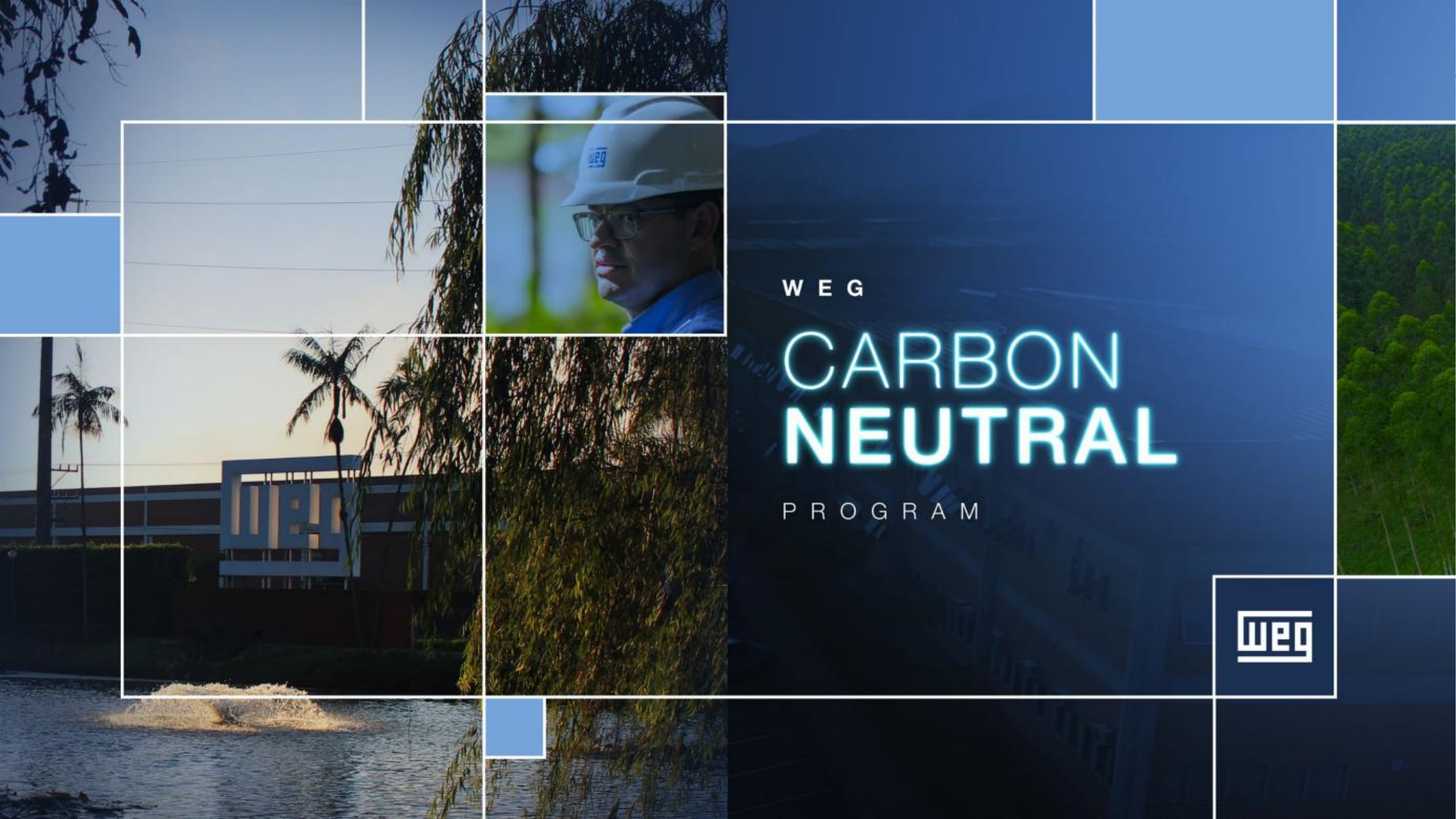
# WEG

## GOOD PRACTICES

WEG's natural forest area

# CORPORATE PROGRAMS AND GOOD PRACTICES

- WEG Carbon Neutral Program
- WEG Sustainable Supplier Program
- WEG Selective Waste Collection Program
- Biodiversity
- Quality Management System


WEG
CARBON
NEUTRAL
PROGRAM

# WEG CARBON NEUTRAL PROGRAM

Created in 2022, the **WEG Carbon Neutral Program** was born with the objective of mobilizing efforts so that the company could achieve the GHG emission reduction targets established for the entire WEG group. The Program today encompasses all operations globally, which means that we have mapped more than **130 addresses in 40 countries**.

The targets defined by WEG are aligned with the global climate ambitions of the Paris Agreement, which aim to limit the increase in the global average temperature to 1.5 °C:

## TARGETS

**2030**

Reduce **GHG emissions** by **52%**

**2050**

**Achieve**

**Net-Zero**

# IMPORTANCE OF THE WEG CARBON NEUTRAL PROGRAM

Being carbon neutral in operations is a commitment of WEG to contribute to the mitigation of climate change and is essential to adapt activities to the context of the energy transition

The WEG Carbon Neutral Program is fully aligned with the WEG Sustainability strategy, in the Circular and Efficient Operations axis and in the theme "Carbon Neutral in Operations".

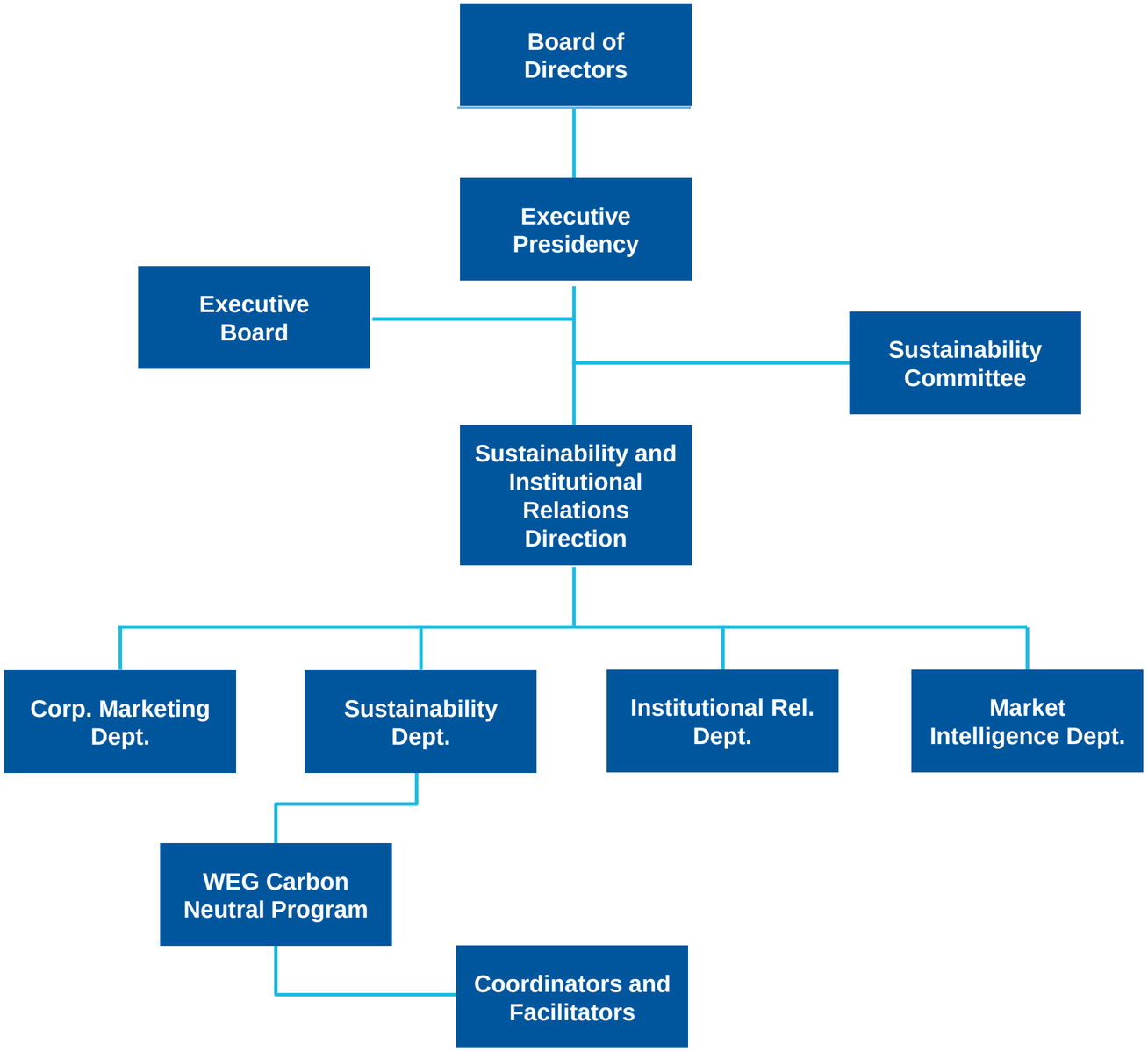
The program also speaks directly to the objectives of the theme "Carbon Neutral in Operations":

- To ensure the reduction of greenhouse gas emissions, promoting carbon neutral operations and contributing to medium and long-term global goals.
- To expand the use of renewable energy (acquired or self-produced) in addition to seeking excellence in operational efficiency in processes and business.

| AXIS | Sustainable products and solutions | Circular and efficient operations | Engaged employees and communities | Governance and ethical conduct |
|---|---|---|---|---|
| THEMES | ■ Technologies and Innovations for Energy Transition and Decarbonization<br>■ Responsible Supply Chain | ■ Eco-efficiency and Waste and Emission Management<br>■ Carbon Neutral in Operations | ■ Comprehensive Well-being, Diversity and Inclusion<br>■ Sustainable Growth of the Communities | ■ Compliance and Integrity<br>■ Engagement and Transparent Communication |

# GOVERNANCE OF THE WEG CARBON NEUTRAL PROGRAM

Governance is essential in a program to reduce greenhouse gas emissions in a company, as it ensures the effective implementation of sustainability strategies. A robust governance system establishes clear policies and targets, defines responsibilities, and ensures transparency in monitoring and reporting progress. This involves internal committees, the integration of environmental practices into decision-making processes, and collaboration between different areas and departments.



| ACTORS | RESPONSIBILITIES |
|---|---|
| **Board of Directors** | Deliberate and demand actions related to the Climate Change theme, including the creation of programs, definition of targets, GHG reduction projects. Approve the GHG reduction targets and define their impact on the participation of the variable income of the managers.<br><br>Track progress on GHG reduction targets every six months |
| **Executive Presidency and Board** | Approve the proposals related to the WEG Carbon Neutral Program presented by the Sustainability Committee and report to the Board of Directors.<br><br>Approve annual GHG reduction targets and monitor their progress on a quarterly basis.<br><br>Approve GHG reduction projects and request new actions when necessary. |
| **Sustainability Committee** | Monitor the evolution of the WEG Carbon Neutral Program on a quarterly basis and report the information to the Executive Presidency and Board. |
| **Sustainability and Institutional Relations Direction** | Coordinate the Sustainability Committee |
| **Sustainability Department**<br><br>**ESG Management Section** | Define methodology for assessing the feasibility of reduction projects.<br><br>Carry out the WEG Group's GHG emissions inventory.<br><br>Monitor the corporate KPIs of the program and unfold the results of the BUs. |
| **Coordinators and Facilitators** | Map opportunities and plan emission reduction projects.<br><br>Submit reduction projects to internal committees and implement those approved.<br><br>Gather information necessary for the GHG inventory. |

# GHG REDUCTION TARGETS AND VARIABLE COMPENSATION

Considering the magnitude of this challenge, the responsibility to achieve the targets involves the entire company, being dealt with at a strategic, tactical and operational level. The GHG emission reduction targets are broken down annually to the business units according to the result of the previous year's inventory and are part of the WEG Quality and Productivity Program (PWQP), an internal target program that impacts the variable compensation of employees, and also in the executive target program.

## REDUCTION TARGET 2024

Reduce 5.7% of Scope 1 emissions compared to 2023 emissions (approved projects).

**Target status:** achieved.

**Impacted employees:** CEO / CFO / COO / CSO / managers, supervisors and employees in general.

## REDUCTION TARGET 2025

Reduce 4% of Scope 1+2 emissions compared to 2024 Scope 1 emissions (approved projects).

**Target status:** in progress.

**Impacted employees:** CEO / CFO / COO / CSO / managers, supervisors and employees in general.

# WEG CARBON NEUTRAL PROGRAM CYCLE

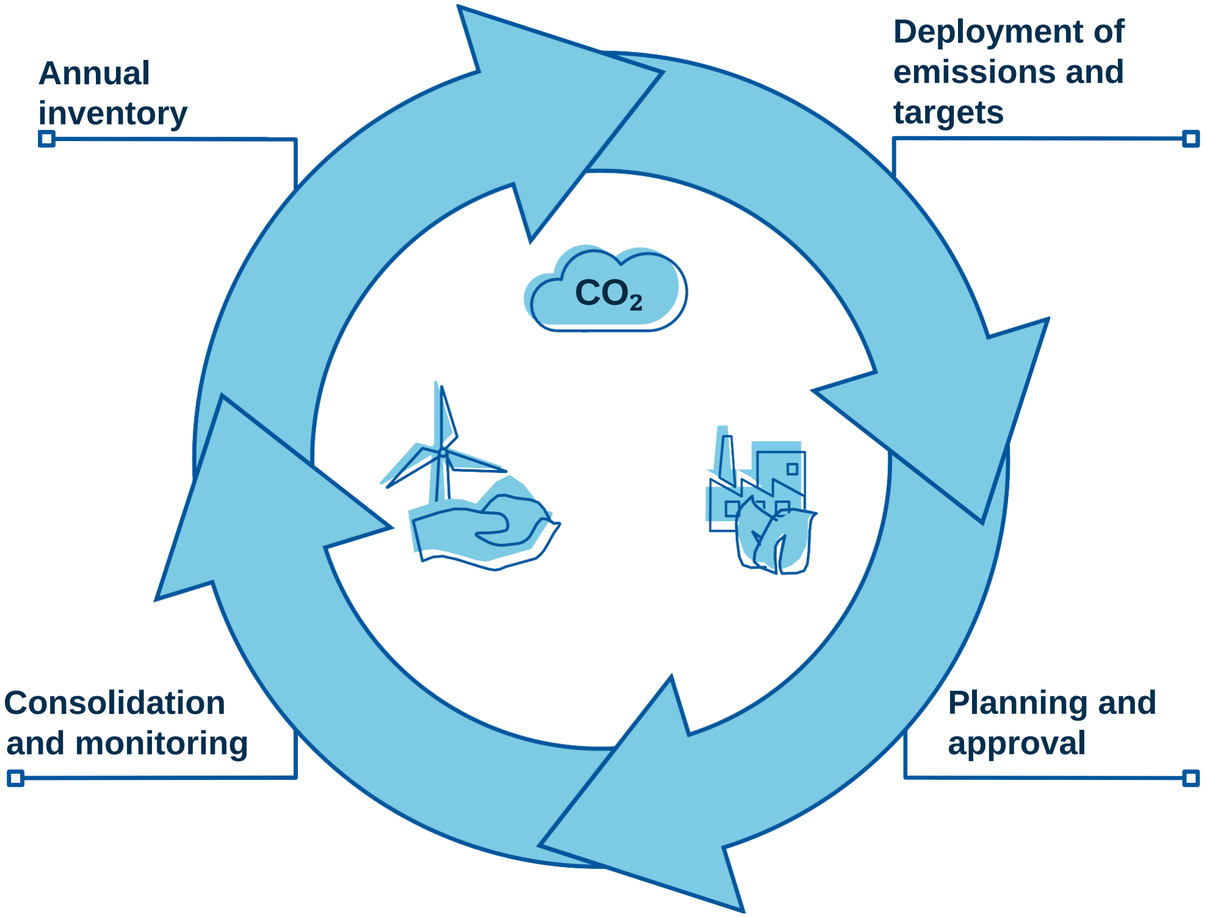
The Program is structured in annual cycles, containing 4 stages:.

i. Annual Inventory of GHG Emissions.

ii. Deployment of Emissions and Targets.

iii. Planning and Approval of Action Plans.

iv. Consolidation and Monitoring of Actions..



# DECARBONIZATION STRATEGY OF OPERATIONS

The WEG Carbon Neutral Program has several actions to decarbonize its operations and achieve GHG reduction targets, with the main Scope 1 and 2 actions highlighted below

- Use of renewable energy.
- Electrification of processes.
- Process improvement.
- Use of biofuels.
- Refrigeration gas replacement.

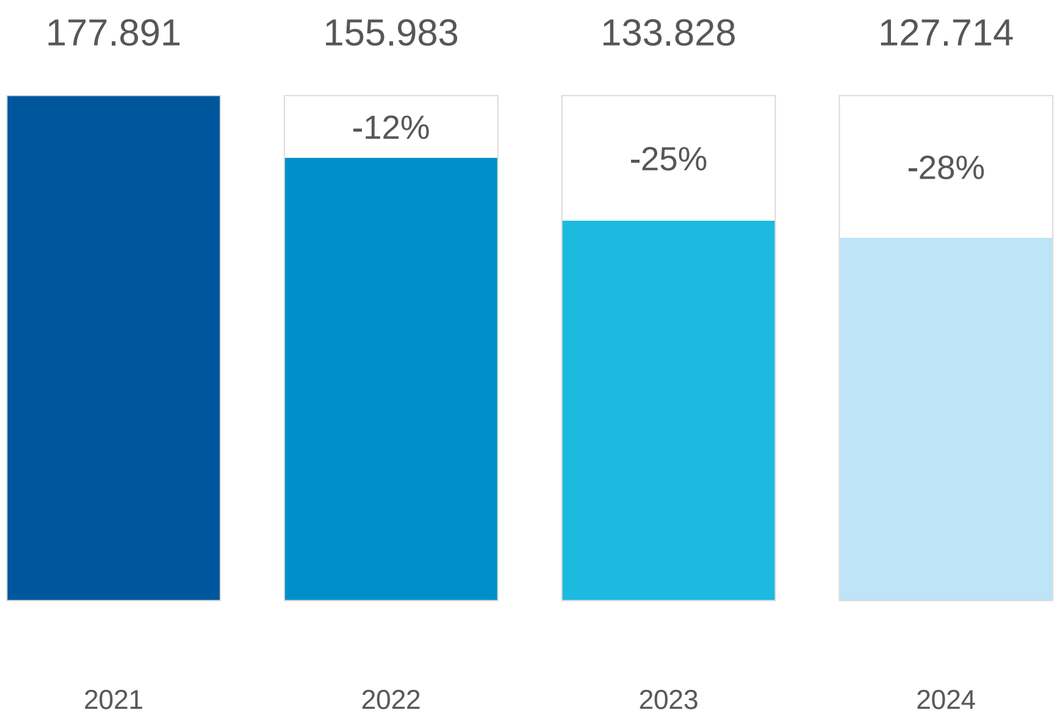
For the choice and prioritization of GHG reduction projects, we used the Marginal Cost Abatement Curve (MACC) and the Return on Invested Capital (ROIC) methodology. We are committed to phasing out investments in carbon-intensive assets.

**Offsetting of emissions**

- By 2030, WEG will be focused on CO2 emission reduction projects, investing in mitigating their impacts, before any movement to offset emissions.
- After 2030, if necessary, WEG will start neutralizing emissions, making it possible to use offsetting with the development of carbon credit projects and also investment in permanent carbon removal.

# EVOLUTION OF THE WEG CARBON NEUTRAL PROGRAM

**SCOPE 1 AND 2 EMISSIONS (tCO2e)**




**WEG reduced its emissions by 28% in 2024 compared to the base year 2021. This demonstrates the company's commitment to Climate Change and the achievement of the 2030 and 2050 targets.**

**2024 emissions limit to achieve the 2030 target:**

**Scope 1 [$tCO_2e$]**
Limit: 68.308
Result: 61.439 [✓]

**Scope 2 [$tCO_2e$] (market-based)**
Limit: 78.749
Result: 66.275 [✓]

# GHG REDUCTION PROJECTS

In 2024, the deployment of the program brought important results for WEG to continue the path of becoming Carbon Neutral in operations.

In three years, the projects reduced approximately 50 thousand tons of $CO_2e$, representing a 28% reduction in emissions from WEG operations compared to the base year (2021).

During this period, more than 1.200 projects were mapped and more than 800 were approved by the board, with the potential to reduce 47.000 tons of $CO_2e$.

To achieve this result, more than 90 employees were directly mobilized, who were designated by senior leadership and trained to work on the decarbonization work front.

# FEATURED PROJECTS IN 2024

- Replacement of $SF_6$ by nitrogen gas in a line of potential transformers – Brazil
- Modernization of burners in the paint oven – Brazil
- Installation of an economizer in welding operation – Brazil
- Improvement in the control of refrigerants – United States of America
- Optimization in the curing process – Brazil
- Optimization in Aluminum Injection – Brazil
- Adoption of ethanol instead of gasoline for commercial service fleets – Brazil
- Replacement of diesel forklift with electric forklift – China and Mexico
- Thermal insulation project for maintenance furnaces – Argentina

# CARBON NEUTRAL IN OPERATIONS

## HIGHLIGHTS AND ADVANCES ON THE TOPIC IN 2024

**28%** absolute reduction of GHG emissions (base year 2021)

More than **800** **approved projects**

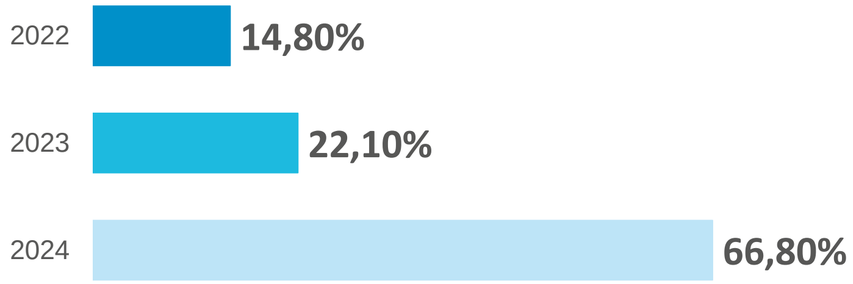
More than **1.200** **projects** of GHG reduction mapped by 2024

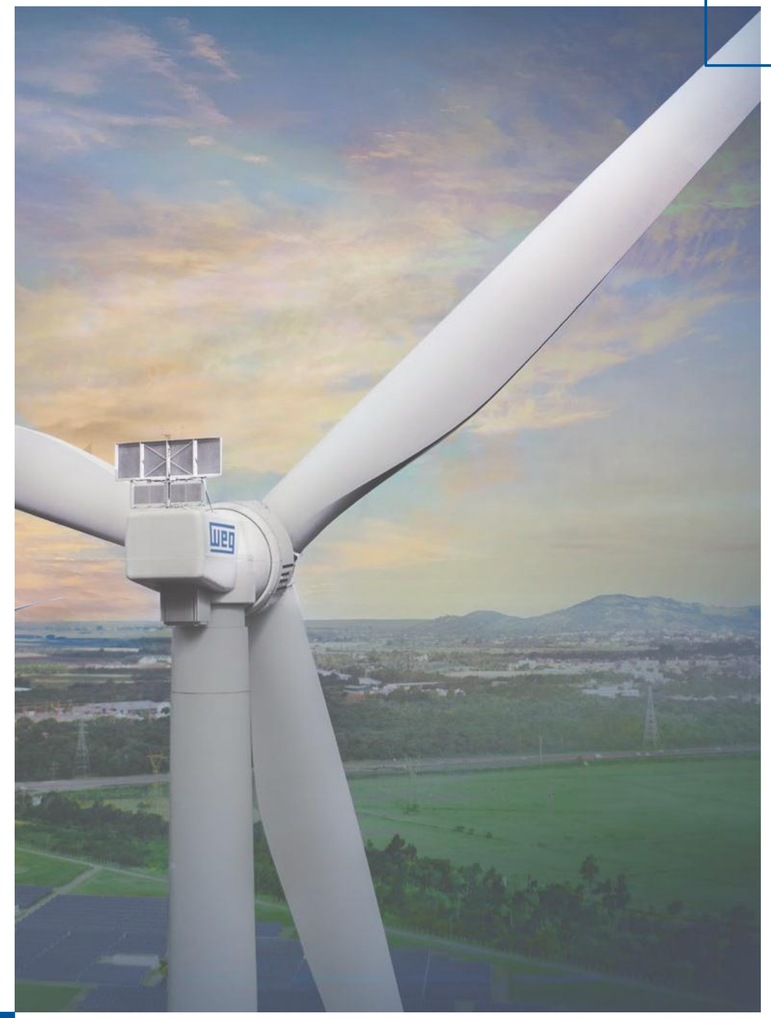
More than **700** **executed projects**

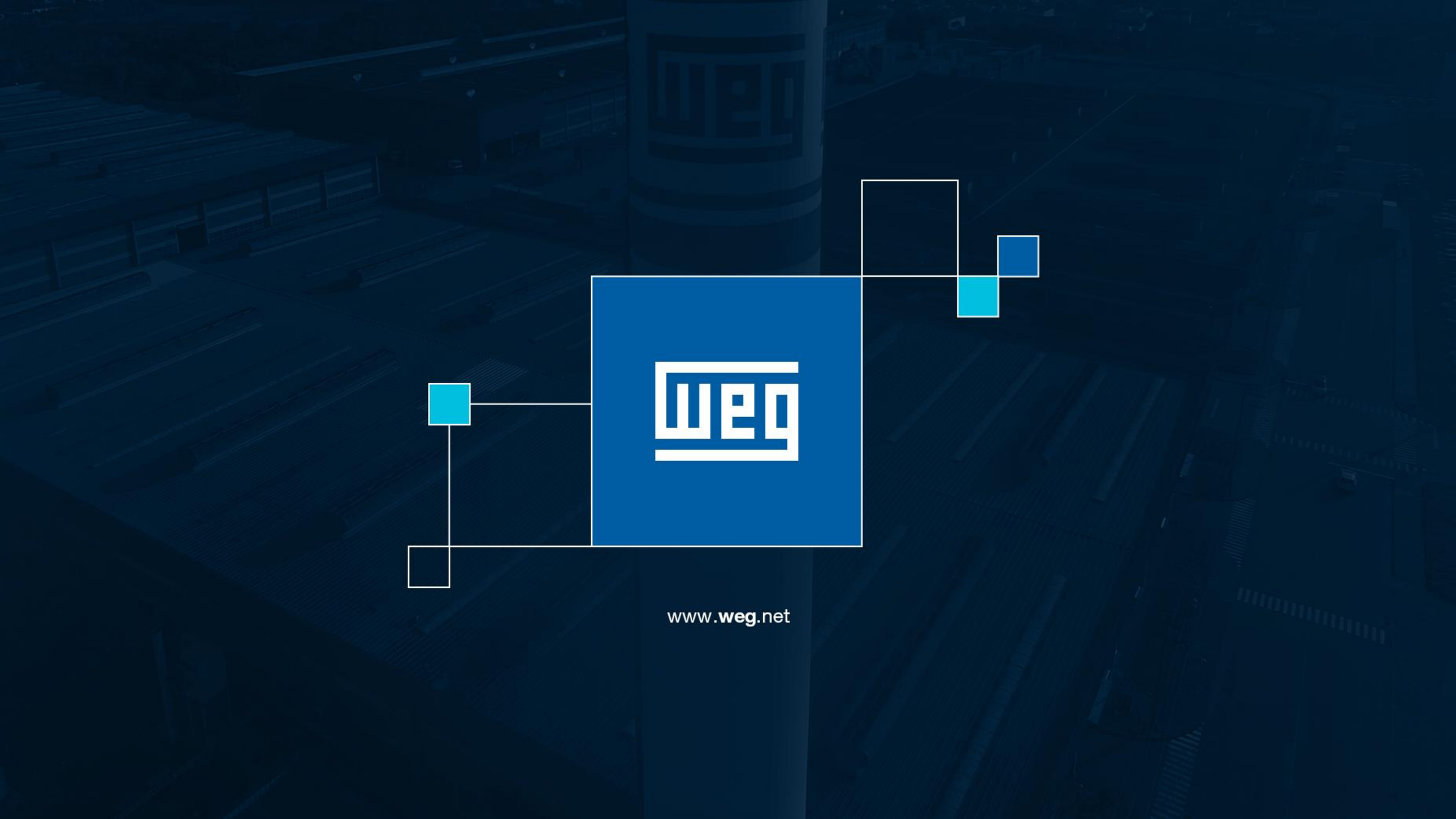
# USE OF RENEWABLE ENERGY

The renewable electricity purchase strategy is defined by the WEG Carbon Neutral Program, which encompasses all WEG Group operations. The program's strategy, aimed at achieving GHG reduction targets, is the use of 100% renewable energy with a guarantee of origin in WEG operations. The use of renewable energy takes place through different devices, the main ones being self-production, Power Purchase Agreements (PPAs) and Renewable Energy Purchase Certificates.

**Percentage of renewable energy consumption from renewable energy sources with a guarantee of origin**

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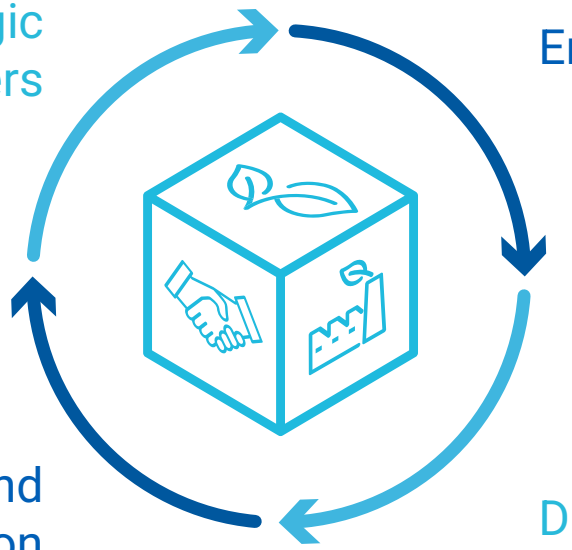
# WEG SUSTAINABLE SUPPLIERS Program

PARTNERSHIPS THAT DRIVE US.


# WEG SUSTAINABLE SUPPLIERS Program

PARTNERSHIPS THAT DRIVE US.

The WEG Sustainable Suppliers Program aims to **engage** the supply chain to build an **efficient** and **sustainable** world, being **partners** in the search for **good practices** in the **environmental**, **social** and **governance** dimensions.




**GOVERNANCE**
Sustainability Committee: Program Monitoring
Executive Management: Program Oversight

# Selection of **Strategic Suppliers** for WEG.


**ADOPTED CRITERIA:**

- Verification of countries' environmental performance indicators (environmental health, ecosystem vitality and climate change) – country-specif risk.
- Identification of materials and countries with high human rights risk in the supply chain – Commodity-specific risk.
- ESG risk classification of the various sectors, through a specialized platform – sector-specific risk.
- Verification of ethical risks and negative media through a specialized platform.

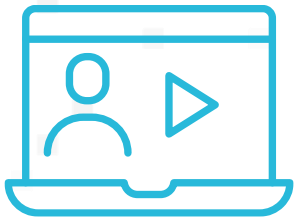
**980** strategic suppliers[1] were selected in 2024

[1] Representing 80% of the spend in the evaluated period

# ENGAGEMENT

Launch of the **WEG Sustainable Suppliers Program**.

Involving all Program Suppliers.



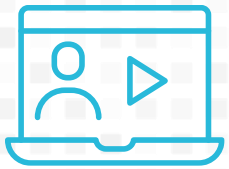
Online/asynchronous course for **Suppliers**, covering **Sustainability** topics.

Environmental Management, Labor Practices and Human Rights, Ethics, Integrity and Transparency.

Individual meetings with some **Strategic Suppliers**.

According to WEG internal schedule.

# ENGAGEMENT
# Sustainability Course



Aiming to engage its supply chain in sustainability, in 2024, WEG developed and launched an online, asynchronous **sustainability training program**.

The training is available to all of the company's strategic suppliers, covering topics such as:

- Sustainability Concept
- WEG Sustainability Policy
- Responsible supply chain
- Labour rights issues
- GHG inventory and climate change
- Atmospheric emissions and waste management
- Circular Economy
- Sustainable products
- Restricted substances
- Governance and ethical conduct
- UN Global Compact
- Sustainable growth of communities

# DUE DILIGENCE

## Topics covered in the questionnaire :

- Environmental Management
- Waste
- Water
- Energy
- GHG Emissions
- Biodiversity
- Restricted Materials

- Health and Safety
- Conflict Minerals
- Diversity and Inclusion
- Human and Labor Rights

- Governance and Business Ethics
- Integrity and Transparency
- Supply Chain Management

# What we expect from our **PARTNERS**

- Understand the **WEG Sustainability Strategy**
- **Sustainability** is a shared responsibility
- Be our partner in **Decarbonization**

A more SUSTAINABLE tomorrow drives us today.

A more
SUSTAINABLE
tomorrow drives us
today.

WEG relies on the **collaboration** and **engagement** of all its **SUPPLIERS**.

**Sustainability** is a shared responsibility.







WEG

# SELECTIVE COLLECTION

PROGRAM

# WEG SELECTIVE COLLECTION PROGRAM

The implementation of a selective collection program is essential to promote corporate sustainability, reduce operating costs and improve the institutional image.

WEG has a selective collection program in place, demonstrating its commitment to sustainability and environmental responsibility. This program involves the identification, classification and separation of waste by employees, in addition to proper storage both internally and externally. WEG also has qualified recycling partners, ensuring that recyclable materials are disposed of correctly and efficiently. With this initiative, the company not only reduces its environmental impact, but also promotes awareness among its employees and contributes to the preservation of the environment and the improvement of the quality of life in society.

# IMPORTANCE OF SELECTIVE COLLECTION

### FOR THE ENVIRONMENT

- Pollution reduction: decreases the amount of waste sent to sanitary / industrial landfills reducing soil, water, and air pollution.
- Conservation of natural resources: recycling saves natural resources such as minerals, wood, and water.
- Energy saving: Producing new products from recycled materials consumes less energy than manufacturing from virgin raw materials.

### TO SOCIETY

- Job creation: creates job opportunities in the collection, sorting and recycling chains.
- Environmental education: encourages environmental awareness and education among employees and the community.
- Quality of life: reduces negative environmental impacts, contributing to a healthier environment.

# MAIN STAGES OF THE WEG SELECTIVE COLLECTION PROGRAM

## 1 IDENTIFICATION OF WASTE

- Waste mapping: identify the types of waste generated in the different processes and areas (office, production, cafeteria, etc.).
- Quantity analysis: quantify the waste generated to better understand the demand and frequency of collection.

## 2 CLASSIFICATION OF WASTE

- Classification by type: classify waste according to its hazardousness (hazardous and non-hazardous) and categories, such as paper, plastic, glass, metal and organic.
- Standardization: follow the technical and legal standards for the classification of waste.

## 3 SEPARATION OF WASTE BY EMPLOYEES

- Adequate infrastructure: provide adequate collectors for each type of waste, properly identified and in strategic locations, facilitating the separation of waste.
- Internal procedures: establish clear procedures for guiding employees to separate waste, encouraging the active participation of all employees.

## 4 QUALIFICATION OF RECYCLERS

- Qualification of recyclers: evaluate and qualify recyclers to ensure that they have the necessary licenses, follow the Supplier Code of Ethics and WEG environmental standards and requirements.
- Partnerships with recyclers: establish contracts with recycling companies to ensure the correct disposal of recyclable materials.

## 5 PROPER ENVIRONMENTAL DISPOSAL

- Disposal of recyclable waste: dispose of the waste generated in the process to environmentally appropriate recyclers.
- Disposal of non-recyclable waste: dispose of waste generated in the processes and that cannot be sent for recycling to duly licensed industrial landfills.

**It is important to emphasize that part of the waste generated in the operations is recycled by WEG itself, thus returning to the process and becoming part of its products. All waste is sent to environmentally responsible companies, selected and developed by WEG's environmental management team.**

# RESPONSIBILITIES OF THE SELECTIVE COLLECTION PROGRAM

| RESPONSABLE | RESPONSIBILITIES |
|---|---|
| **Environmental Technician / Analyst** | - Detect, evaluate residue characteristics.<br>- Define the appropriate destination for the waste, observing the legislation.<br>- Define the necessary storage and transportation for the waste.<br>- Establish documents for transportation and destination.<br>- Evaluate and qualify companies for recycling and environmentally appropriate final disposal of waste.<br>- Train facilitators on selective collection. |
| **Employees** | - Carry out the separation of waste according to the guidelines of selective collection.<br>- Identify and propose improvements to reduce waste. |
| **Facilitators / Responsible for training** | - Train employees on selective collection, waste separation and proper environmental disposal. |
| **Managers** | - Approve waste reduction projects.<br>- Approve and monitor waste reduction targets of their Departments. |
| **Commissions** | - Approve waste reduction projects and submit for approval by the General Management/CEO. |

# WASTE COLLECTORS

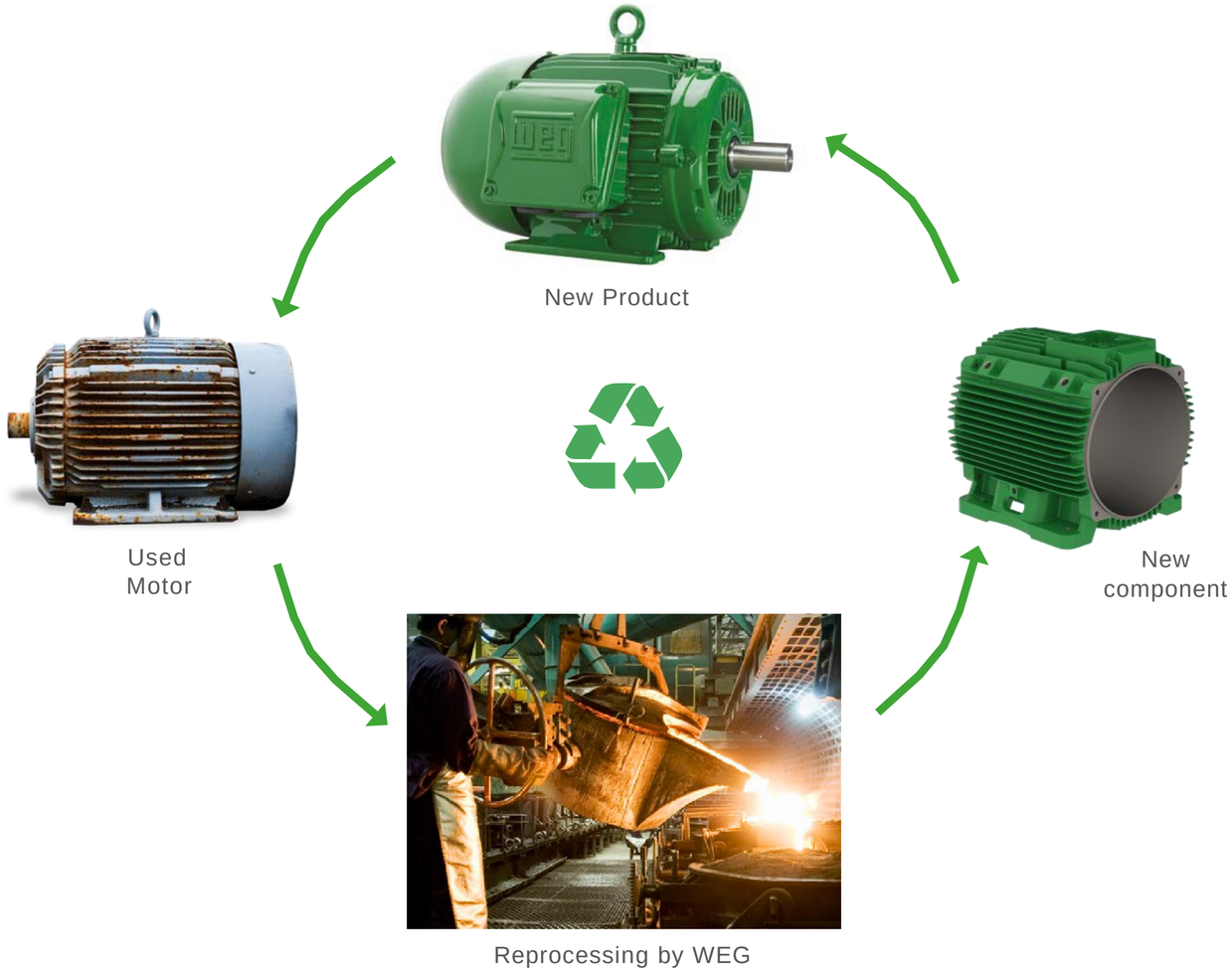
The waste is separated in the production processes so that it can later be sent for recycling. To do this, we use a system of colored collectors to facilitate correct separation, which is carried out by our employees. These colors may vary according to each country of application, as there may be specific legislation on the subject.

# USE OF SECONDARY MATERIALS / WASTE REUSE

Waste reuse is critical for environmental sustainability, as it decreases the amount of waste that goes to landfills and reduces the extraction of natural resources. This practice is one of the pillars of the circular economy, which seeks to transform the linear model of production and consumption into a closed cycle where waste is continuously reintegrated into the production chain. By reusing materials, we save resources, decrease greenhouse gas emissions, and create new economic opportunities through innovation and efficiency.

# METAL SCRAP

WEG reuses metal scrap from various sectors of the company, Stamping, Post-Consumer Products and Machining, which are destined for the casting process of caps and casings. This practice makes it possible for 100% of the motors casings and covers produced in Jaraguá do Sul to be manufactured from the reuse of material and without the need to exploit the environment in search of raw material.  With this practice, we increase our percentage of secondary material used in internal processes.



# SAND RECOVERY

In the casting process, sand is used to manufacture the motor molds. After using this sand, WEG recovers the input, using a documented procedure, making it possible to reintroduce the sand into the casting process. This action causes the input to be recovered and reintroduced into the process, avoiding disposal and alteration of soil and water characteristics, in addition to the extraction of new natural resources.  Currently, we are able to reuse more than 90% of the foundry sand that enters metallurgical workers and this practice is present in all WEG Group Metallurgical Workers.

# SOLVENT RECOVERY

WEG's practice is the treatment and recovery of solvents generated in the production process. The solvents that are used in production, instead of being discarded, are sent to a distiller, where they are treated, recovered and returned to the production process.

Solvent
used


Solvent
Distiller

Recovered solvent
returning to the process

**SOLVENTS RECOVERED AND REINSERTED INTO THE PROCESS:**

**2022**

More than

**50 tho** liters

**2023**

More than

**64 tho** liters

**2024**

More than

**80 mil** liters

# MACHINING CHIP REUSE

To reuse the chip generated by the machining processes of shafts and cast components, previously sold as scrap, a process of grinding, mixing and briquetting these materials was developed.

Now this material is used in fuser furnaces for the manufacture of cast iron housings and covers.

In addition to the use of this waste, this process recovers about 13,700 liters of oil per year.

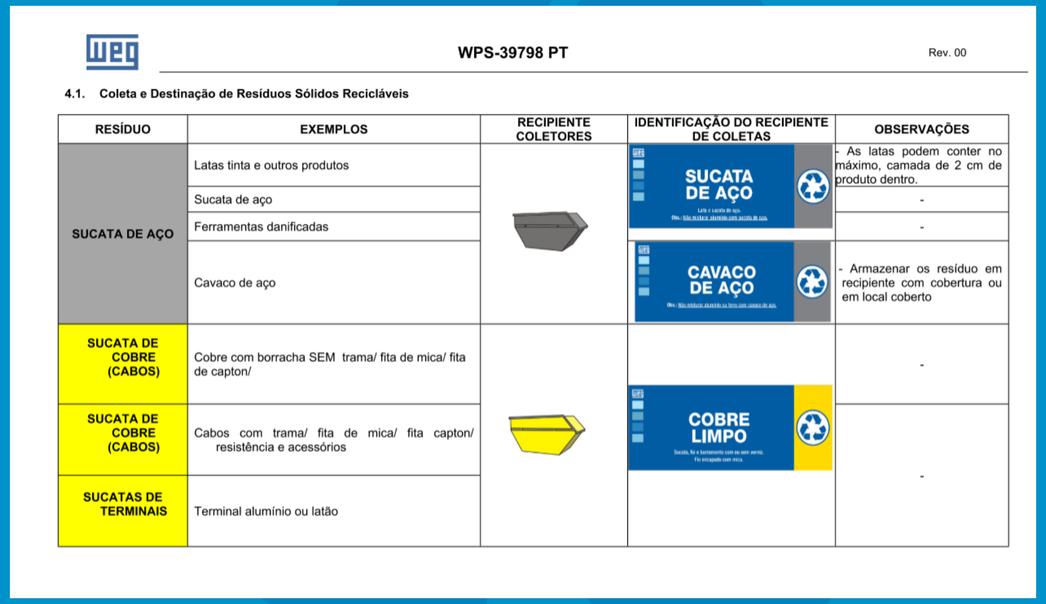
This process expands the use of secondary materials in WEG products, impacting the reduction of the product's carbon footprint.

# TRAINING
# SELECTIVE COLLECTION

Training in selective collection plays a key role in promoting sustainability and preserving the environment. By empowering individuals and communities on the correct separation and disposal of waste, this type of training creates a solid foundation for environmentally responsible practices.

Through the knowledge gained, people can reduce waste, recycle valuable materials, save natural resources, and decrease pollution. In addition, training in selective collection fosters a culture of environmental awareness, encouraging citizen participation and engagement in actions that have positive impacts both locally and globally. Therefore, investing in training in selective collection is a crucial step to build a more sustainable future and ensure the preservation of our planet for future generations.

At WEG, **employees are trained in the Selective Collection Program** so that they are able to practice it. For this, **specific standards** of the production departments **are used**, as each one has its particularities. All training is recorded according to WEG internal procedures.



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4.1. Coleta e Destinação de Resíduos Sólidos Recicláveis

| RESÍDUO | EXEMPLOS | RECIPIENTE COLETORES | IDENTIFICAÇÃO DO RECIPIENTE DE COLETAS | OBSERVAÇÕES |
|---|---|---|---|---|
| SUCATA DE AÇO | Latas tinta e outros produtos | | SUCATA DE AÇO | - As latas podem conter no máximo, camada de 2 cm de produto dentro. |
| | Sucata de aço | | | - |
| | Ferramentas danificadas | | | - |
| | Cavaco de aço | | CAVACO DE AÇO | - Armazenar os resíduo em recipiente com cobertura ou em local coberto |
| SUCATA DE COBRE (CABOS) | Cobre com borracha SEM trama/ fita de mica/ fita de capton/ | | | - |
| SUCATA DE COBRE (CABOS) | Cabos com trama/ fita de mica/ fita capton/ resistência e acessórios | | COBRE LIMPO | - |
| SUCATAS DE TERMINAIS | Terminal alumínio ou latão | | | |

Selective Collection Standard (example)

# IMPROVEMENT PROJECTS FOR WASTE REDUCTION

WEG Kaizen is a powerful tool for reducing waste generation at WEG. By encouraging the active participation of all employees in the identification and elimination of waste, Kaizen promotes a culture of efficiency and environmental responsibility. Through small, incremental improvements, businesses can optimize their processes, reduce resource utilization, and minimize waste generation. This approach not only contributes to sustainability but also improves productivity and product quality, resulting in a positive impact on both the environment and the company's competitiveness in the market.

At Kaizen WEG, employees are constantly encouraged to identify opportunities for waste reduction, including reducing the generation of waste from processes. Every day, new opportunities are registered and addressed at Kaizen WEG, and **in the last three years, more than 300 projects have been implemented to address the waste issue.**

# WASTE REDUCTION TARGETS

Targets related to waste reduction and management are recorded in the WEG Productivity Quality Program (PWQP). The targets are defined at the level of the Production Department and controlled monthly by managers.

In the last three years, more than 90 departmental targets related to waste management have been registered, see an example below.

1. Reduce waste generation at the Electroinsulators Factory to 1,270%.

**Annual achievement of targets**

| Target | Fiscal Year 2021 | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 |
|---|---|---|---|---|
| Target 1 | 66,9% | 84,3% | 107,1% | 106,1% |

* Started in 2022

# HIGHLIGHTS TARGETS 2025

**Reduce** **5%** the volume of waste destined for the industrial landfill (kg/ton of finished part in molding)

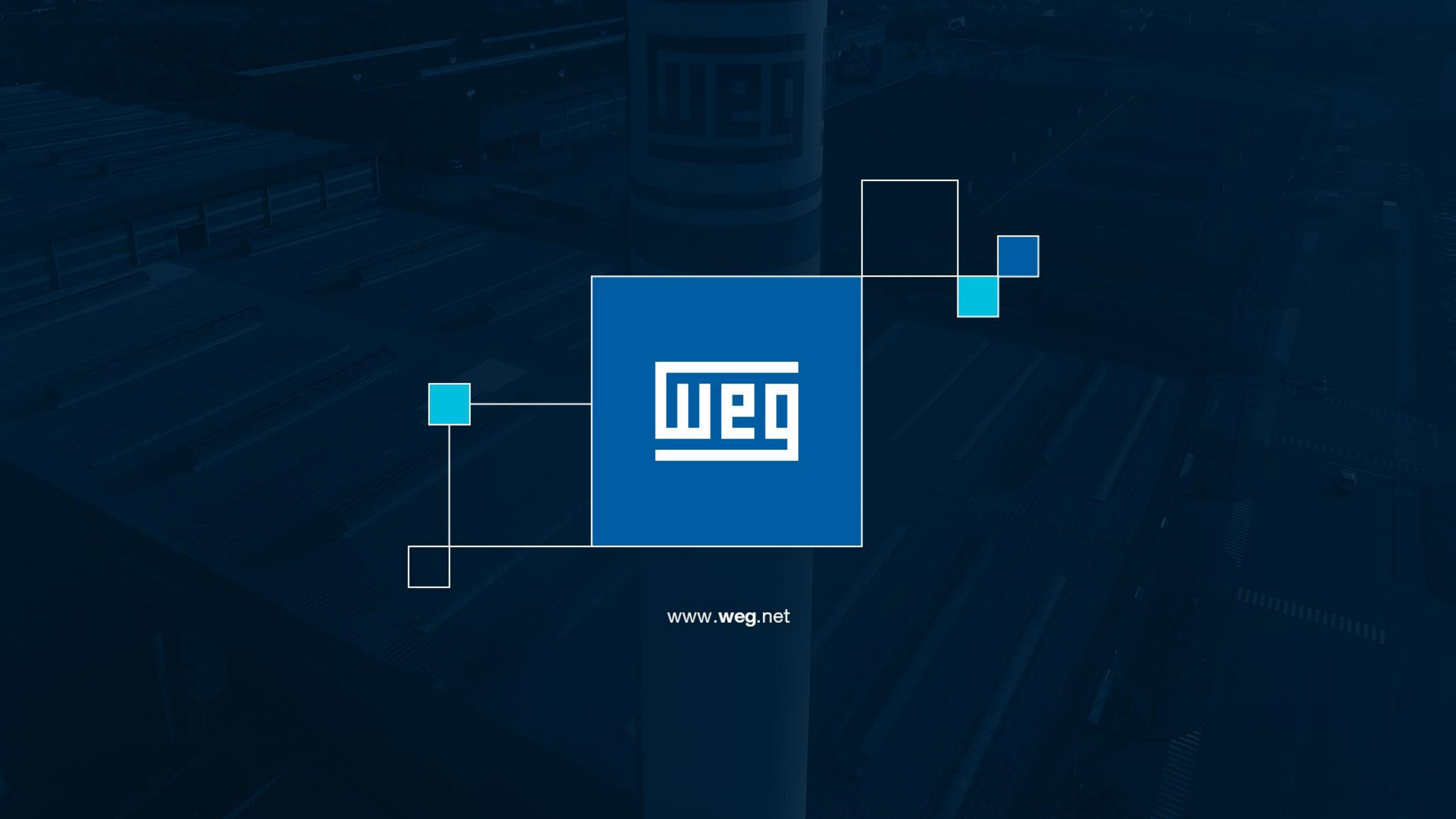
**Reduce** **5%** Hazardous waste destined for industrial landfill (kg/module produced)

# KEY PERFORMANCE INDICATORS

With the Selective Collection program, WEG has sent more than **830,000 tons** of waste for recycling in the last 4 years.


| Item | Unit | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Total waste recycled/reused** | Metric Tons | 197.482 | 206.350 | 187.114 | 234.982 |
| **Total waste disposed** | Metric Tons | 63.283 | 76.709 | 71.331 | 69.399 |
| - Waste landfilled | Metric Tons | 58.938 | 71.048 | 65.387 | 66.964 |
| - Waste incinerated with energy recovery | Metric Tons | 0 | 0 | 0 | 0 |
| - Waste incinerated without energy recovery | Metric Tons | 4.345 | 5.661 | 5.944 | 2.435 |
| - Waste otherwise disposed, please specify: | Metric Tons | 0 | 0 | 0 | 0 |
| - Waste with unknown disposal method | Metric Tons | 0 | 0 | 0 | 0 |
| **Data coverage (as % of denominator)** | % employees | 100 | 100 | 100 | 100 |

| Item | Unit | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **Total hazardous waste recycled/reused** | Metric Tons | 0 | 0 | 3.101 | 5.783 |
| **Total hazardous waste disposed** | Metric Tons | 5,484 | 6,511 | 5.944 | 5.783 |
| Hazardous waste landfilled | Metric Tons | 1.138 | 850 | 0 | 3.348 |
| Hazardous waste incinerated with energy recovery | Metric Tons | 0 | 0 | 0 | 0 |
| Hazardous waste incinerated without energy recovery | Metric Tons | 4 | 5,661 | 5.944 | 2.435 |
| Hazardous waste with unknown disposal method | Metric Tons | 0 | 0 | 0 | 0 |
| **Data Coverage (as % of denominator)** | % employees | 100 | 100 | 100 | 100 |



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# 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.

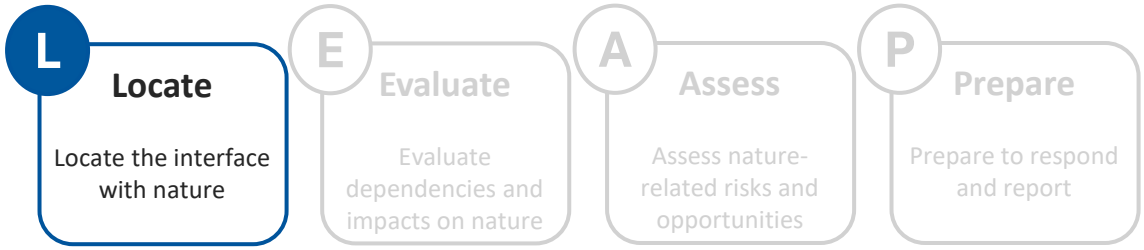
The objective was to identify WEG's presence and its relationship with nature, providing the foundation for future assessments of biodiversity-related risks.

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

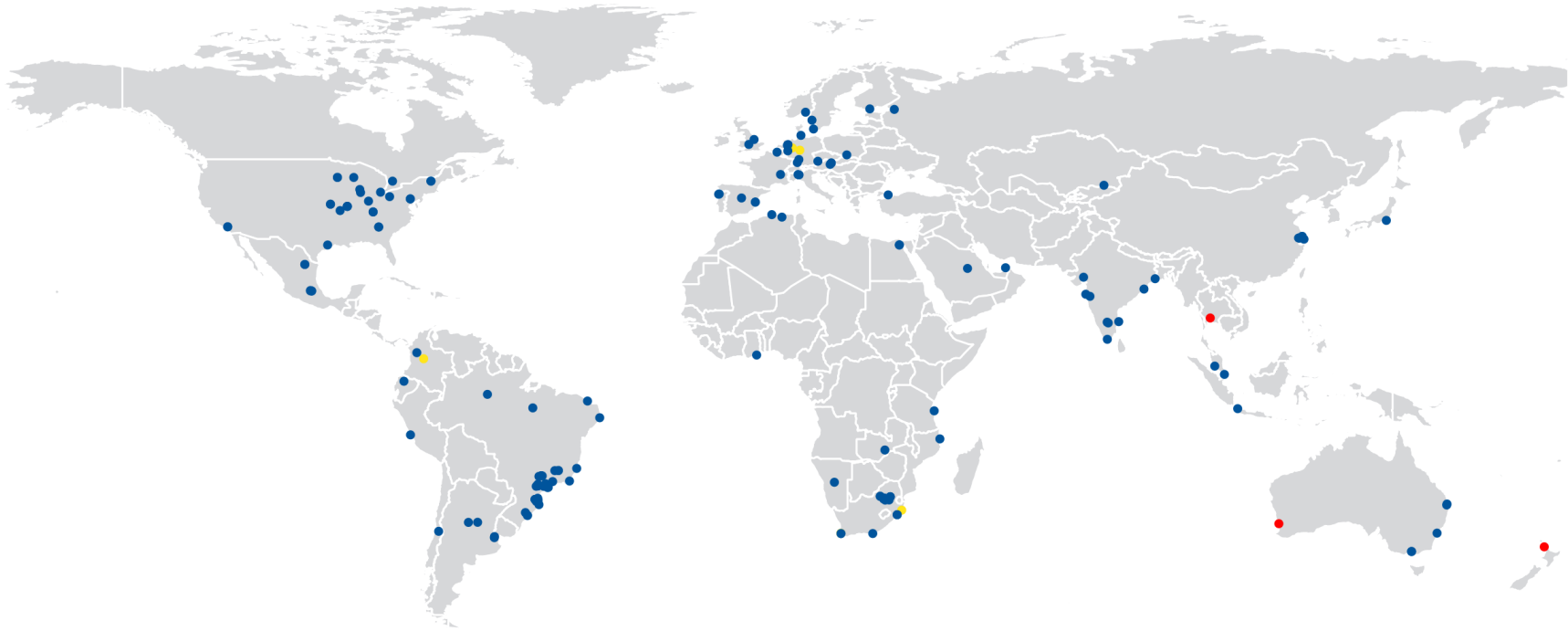
For the biodiversity risk assessment, the specific locations of each WEG operating address were used, including production sites, commercial offices, warehouses, and joint ventures.

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/

Driving efficiency and sustainability

# ELEMENTS OF THE WEG QUALITY MANAGEMENT SYSTEM

WEG applies a certified quality management system based on regulatory requirements and requirements from our customers. Some elements of the WEG QMS include:

**Independent External Verification of the Quality Management System:**

- External audits of WEG's Quality Management System are conducted by independent certification bodies, ensuring compliance with global quality standards;
- WEG holds internationally recognized certifications**.**

**Internal Audits of the Quality Management System:**

- WEG conducts internal management system audits to assess compliance with regulatory requirements and the application of policies and guidelines, identifying opportunities for improvement;
- Internal audits are carried out by qualified professionals trained in the criteria established by WEG.

**Prevention of Non-Quality:**

- The company implements preventive quality controls, ensuring that process deviations are identified internally before reaching the customer, thus avoiding non-quality;
- Based on the risk analysis of not achieving the expected results of its processes, WEG plans checks, inspections, and validations to prevent these risks from materializing;
- WEG uses a self-control system combined with quality inspections on its production lines to monitor the quality of process outcomes.

**Training of Internal Stakeholders:**

- WEG promotes continuous training at all hierarchical levels to improve the ability to anticipate problems or uncertainties in its processes;
- WEG provides training platforms with over 120 courses accessible to all employees, in addition to offering training in specific methodologies focused on problem prevention and resolution. These methodologies include tools from the WEG Management System (WMS), certification levels in the Six Sigma Methodology (Yellow, Green, Black, and Master Black Belt), and Design for Six Sigma, focusing on stakeholder development and continuous improvement of processes and products;
- WEG establishes training paths that promote skill development for employees in their roles;
- Continuous training ensures that everyone understands their roles and responsibilities within the quality management system.

**Mechanisms for Communication with External Stakeholders:**

- WEG maintains formal communication channels with customers and partners through our website (WENDI Assistant for Brazil and contact form for other countries) for registering and handling complaints about defective products;
- WEG units have trained teams to provide technical assistance aimed at clarifying doubts or analyzing complaints. These inputs are used in our quality management system and allow us to continuously improve our processes.

**Continuous Process Improvement:**

- The WEG Management System (WMS) is a management system that drives the use of methodologies for continuous improvement of its processes and products;
- All current programs and tools are reviewed and updated based on the structure of the Continuous Improvement Management System, which aims to enhance safety, quality, productivity, asset maintenance, and internal/external logistics through a structured set of methods and tools;
- WEG maintains a robust Six Sigma program as a foundation for the systematic improvement of its processes and products, operating with compliance and reliability. Its approach focuses on customer satisfaction, defect reduction, increased efficiency, and the pursuit of Competitiveness, Quality, Sustainability, and Technology.