

Code of Ethics

FOR SUPPLIERS





Werner Ricardo Voigt

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*“When you lack machines, you can buy them;
if you do not have money, you can borrow it,
but you cannot buy or borrow people
and people who are motivated by an idea
are the basis for success.”*

Eggon João da Silva



OUR VALUES

In order to guarantee our continuous and sustainable growth, while keeping the simplicity, we base our management practices on the following values:

- **People and Environment**
We value generation of professional and personal development opportunities, human rights, diversity and the environment. We invest in solutions for reduction of carbon emissions and encourage our people to be engaged in social activities where we have our operations, with focus on health and education.
- **Team Management**
We work as a team within a friendly way allowing sharing of ideas. We get together and share knowledge and skills to continuously improve our decision-making process.
- **Governance**
Through a structured governance system at all levels, we promote transparency, integrity, ethics and safety in everything we do, respecting the rights of all stakeholders.
- **Efficiency with Simplicity**
We encourage simplicity in our relationships and do our best to improve efficiency and competitiveness, turning our products and processes even better. We continually try to do more with less, with excellence while performing our activities.
- **Innovation and Flexibility**
We invest in research, development, innovation and quality, with focus on offering efficient solutions to the market. We are continuously being resilient in order to meet our customers' needs.
- **Leadership and Culture**
We offer developing opportunities to our people allowing them to perform their job with excellence within the company's strategy, as well as cultivating and promoting the WEG background culture.

CONSIDERATIONS

The sustainability of our growth depends basically on the ethical behavior in the relationship between stakeholders.

Besides following the Code of Ethics, WEG respects the local laws and cultures of each country in which it is present.

■ To Whom the Code of Ethics Apply

WEG Code of Ethics describes the conduct that is expected from employees, management and executives in the exercise of their activities in all the units of the WEG Group in the world. In this document, all units directly or indirectly controlled by the WEG Group will be referred to as WEG.

■ Additionally, WEG encourages the other stakeholders to apply the WEG Code of Ethics:

- Affiliated companies
- Suppliers
- Independent contractors
- Representatives / distributors
- Dealers and repair shops
- Customers
- Investors
- Community
- Government



Harry Schmelzer Jr.
CEO

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1. PRESENTATION

By means of the Code of Ethics for Suppliers, WEG reinforces its commitment to responsible management, sustainable growth, adoption of best practices and ethical behavior to be adopted by its entire supply chain.

Our suppliers are selected and contracted following a thorough analyses, which is based on technical, financial, Socio-Environmental, ethical, competitiveness and quality criterion and compliance with the legislation in force.

There will be daily situations not covered by the expected conducts described in this Code which will cause uncertainty about what must be done. In this case, you might have heard or read, or you may even think in the following way:

- Only this time...
- No one will ever know...
- Everyone does that...
- It can be hidden...
- This conversation has never happened...
- This does not seem to be a meeting...

Right

Wrong

**In such situations and, in order to obtain guidance, read again the relevant item of the Code and check if there are any conflicts.
If necessary, answer the following questions:**

- Is it legal to do what you are thinking about doing?
- Is this action impartial and honest?
- Will this action be questioned after some time?
- How will I feel later?
- What would that look like if it is made public?
- What would I advise my children to do?
- How would I feel if my family, friends and neighbors found out about it?

We must not remain passive when we face those situations of uncertainty. Answering those questions will help choose the best conduct in those cases or recognize that there is a violation of the Code which must be reported.

2. OBJECTIVE

This Code of Ethics sets out the rules that must guide the conduct of suppliers in the relationship with all WEG units.

3. SCOPE

It is intended to the supply chain, employees, management and executives of WEG, hereinafter referred to as WEG employees, who have relationship with suppliers in the exercise of their activities.

4. SUPPLIERS

We consider our suppliers as our business partners to achieve sustainable development, treating them equally, without any favoritism and observing the principles of free competition.

Expected conduct:

- a) Offer products and services based exclusively on technical and commercial criteria in order to optimize the cost effectiveness and based on an ethical and socially responsible behavior.
- b) Do not accept, request or offer any undue advantages, such as gifts, personal or professional benefits or rewards.
- c) Do not take part in technical and commercial negotiations with WEG employees who are blood related in first and second degree or the like;
- d) When it is necessary that our suppliers engage in a direct relationship with our customers to deal with subjects relevant for WEG, it should be duly authorized by the company. WEG expects an ethical relationship, aiming at an efficient, transparent and courteous service committed to the customer's satisfaction.

5. CONFLICT OF INTERESTS

The commercial contracts must comply with specific standards and an appropriate ethical conduct, avoiding situations of conflict of interests and/or any relationships that may interfere in the full exercise of the businesses:

- a) WEG employees are prohibited from holding stock in companies that supply products and services to WEG, in which they may have influence on the purchasing process;
- b) The suppliers are prohibited from using WEG's properties and services for their own benefit or of third parties;
- c) Different suppliers whose company is owned by the same owner, his/her spouse or children are prohibited from taking part in the same bidding process.

6. GIFTS, TRIPS AND OTHER BENEFITS

In order to eliminate possible interferences on the purchasing process, it is established that:

- a) It is prohibited to offer trips, gifts or any kind of favor to WEG employees and their families. Exceptions are corporate gifts without significant values;
- b) WEG employees can only accept plane tickets and trips offered by suppliers for visits and/or participation in technical events if approved by the executive of his business unit;
- c) WEG does not allow sponsorships for celebration parties organized by the company;
- d) WEG employees are prohibited from taking part in celebration parties with suppliers at moments of bidding or negotiation processes, except if authorized by the executive of his business unit;
- e) In case WEG employees take part in events with suppliers, it is recommended the presence of at least two WEG employees.

7. INFORMATION, CONFIDENTIALITY AND USE OF EQUIPMENT

Regarding information, confidentiality and use of equipment, it is established that:

- a) WEG employees and suppliers must ensure the understanding, transparency and honesty of the information required for the quotation, service contracting, purchasing and management of products and services;
- b) The suppliers must keep the confidentiality of the information they may have access to or be entrusted with, whether they are property of WEG or of other stakeholders, including personal data of their employees;
- c) Using, producing and/or disclosing WEG's facts, data and/or information for one's own benefit or of third parties is prohibited;
- d) Information related to supply contracts and purchase terms must be handled on a confidential basis;
- e) WEG does not allow the use and/or trading of its equipment, tools, drawings, standards and information access resources without the authorization from one of its executives;
- f) It is prohibited the use of software not homologated and not licensed on WEG's equipment. The original software can only be used if they comply with WEG policy;
- g) Carrying out lectures, seminars or academic works about WEG's processes and businesses is prohibited unless formally approved by one of its executives.
- h) The use of the WEG brand and/or related brands (word and symbol) is prohibited, except under a specific and formal contract.

8. ACCESS AND STAY AT WEG INSTALLATIONS

Regarding the access to and stay on WEG's premises and installations, it is established that:

- a) The supplier's employees, agents or contractors must observe the requirements for access, identification, safety and stay controls on WEG's premises;
- b) Suppliers and contractors are prohibited from using, selling or carrying alcoholic beverages or illegal drugs. No one can remain on WEG's premises if they are under the influence of such substances;

- c) Carrying weapons of any kind is prohibited, except in cases of express authorization, considering the activity developed within WEG's scope;
- d) WEG does not allow election campaigns on its premises;
- e) The Trade of products or services unrelated to the commercial relationship between the parties is prohibited.

9. CORRUPTION

We condemn any and all forms of corruption, as well as the offer and receipt of undue advantages of any kind, in the conduction of business.

The suppliers must prevent illegal behaviors, avoid corruption and fraud, in addition to avoiding conflicts of interests in the relationships with the government, private sector and/or organized civil society.

10. COMPETITION

Among others, WEG condemns the following practices:

- a) Noncompliance with the tax, labor and environmental legislation or any other legal rule as a form to practice more competitive prices and supply conditions;
- b) Formation of trusts and/or cartels;
- c) Defame competitors;
- d) Practice frauds and/or industrial espionage.

11. SOCIAL RESPONSIBILITY

Complying with the human rights and environmental standards are fundamental issues for WEG

11.1 Environment

The suppliers must operate and act so as not to jeopardize health, safety or environment, ensuring compliance with the legislation and regulations in force in the country where the products or services are manufactured or traded.

11.2 Working Conditions

The suppliers must ensure adequate working conditions to their employees and partners, observing the legislation in force in each country.

11.3 Exploitation of adult and child labor

We state our commitment to the eradication of all forms of slave, forced and child labor, under any circumstances, and we do not keep relationships with companies and people who disrespect such conduct.

11.4 Child and Adolescent Sexual Abuse and Exploitation

We repudiate any form of child and adolescent sexual abuse or exploitation and do not tolerate the omission of these practices by anyone.

11.5 Diversity

The suppliers must respect the diversity and do not accept discrimination or practice prejudice of any kind based on ethnicity, religion, culture, age, gender, political conviction, nationality, marital status, sexual orientation, or physical/intellectual condition.

11.6 Conflict Materials or Minerals

The suppliers must not use materials and components containing metals and mineral substances or their derivatives coming from countries or regions under social conflict that can finance or benefit armed groups, directly or indirectly.

12. RISK MANAGEMENT

Suppliers are expected to implement mechanisms to identify and manage risks in all areas covered by this Code of Ethics and in all applicable legal requirements.



Violation of the Code of Ethics

The conducts described in this Code must be practiced by every supplier, as well WEG employees, management and/or executives, in the execution of the business relationships and performance of their jobs, and WEG undertakes to provide the necessary conditions to enable that.

WEG reserves the right to verify, at any moment, if the suppliers are complying with the provisions of this Code.

Any suppliers, WEG employees, management or executives, who fail to comply with the Code are subject to commercial restrictions and disciplinary measures.

Anyone who is not sure about the meaning, intention or application of the Code of Ethics must clarify the questions immediately.

**If you are aware of any violations of the Code,
we expect that you report them immediately. Do not be conniving!**

See on our website www.weg.net the available channels to make your denouncement



WEG employees can also report to their supervisor, manager or director.

The information provided will be kept confidential, except for situations in which WEG has the legal obligation to inform the authorities.

No retaliations or sanctions against any person who, in good faith, reports violations or suspicions of violation of this Code will be tolerated.

Anyone who believes to be suffering from any form of retaliation can report it. The Board of Directors is responsible for managing the Code of Ethics.

The Executive team of each company in the WEG Group is responsible for applying this Code of Ethics. Situations not provided for pursuant to this Code will be submitted to the Code of Ethics Management Committee.



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