Analysis of proximity to areas sensitive to biodiversity

2025

Based on TNFD Taskforce on Nature-related Financial Disclosures

Introduction

The preservation of biodiversity and natural ecosystems is essential to ensure the resilience of resources and the continuity of industrial and economic activities.

In 2025, WEG initiated the assessment of nature-related risks through the **LEAP Approach**, developed by the **Taskforce on Nature-related Financial Disclosures (TNFD)**. This assessment is integrated with the WEG Group's risk management, in accordance with the company's Risk Management Policy.

This methodology supports organizations in identifying their dependencies and impacts on biodiversity, assessing related risks, and defining management responses to minimize pressures on ecosystems.

Structured into four phases — **Locate, Evaluate, Assess, and Prepare** — the LEAP Approach offers a practical and systematic process for companies to understand their relationship with nature and address biodiversity risks.

This report presents the initial stage of WEG's work in assessing nature-related risks, marking the beginning of a structured process to understand the company's interactions with biodiversity and guide future risk management actions. This study was based on an internationally recognized framework, TNFD, using its LEAP methodology at the Locate stage.

Scope

This assessment considered WEG's own operations, covering both manufacturing sites and commercial offices. At this point, the analysis focused exclusively on the company's direct activities, without including supply chain or downstream operations at this stage.

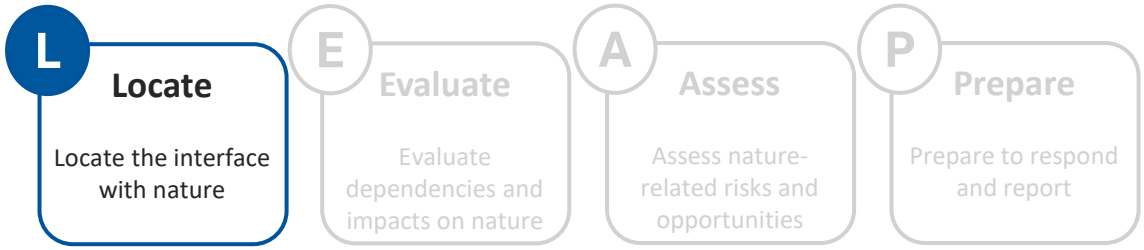
The objective was to identify WEG's presence and its relationship with nature, providing the foundation for future assessments of biodiversity-related risks.

Approximately **180**
WEG addresses assessed

Locate

To assess WEG's interface with nature, the geographic coordinates of its operational sites, including both manufacturing units and commercial offices, were used to map the company's physical presence (Use of location-specific approach). This scope definition represents the application of **L1 (Span of the business model and value chain)**, focusing on the company's direct operations as the starting point for this assessment.

A preliminary analysis of potential dependencies and impacts, in line with **L2 (Dependency and impact screening)**, was addressed through the identification of physical proximity to ecologically sensitive areas. For this initial stage, the presence of operational sites within or near biodiversity-sensitive areas was considered an indicative factor of potential nature-related risks.



A Geographic Information System (GIS) was applied to overlay WEG's operational locations with spatial datasets representing biodiversity-sensitive areas, identifying both direct intersections and proximity zones. In this analysis, two main spatial layers were considered: **Key Biodiversity Areas (KBA)**[1] and **Ramsar Sites**[2], representing relevant areas to global biodiversity conservation.

Operations were classified as located within sensitive areas when directly overlapping with KBA or Ramsar Sites, and as adjacent to sensitive areas when situated within a 2 km buffer of these areas.

This spatial analysis corresponds to the steps **L3 (Interface with nature)** and **L4 (Interface with sensitive locations)** of the LEAP framework. It enabled WEG to identify its physical interface with biodiversity-sensitive areas, establishing a geospatial basis for evaluating potential exposure to nature-related risks. The results of this stage will support the deepening of future assessments across subsequent phases of the LEAP methodology.

[1] Key Biodiversity Areas (KBA) – sites critical to global biodiversity conservation (via IBAT – free account).
[2] Ramsar Sites – wetlands of international importance designated under the Ramsar Convention.

Locate

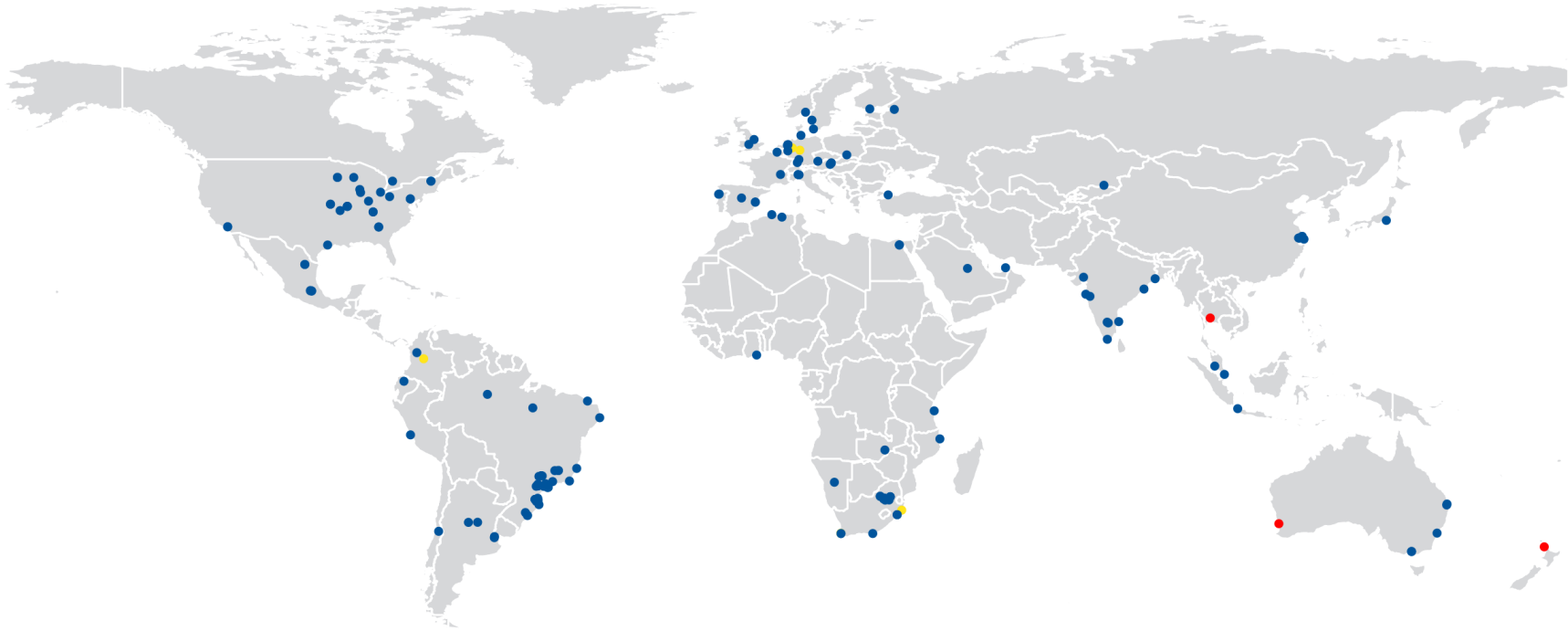
For the biodiversity risk assessment, the specific locations of each WEG operating address were used, including production sites, commercial offices, warehouses, and joint ventures.

The analysis identified a total of **eight WEG sites interacting with sensitive areas**. **Three sites are located within these areas**, while **five are situated within a two-kilometer influence zone**. Among the sites outside sensitive areas, three are industrial units and two are commercial offices.

This initial mapping revealed different levels of interaction between WEG's direct operations and biodiversity-sensitive areas, indicating potential exposure to nature-related risks. The results of this assessment provide a basis for prioritizing future evaluations, aiming to better understand the nature and extent of these interactions and to support the definition of appropriate management actions.

Out of the 180 addresses:

- 3 are located in areas considered important for biodiversity. The three addresses are commercial offices; there is no production activity.
- 5 are in adjacent areas (2 km radius)



Next Steps - Conclusion

As the next steps of the methodology, to the **Evaluate**, **Assess**, and **Prepare** phases of the **LEAP methodology**. These stages will focus on analyzing potential dependencies and impacts, identifying nature-related risks and opportunities, and defining appropriate management and disclosure actions.

The results of this initial assessment allowed WEG to identify its physical interface with biodiversity-sensitive areas based on the international **TNFD** framework.

The outcomes of this process will support for managing biodiversity risks and contribute to strengthening WEG’s environmental management and sustainability strategy.

References

IBAT. (2025). Integrated Biodiversity Assessment Tool. Available at: https://www.ibat-alliance.org/

Key Biodiversity Areas (KBA). (2025). Key Biodiversity Areas Partnership. Available at: https://www.keybiodiversityareas.org/

Ramsar Convention. (2025). Ramsar Sites Information Service (RSIS). Available at: https://rsis.ramsar.org/

TNFD. (2023). Guidance on the identification and assessment of nature-related issues: The LEAP approach. Available at: https://tnfd.global/publication/additional-guidance-on-assessment-of-nature-related-issues-the-leap-approach/

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