



WMS WEG Continuous Improvement Management System





WMS

With WEG's significant growth, verticalization and global presence, it became necessary to create a unique system to provide standardization, identification and reduction of losses in its processes, whether manufacturing or office, in addition to providing transparency of process results and manufacturing plants. In this way, our own continuous improvement system was developed, called WMS, WEG's continuous improvement management system. The main benefits obtained with this implementation were:

- Greater engagement of all hierarchical levels of the organization for continuous improvement;
- Assertive elimination of losses and waste, enhancing the company's results;
- Greater productivity in manufacturing and administrative processes in a sustainable manner.

KEY ACTIVITIES

The implementation of the WMS was carried out based on the structure on three fronts, which occur respectively: basic stability; loss reduction; pillar methodology.

- 1. Basic stability:** at this stage the importance of 5S and the definition of standardized processes, employee awareness, in addition to establishing a routine management method applicable to all areas is reinforced, which standardizes metrics and performance indicators, which are deployed from operational level up to senior management;
- 2. Loss reduction:** at this stage, guiding tools are used to ensure safety, quality and a low delay. In addition to reducing greenhouse gases emissions and financial losses and wastes, including those related to wastes, electricity and water.
- 3. Systemic approach:** For the loss reduction stage to remain in constant development, it is necessary to involve multidisciplinary teams that define a standardized methodology for identifying and directing projects, providing continuous improvement in the company's various processes. At WEG, these teams are called pillars.

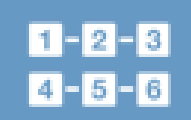


KEY WMS IMPLEMENTATION ACTIVITIES

WMS MANUFACTURING



BASIC STABILITY



PROCEDURES
- Standardization;
- SOP.



5S
- Visual management;
- Organization;
- Productivity.



ROUTINE MANAGEMENT
- Help chain;
- Effective communication;
- Decision based on data.



METHODS AND TIMES
- Parameter and tools definition;
- Operational specification.



LOSS REDUCTION



SAFETY
- Safety First;
- S Matrix.



QUALITY
- Customer oriented;
- QA Matrix.



COST DEPLOYMENT
- Project compass;
- Transformation cost.



GREENHOUSE GASES



KAIZEN WEG
- Advanced Kaizen;
- Standard Kaizen;
- Quick Kaizen.



SYSTEMIC IMPROVEMENT



7 STEPS
- Logic and prioritization;
- Methods and tools.



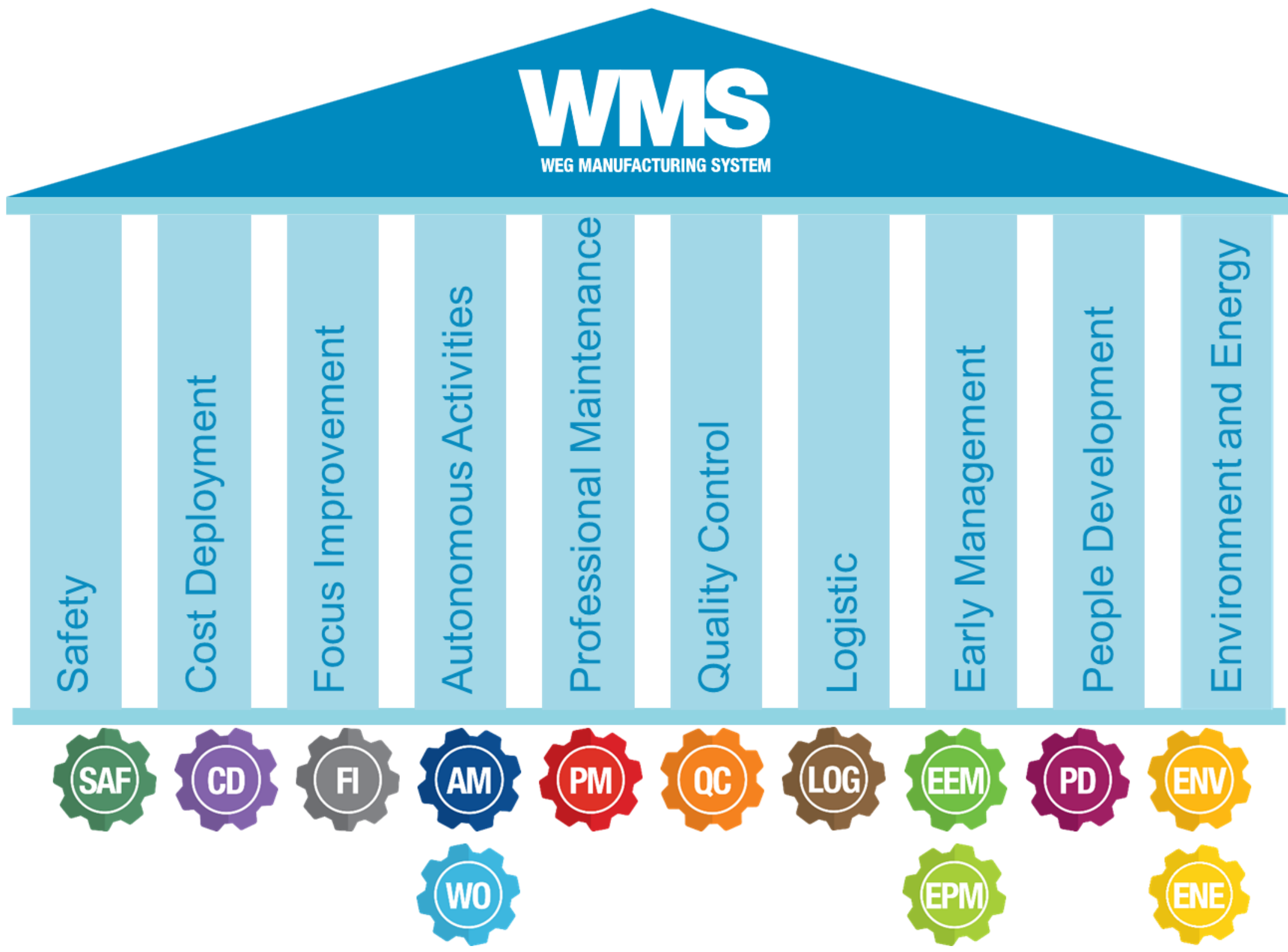
MODEL AREA
- Rhythm and vigor;
- Development and culture.



MODEL AREA EXPANSION
- Lessons learned;
- People involvement.



PILLARS



Within the pillars, multidisciplinary teams seek to evolve the work system across the fronts: safety, quality, costs, Kaizen, 5S, workplace organization, maintenance, logistics, people development, engineering system, environment and energy. The Environment and Energy pillar aims to direct teams and projects in the WEG Group to seek:

- Excellence in air quality;
- Excellence in energy efficiency;
- Water reuse;
- Zero emissions;
- Zero landfill;
- Zero compressed air leaks;
- Zero losses during non-productive hours.



WMS MANUFACTURING GOALS

With the aim of directing strategies and maximizing results, the main goal of the WMS - in the short term - refers to reducing the cost of transformation, which includes expenses related to labor force, intermediate and maintenance materials, electricity, water, waste and gases in general, for example.

To achieve the goal, WEG annually uses the Cost Deployment methodology, which provides:

- Mapping and auditing internal processes in search of opportunities to optimize transformation costs;
- Prioritization and definition of projects and attackability analysis;
- Monitoring the execution of projects throughout the year;
- Validation of quantitative/qualitative results and monitoring goals in the Committees.

2023 GOAL

The goal in 2023 was: “Achieve gains worth 3% of the transformation cost of the Parent Manufacturing Park”

Goal status: *achieved*.

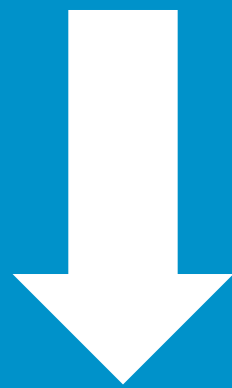


INVESTMENTS TO REDUCE ENVIRONMENTAL AND ENERGY LOSSES

Each year projects are defined with greater cost reductions and lower investments. The table below shows the investments made between 2021 and 2023 in improvement projects aimed at reducing waste, stratified by resources and waste, managed by the Environment and Energy Pillar, in the Matriz Manufacturing Park:

EARNINGS AND INVESTMENTS	2021		2022		2023	
	INVESTMENTS	EARNINGS	INVESTMENTS	EARNINGS	INVESTMENTS	EARNINGS
Electrical Energy	R\$ 1.298.754	R\$ 1.095.389	R\$ 2.921.832	R\$ 2.130.735	R\$ 1.224.682	R\$ 1.969.419
Natural Gas and Liquefied Petroleum Gas	R\$ 3.141.236	R\$ 685.400	-	R\$ 84.338	R\$ 38.707	R\$ 451.996
Wastes	R\$ 561.030	R\$ 894.379	R\$ 601.317	R\$ 544.517	R\$ 520.193	R\$ 569.612
Results (R\$)	R\$ 5.001.020	R\$ 2.673.170	R\$ 3.523.150	R\$ 2.759.590	R\$ 1.783.584	R\$ 2.991.027
Reduction of GHG Emissions (Scope 1)	-*		47,3 tCO2e		882,2 tCO2e	

*This year the impacts on tCO2e were not calculated



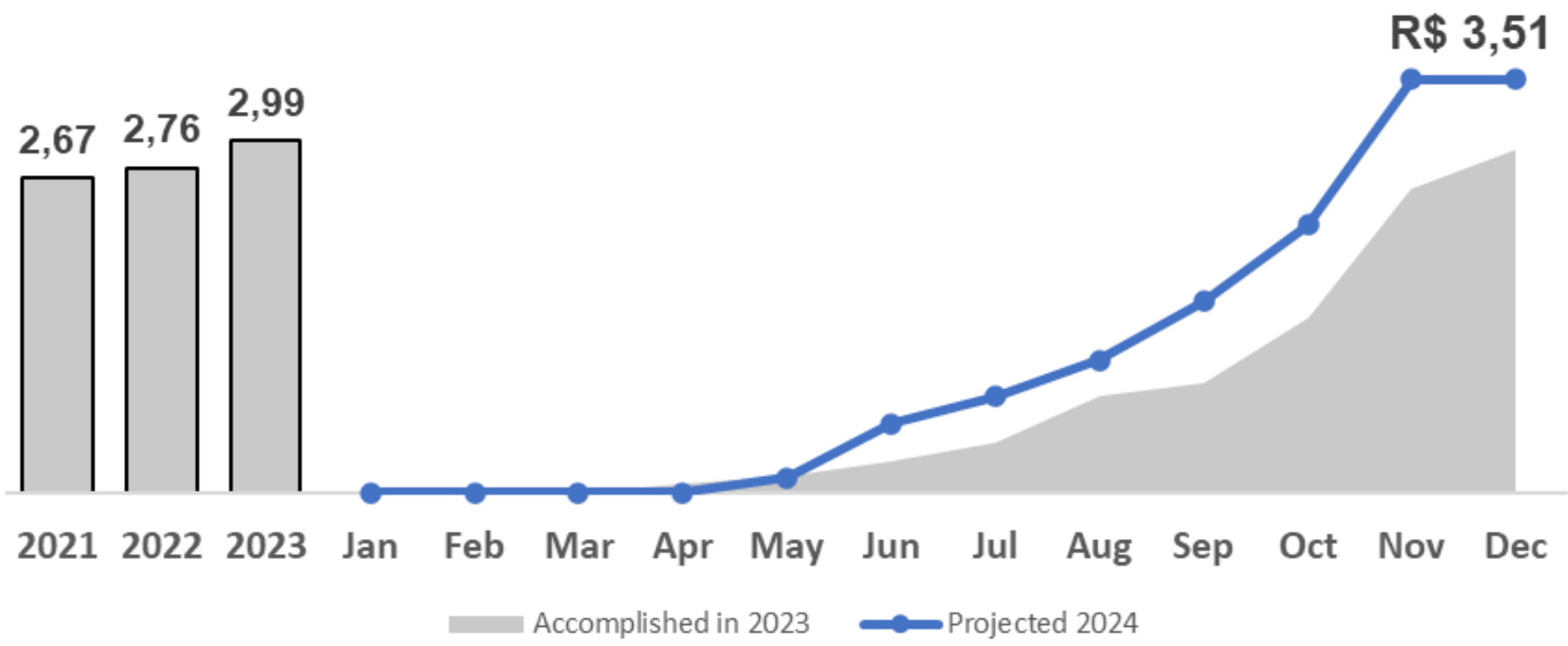


EARNINGS PROJECTION IN 2024

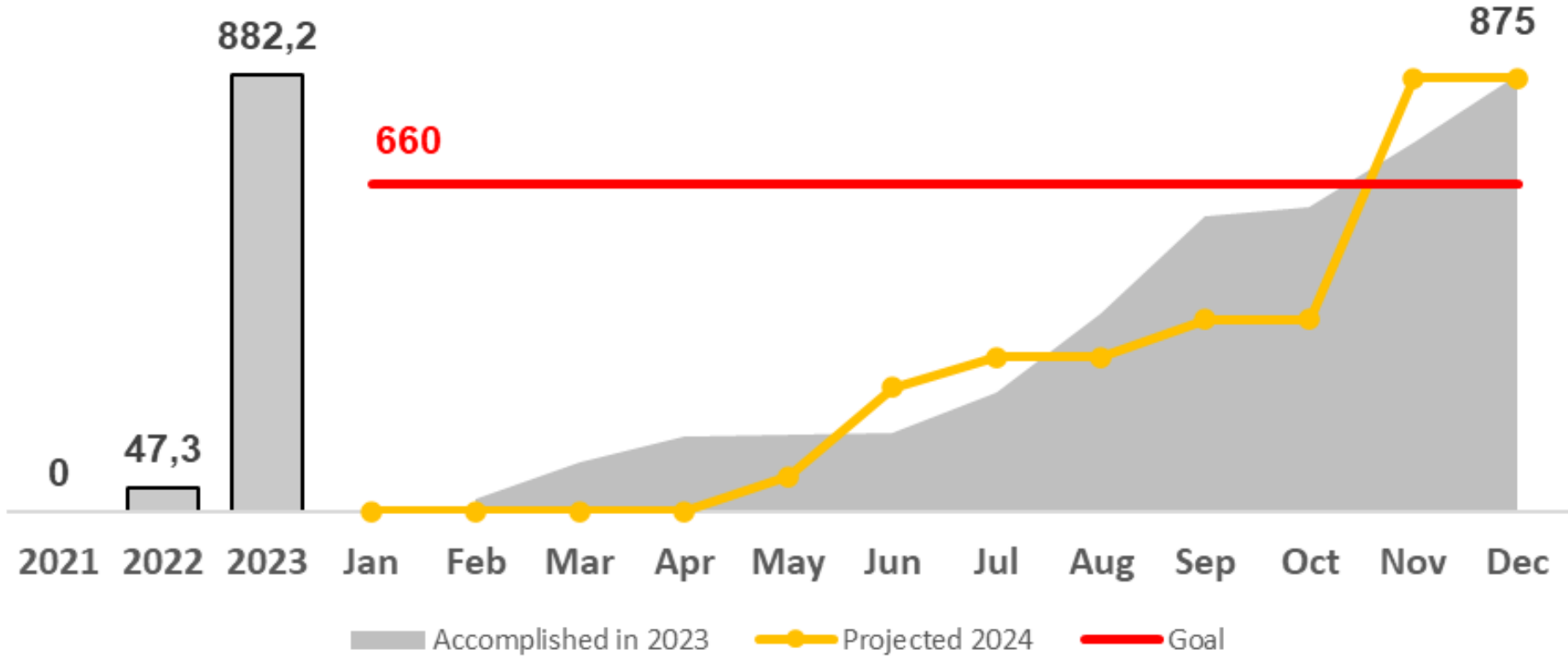
ENVIRONMENT AND ENERGY PILLAR

From real-time monitoring of consumables: water, electricity, wastes and gases, using technologies to identify leaks, WEG has increasingly identified opportunities to reduce losses and greenhouse gases emissions, improving its results and with a perspective that increases in every year.

Projected gains in 2024
(in Millions of R\$)



Reduction of GHG emissions - Scope 1
(in tCO2e)





EVERYONE WINS!

WMS is WEG's way of making continuous improvement and sustainability happen in practice, promoting the development of people and safer work environments. Contributing significantly to improve productivity and reduce the environmental impact of processes, making them increasingly efficient and sustainable.



Responsible supply chain



Health, safety and well-being of employees



Ethics, integrity and fighting corruption



Decarbonization in operations



Leadership and employee development



Sustainable products



Diversity and inclusion



Creating value for communities



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