

# WEG CARBON NEUTRAL PROGRAM







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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**

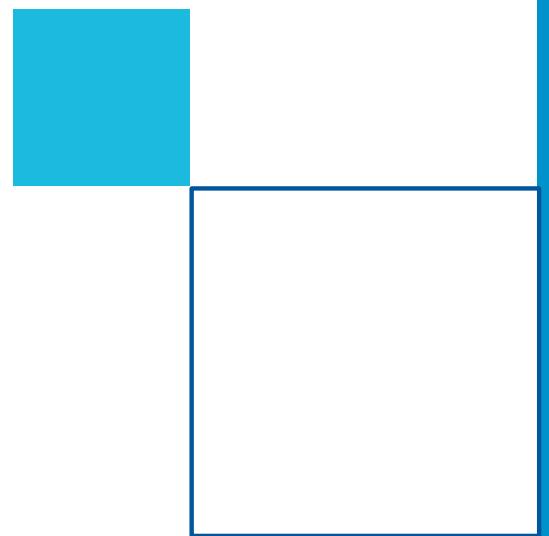
Reduce GHG emissions by

**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.


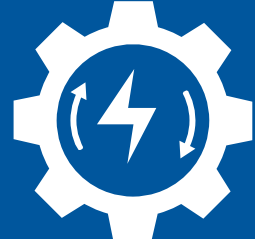


The WEG Carbon Neutral Program is fully aligned with the WEG Sustainability strategy, in the Circular and Efficient Operations axis and in the theme "Carbon Neutral in Operations".

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.

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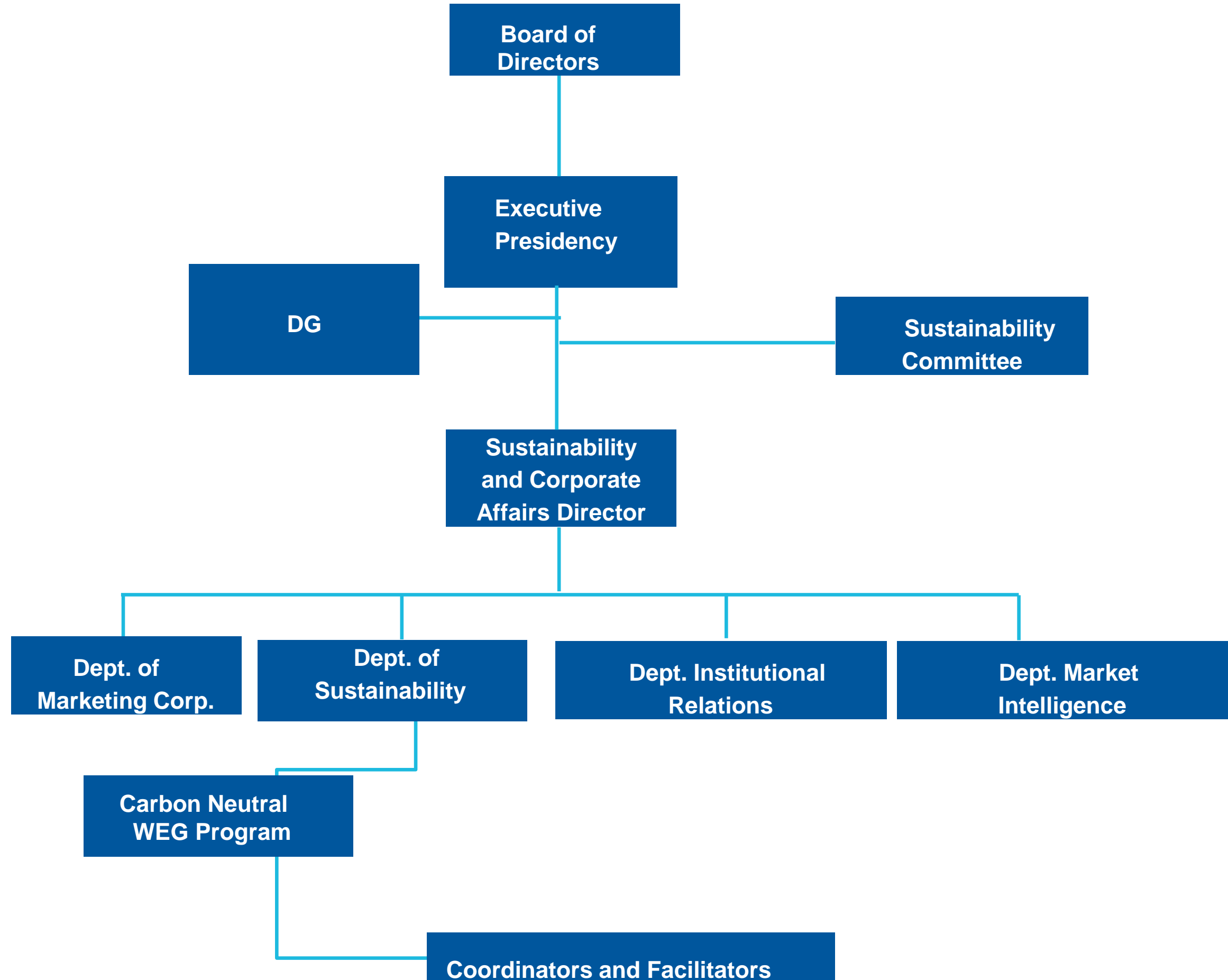
TEMAS

 <b>Sustainable products and solutions</b>	 <b>Circular and efficient operations</b>	 <b>Engaged Employees and communities</b>	 <b>Governance and ethical conduct</b>
<ul style="list-style-type: none"> <li>■ Technologies and Innovations for Energy Transition and Decarbonization</li> <li>■ Responsible Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>■ Eco-efficiency and Waste and Emission Management</li> <li>■ Carbon Neutral in Operations</li> </ul>	<ul style="list-style-type: none"> <li>■ Comprehensive Well-being, Diversity and Inclusion</li> <li>■ Sustainable Growth of the Communities</li> </ul>	<ul style="list-style-type: none"> <li>■ <i>Compliance and Integrity</i></li> <li>■ Engagement and Transparent Communication</li> </ul>



# 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
<b>Board of Directors</b>	<p>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.</p> <p>Track progress on GHG reduction targets every six months.</p>
<b>General Management and Executive Presidency</b>	<p>Approve the proposals related to the WEG Carbon Neutral Program presented by the Sustainability Committee and report to the Board of Directors.</p> <p>Approve annual GHG reduction targets and monitor their progress on a quarterly basis.</p> <p>Approve GHG reduction projects and request new actions when necessary.</p>
<b>Sustainability Committee</b>	<p>Monitor the evolution of the WEG Carbon Neutral Program on a quarterly basis and report the information to the General Management and the Executive Presidency.</p>
<b>Sustainability and Corporate Affairs Director</b>	<p>Coordinate the Sustainability Committee</p>
<b>Department of Sustainability</b> <b>ESG Management Sector</b>	<p>Define methodology for assessing the feasibility of reduction projects.</p> <p>Carry out the WEG Group's GHG emissions inventory.</p> <p>Monitor the corporate KPIs of the program and unfold the results of the BUs.</p>
<b>Coordinators and Facilitators</b>	<p>Map opportunities and plan emission reduction projects.</p> <p>Submit reduction projects to internal committees and implement those approved.</p> <p>Gather information necessary for the GHG inventory.</p>



# 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 2023

Achieve 90% of Scope 1+2 emissions over the 2021 base year (reduce 10%).

**Goal status:** achieved.

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

## REDUCTION TARGET 2024

Reduce 10% of Scope 1 emissions compared to 2023 emissions (approved projects).

**Goal status:** In progress.

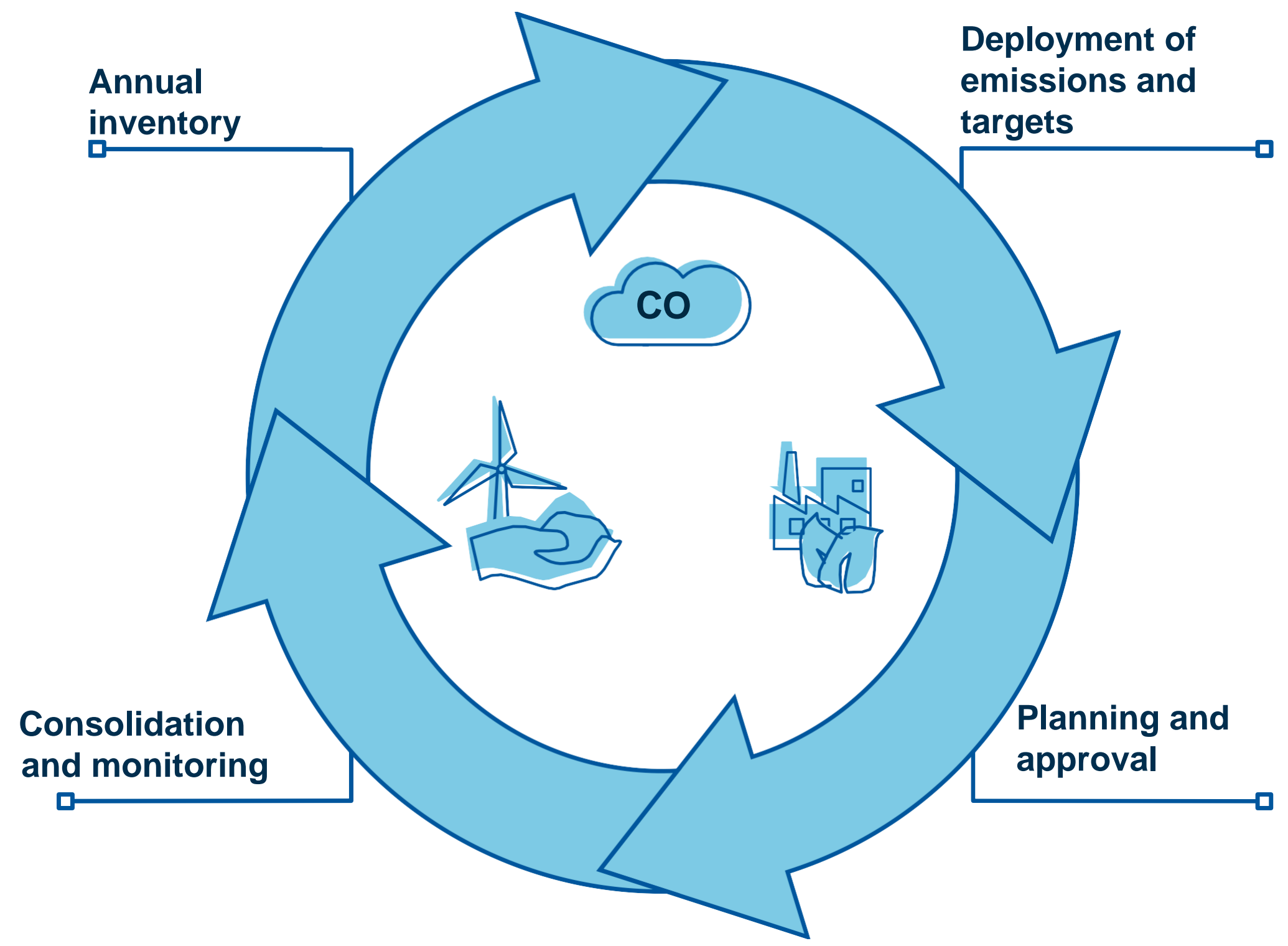
**Impacted employees:** CEO / CFO / COO / CSO / managers, bosses and employees in general.



# 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.





# STRATEGY

# DECARBONIZATION 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 (ROI) methodology. We are committed to phasing out investments in carbon-intensive assets.

**Offsetting of emissions**

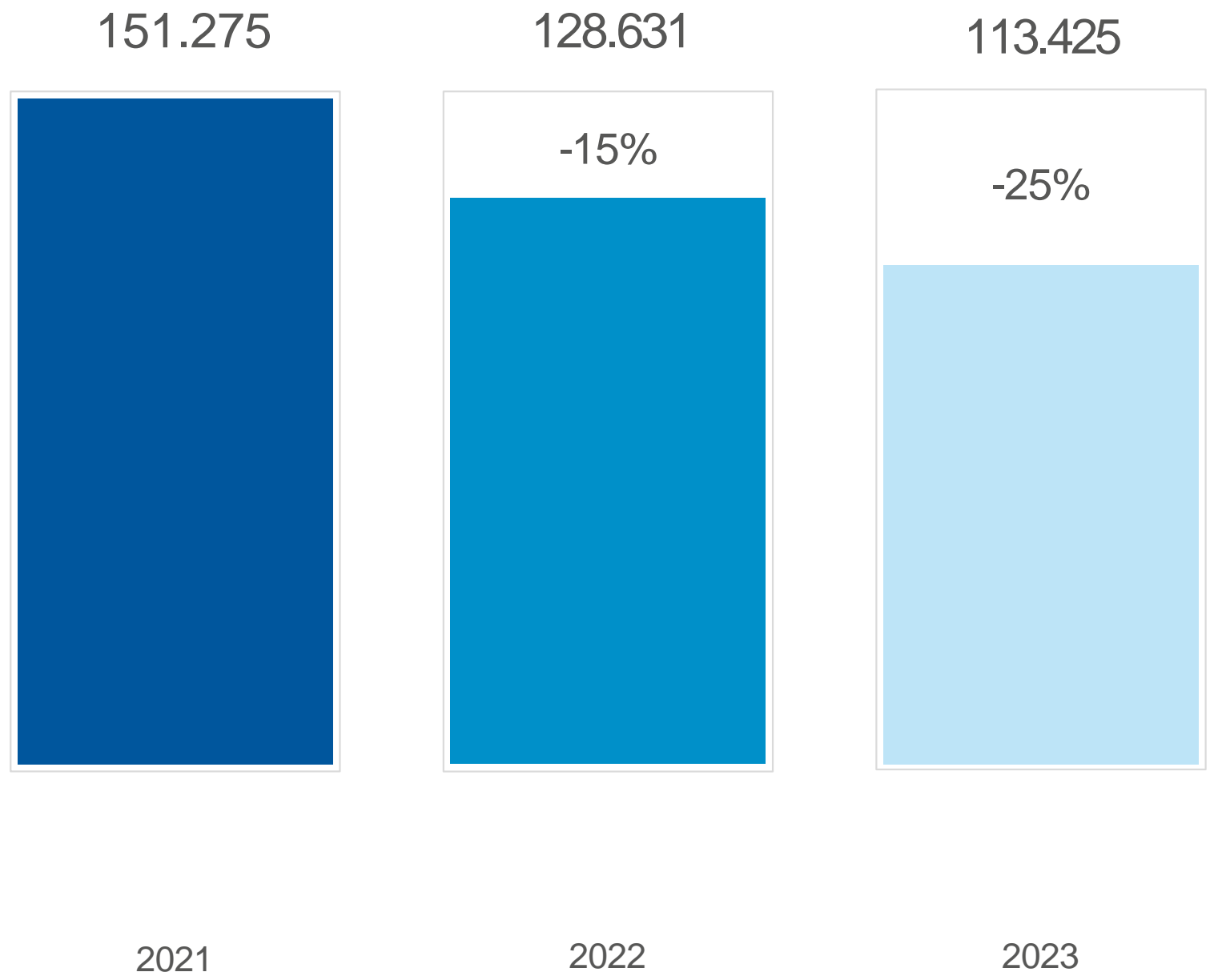
- By 2030, WEG will be focused on CO2 emission reduction projects, investing in mitigating their impacts, before any movement to offset emissions.
- After 2030, if necessary, WEG will start neutralizing emissions, making it possible to use offsetting with the development of carbon credit projects and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





# EVOLUTION OF THE WEG CARBON NEUTRAL PROGRAM

SCOPE 1 AND 2 EMISSIONS (tCO<sub>2</sub>e)



WEG reduced its emissions by **25%** in 2023 compared to the base year 2021. This demonstrates the company's commitment to Climate Change and the achievement of the 2030 and 2050 targets.



# GHG REDUCTION PROJECTS

In 2023, the deployment of the program brought important results for WEG to continue on the path of becoming Carbon Neutral in operations.

In two years, the projects reduced approximately 37 thousand tons of CO<sub>2</sub> e, representing a 25% reduction in emissions from WEG operations compared to the base year (2021).

During this period, more than 800 projects were mapped and more than 600 were approved by the board, with the potential to reduce 32,000 tons of CO<sub>2</sub>e.

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 fronts.

# FEATURED PROJECTS IN 2023

- Electrification of the burner of the paint line oven - Brazil
- Replacement of combustion forklifts with electric ones - Brazil
- Improving energy efficiency in the paint booth heating ramp - Brazil
- Improvement in the control of refrigerants – Brazil and Argentina
- Contract for the purchase of renewable energy – India and China
- Self-generation of renewable energy (solar) – Austria, Argentina and Mexico
- LED lighting system – United States
- Reduction of natural gas consumption in the exhaust system at the Foundry - Guaramirim



# CARBON NEUTRAL IN OPERATIONS

HIGHLIGHTS AND ADVANCES ON THE TOPIC IN 2023

**25%**

absolute  
reduction of GHG  
emissions  
(base year 2021)

More Than  
**600**  
Approved  
projects

More Than  
**800**  
projects

of GHG  
reduction  
mapped by 2023

More Than  
**500**  
Executed  
projects

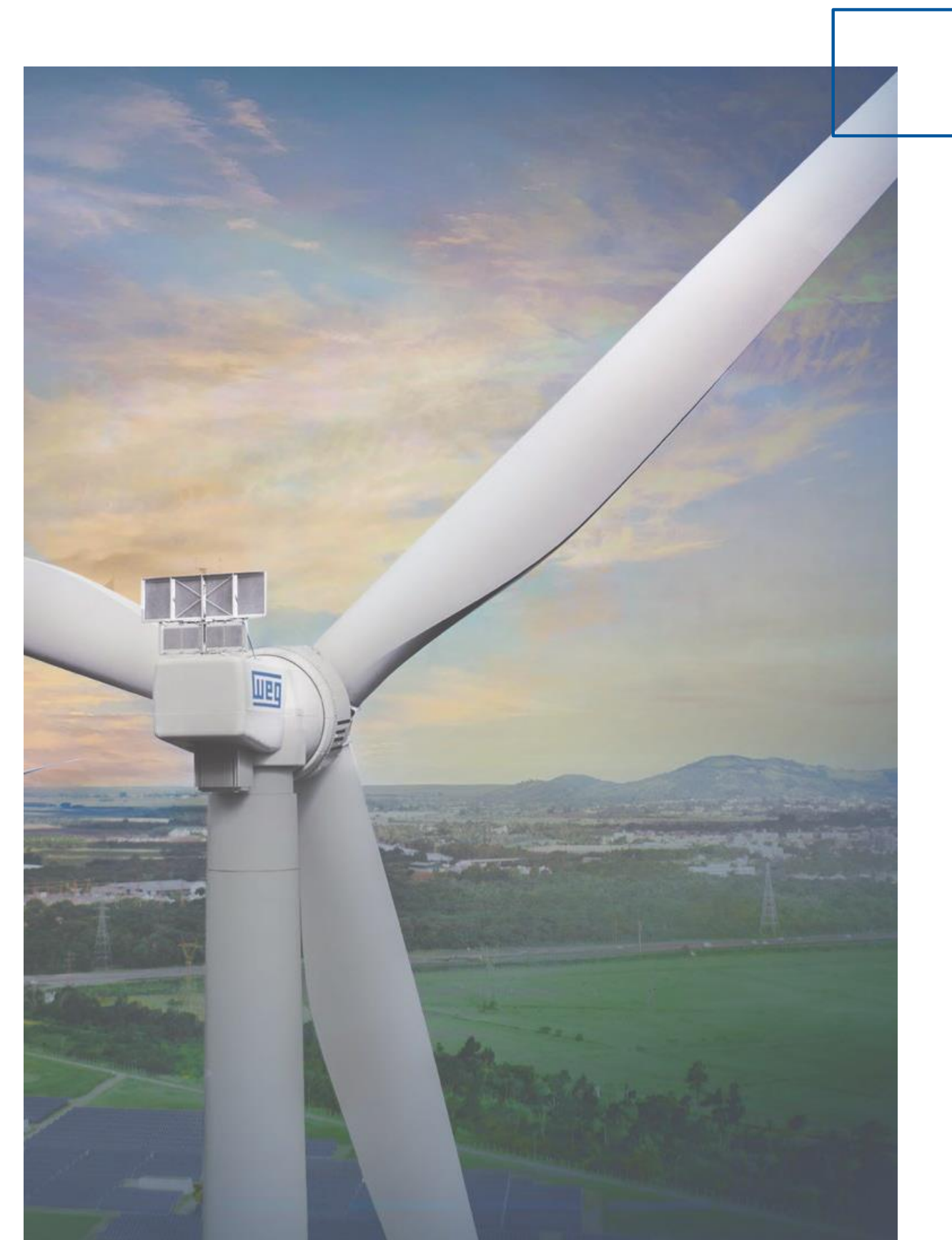




# USE OF RENEWABLE ENERGY

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





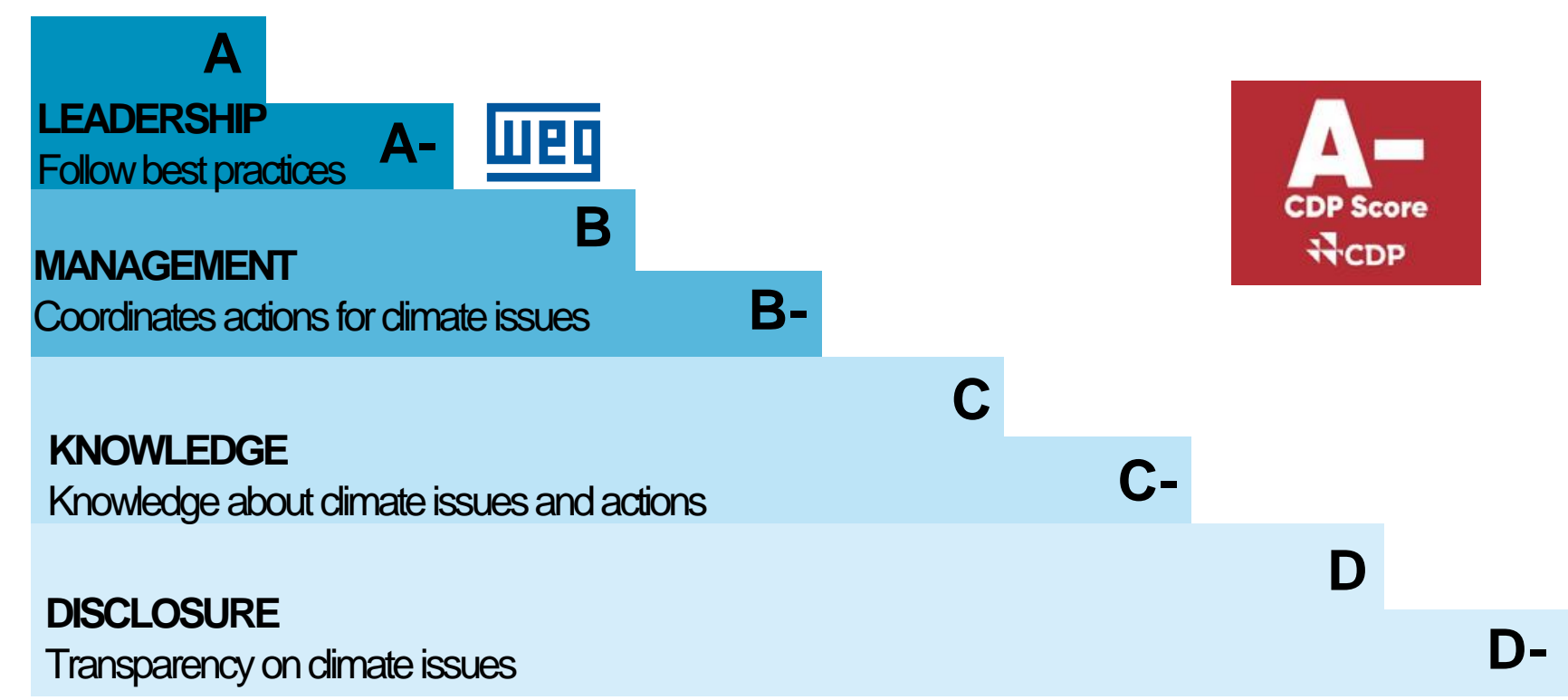
# REWARDS

CDP is the leading rating agency on corporate decarbonization management and is the information base for other ESG investment agencies and indices, as well as several clients. The CDP also makes public the level of engagement of companies on various aspects of climate change and enables a comparison between companies.

In 2023, we made important progress through the WEG Carbon Neutral Program, with targets, structure and governance for the theme, mapped reduction projects, in addition to effective emission reductions.

WEG's performance demonstrates the consistency in its actions and its commitment to decarbonization, advancing in practices such as a complete emissions inventory, audited by a third party, investments in projects to reduce GHG emissions, increase in the use of renewable energy in operations, assessment of risks and opportunities, engagement of the supply chain, as well as a portfolio of products that support its partners in the decarbonization journey.

## WEG CDP 2023 Performance



B3's Carbon Efficient Index (ICO2 B3), aims to be an instrument to induce discussions on climate change in Brazil. WEG has been part of ICO2 for more than 8 years, which demonstrates the company's commitment to the adoption of management practices that lead to greater efficiency in reducing Greenhouse Gas (GHG) emissions, contributing to the advancement of the transition to a low-carbon economy.



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