WEBG community relations and creating the sense of ownership among the citizens over the "Čibuk 1" wind farm implementation and success.

2014 Social Investment Plan Highlights and Flood Disaster Relief

In 2014, €21,000 was allocated for the implementation of SIP. As in 2013, the budget was divided between the three local communities depending on the expected effects of the project on each of the communities.

In total, 27 projects were supported in 2014 and the money was allocated as follows:

- 4 projects in Vladimirovac in total value of 1.160.000,00 dinars (cca €10,000)
- 16 projects in Dolovo in total value of 700.000,00 dinars (cca €6,000)
- 7 projects in Mramorak in total value of 580.000,00 dinars (cca €5,000).

All projects were implemented during 2014, and all final reports and financial statements were provided to WEBG in a timely manner and published on the project's website. Local community staff provided support during the implementation of these projects and WEBG representatives were present at most of these events.

In 2014, beside the ongoing regular Social Investment Program activities in the villages of Dolovo, Vladimirovac and Mramorak, WEBG has responded on the flood disaster relief call by providing support to the City of Belgrade and Serbian citizens during emergency situation in May 2014.

WEBG and CWS donated 10,517 litres of bottled water of which 5,000 litres was transported to the Municipality of Ub which run out of potable water completely on Friday May 16th 2014 and the rest was transported to the central storage of Red Cross in Zemun for further distribution (total value of donation 632,417.52 dinars, approximately \$7,500).

Furthermore, company donated about 3,000 lunch packages (ready-to-eat meals, canned food, etc.) of which about 1,000 was transported directly by the project team to the rescuers' HQ in Obrenovac as they run out of food on Saturday May 17th, 2014, while 2,000 lunch packages were delivered to the City of Belgrade Disaster Management team warehouse in Novi Beograd (total value of donation 1,204,374.65 dinars, approximately \$14,500).

Additionally, as one of the founding members of Serbian Wind Energy Association (SEWEA), WEBG initiated and provided logistics through which SEWEA donated baby food, diapers and tissues which was transported to the City of Belgrade Assembly for further distribution (total value of donation 278,034.00 dinars, approximately \$3,500).

2015 Social Investment Plan Highlights

WEBG has allocated the annual budget of €24,000 for funding local initiatives in 2015. The budget was divided into four parts, as additional local community of Bavanište was added to the list of communities which the project is supporting through SIP. Bavanište is the community where 400 kV overhead power line will be connected to the grid.

In total, 33 projects were supported in 2015 and the funds were allocated as follows:

- 6 projects in Vladimirovac in total value of 1.200.000,00 dinars (cca €10,000)
- 13 projects in Dolovo in total value of 690.000,00 dinars (cca €5,750)
- 10 projects in Mramorak in total value of 570.000,00 dinars (cca €4,750)
- 4 projects in Bavanište in total value of 324.000,00 dinars (cca €2,700).

All projects were implemented during 2015, and all final reports and financial statements were provided to WEBG in a timely manner and published on the project's website. Local community staff provided support during the implementation of these projects and WEBG representatives were present at most of these events.

CSR Annual Golden Award for Continental Wind Serbia

On 10th December 2014, upon the nomination submitted by the Municipality of Kovin and based on the high level of presented corporate-social responsibility and community involvement, WEBG was awarded with "Kapetan Miša Anastasijević" – golden award, for the supreme business

vision and the CSR activities implemented in community. The award was presented at the special ceremony hosted by the Dean of the University of Novi Sad and Kovin Municipality.

Next Steps

WEBG Social Investment Plan will continue to be constantly modified and upgraded in accordance with local needs and Environmental and Social Action Plan (ESAP). Comments were gathered from the local communities and incorporated in the proposal for 2016 Social Investment Plan Call for Proposals.