GENERAL TERMS AND CONDITIONS FOR PURCHASE OF GOODS, MATERIALS AND/OR SERVICES

1. PURPOSE & EFFECTS

1.1 This document is intended to regulate the relationship between the companies of WEG GROUP (hereinafter simply “WEG”) and their suppliers of goods, materials and services (hereinafter referred to, individually as “SUPPLIER”), applicable to all purchases of goods and services by WEG, its subsidiaries and affiliates located in Brazil, being the terms and conditions governing such purchase of goods, materials and/or services (hereinafter “PURCHASE”).

1.2 The relationship between WEG and the SUPPLIER (hereinafter jointly referred to as “PARTIES”) shall be governed by the principles of good faith and bilaterality. By providing the goods and/or services correspondent to the PURCHASE, the SUPPLIER recognizes its connection to this instrument, while declaring full technical, financial and legal capacity for such provision of goods and/or services.

1.3 By accepting any purchase document (Order, Request, Shipping Schedule and/or Service Order) issued by WEG (hereinafter the “PURCHASE DOCUMENT”), the SUPPLIER expressly indicates its full acceptance of these General Terms and Conditions for Purchase of Goods, Materials and/or Services (hereinafter “GENERAL CONDITIONS”). Any exception to these GENERAL CONDITIONS shall only be accepted if agreed by both PARTIES through a written, specific document, which shall be attached to the PURCHASE DOCUMENT.

1.4 The terms contained in this GENERAL CONDITIONS, in the Order, Request, Agreement, Purchase Order and/or Service Order issued by WEG, shall constitute the entire agreement between the PARTIES as regards the PURCHASE, and, in case of dispute, the provisions of the first document listed above shall prevail, following that order of precedence.

1.5 The price agreed upon by the PARTIES as shown in the PURCHASE DOCUMENT represents the full and complete payment owed by WEG to the SUPPLIER, for the services and/or supplies corresponding to the PURCHASE, and this amount shall include all costs and expenditures, direct and indirect, incurred by the SUPPLIER in regard to such services and/or supplies such as: (i) all incidental taxes; (ii) all costs related to labor, direct and indirect, to any subcontracting of services and supplies connected to the PURCHASE, transport of materials and personnel, feeding, as well as costs with mobilization and demobilization of equipment and personnel; (iii) labor, social and social security charges relating to Employees or any third party assigned by the SUPPLIER for the subject of the PURCHASE, according to the Law in Force; (iv) materials, equipment and inputs required; (v) contracting of insurance and/or contracting, formalization/registration of other financial guarantees, as well as its maintenance for the term established in the PURCHASE DOCUMENT; (vi) costs and expenses in obtaining and maintaining, for the whole duration of the PURCHASE DOCUMENT, all licenses and permits required to carry out the supply and/or services, except those agreed as responsibilities of WEG and/or its customers, such as prior environmental license, installation and operation; (vii) any other costs and expenses arising from the law in force as regards the activities of the SUPPLIER; (viii) costs related to re-execution of the subject of the PURCHASE, to correct flaws or defects in their execution; (ix) intellectual property rights and royalties; (x) profit margin; and (xi) all other resources required for full and effective execution of the subject of the PURCHASE.

2. OBLIGATIONS OF THE SUPPLIER

The SUPPLIER is obliged to:
2.1 Fully comply with all technical specifications and commercial terms and conditions related to the products and services subject of the **PURCHASE**.

2.2 Provide technical guarantee according to the provisions of the **GENERAL CONDITIONS** and the **PURCHASE DOCUMENT**.

2.3 Deliver the goods, materials or equipment subject of the **PURCHASE** duly packaged, identified and maintained in accordance with current technical standards, or in special conditions due to their technical and dimensional characteristics, arising from their type or logistics requirement.

2.4 Except when expressly stated in the technical specification of the product, do not use, while providing products and/or services, substances forbidden and/or which may cause damage to health, such as asbestos, mercury, lead, cadmium, hexavalent chromium or other, and comply with the legislation in force in the country to which the supply is intended, as indicated by the **PURCHASE DOCUMENT**, and this obligation applies to any subcontractors.

2.5 Evaluate possible requests to change the scope of the **PURCHASE** forwarded by **WEG**, reporting, within two (2) business days of receiving such change request, any additional costs or changes in the delivery date resulting from such request.

2.6 Fully comply with all terms and technical conditions under its responsibility, as well as obtain all licenses or legal authorizations necessary to carry out the subject of the **PURCHASE**, especially those of technical, environmental and/or fiscal nature, when applicable. Without prejudice to the other responsibilities of the **SUPPLIER**, failure to comply with the schedule or technical conditions may subject the **SUPPLIER** to the penalties established in the **PURCHASE DOCUMENT**.

2.7 Inform and request prior authorization from **WEG** whenever changes are deemed necessary, for Good, Services and or products, services or manufacturing process or technical modifications that may impact on performance, quality or form of application of products and/or services provided.

2.8 If received on loan, any tooling belonging to **WEG** shall only be used for the production of direct or indirect supply to **WEG**, its use for any other purpose is prohibited, and **SUPPLIER** shall maintain appropriate accounting records evidencing **WEG**'s ownership of these items.

2.9 All technical documentation, as well as any information received by the **SUPPLIER**, should be treated as restricted and confidential for the duration of the business relationship between the **PARTIES**, and for an additional term of five (5) years as of the date of the last provision of products or services rendered to **WEG**.

2.10 Ensure that all patents, trademarks, distinctive signs, knowledge, know-how, designs, computer programs (software), inventions, improvements and innovations, and other industrial property rights of any kind used for providing the subject of the **PURCHASE**, do not infringe any copyright, patent, trademark, distinctive sign, knowledge, know how, design, computer programs (software), invention, improvement, innovation, business secret or any good or any intellectual property right of **WEG** and/or third parties, being obliged to keep **WEG** and its customers safe and indelible from any responsibility in this regard.

3. **LABOR OBLIGATIONS**

3.1 The **SUPPLIER** has the sole and exclusive responsibility for: (i) its employees and related charges (including, but not limited, to salary, food, transportation, benefits, taxes and charges, among others), as well as for their selection, and, at any time, there is no employment relationship between the **SUPPLIER** and **WEG**, or between the Employees of the **SUPPLIER** and **WEG**; and (ii) any breaches of the Law
(including, but not limited, to provisions on occupational accidents, full payment of salary and any additional charges due, and full compliance with any collective agreements or agreements in force and applicable);

3.2 In case the Supplier provides services on the premises of WEG and/or its customers, the former will be the sole and exclusive responsible for: (i) Assign, while providing the products and/or services, Employees proven to be qualified, duly uniformed and identified, with equipment, tools and materials appropriate and sufficient to guarantee proper provision of products or services, in accordance to the standards requested by WEG and under this instrument; (ii) provide all training required by the Regulatory Standards and all individual and collective protection equipment (PPE/CPE) required, bearing all costs arising from the use of such equipment, as well as by the training of such equipment, being also responsible for the consequences of non-compliance with this obligation; and (iii) ensure good behavior and discipline of employees assigned for the provision of products and/or services, immediately removing any employee whose behavior is not in accordance with the standards and procedures of safety, labor medicine and the environment of WEG and/or its customers, as well as other internal rules or standards at WEG and/or at its customers applicable to the products and/or services, without prejudice to the exclusive responsibility of the Supplier for any losses and damages caused by its employees.

3.3 The Supplier declares, under the penalties of the law, that it has not used, using or will use, and that its employees have not used, using or will use, under any circumstances, child or slave labor in its production chain, including in its relations with sub-suppliers and partners.

3.4 In the event a labor and/or accident claim is filed against the Supplier by an employee assigned to the provision of products and/or services subject to the Purchase, either employee from the Supplier and/or its subcontractors, and WEG and/or its customers are notified to testify, WEG is expressly authorized to: (i) withhold, from the Supplier (including amounts related to direct payment for any subcontractor, if provided direct invoicing in the Purchase Document), amount similar, or as similar as possible, to the value proposed by the labor or accident claim, in case (and while) the judicial authority does not fully exclude WEG and/or its customers from the passive pole of the process; and/or, (ii) to reimburse, under the same conditions established above and regardless of the outcome of the lawsuit, all amounts spent or to be spent with internal attorney(s) from WEG and/or its customers and/or third parties hired by WEG and/or its customers for the defense in the respective lawsuit, including also the value of the hours of WEG's agent(s) and/or its customers' designated to represent it in the lawsuit, in addition to the costs and legal costs incurred, and costs incurred or to be incurred by WEG and/or its customers while preparing its procedural parts and evidences, including expert fees, as a basis for the reimbursement herein agreed, upon all duly substantiated amounts spent or to be spent on the basis of this item.

4. WARRANTY

4.1 The minimum warranty conditions contained herein are complemented by the particular conditions agreed in writing between the Parties in the Purchase Document.

4.2 Whenever possible and applicable, WEG shall, upon receiving, promptly inspect the products and services subject of the Purchase as regards visible flaws. This inspection by WEG does not exempt the Supplier from the responsibility for compliance with applicable specifications and rules.

4.3 Where the subject of the Purchase is services and products related to civil construction, the warranty term shall be five (5) years from the date of issuance of the 'Term of Acceptance' issued by WEG.
4.4 For **PURCHASE** in which services, equipment and/or materials are not related to civil construction and **WEG** is the final recipient, the warranty term shall be two (2) years from the delivery date, or the date of the formal acceptance, whichever occurs later.

4.5 For services, goods, products and/or materials used by **WEG** in its production chain, it is hereby agreed that the warranty term shall be two (2) years from the respective delivery date.

4.6 In the case of materials which, by their nature, expire in a period shorter than that previously agreed upon (such as solvents and chemicals), this condition and the respective warranty period agreed between the **PARTIES** shall be expressly included in the **PURCHASE DOCUMENT**.

4.7 Any repair of services, goods or materials under warranty or the replacement or recovery of such goods, materials and/or services will renew the original warranty period of the **PURCHASE**, initiating a new warranty period equivalent to the original for the parts replaced or repaired by the **SUPPLIER**.

5. **INVESTMENTS, VOLUMES AND MINIMUM CREDIT ASSIGNMENT**

5.1 Unless otherwise expressly agreed in the annexes which represent integral part of the **PURCHASE DOCUMENT**, the **SUPPLIER** states it has not made nor does it have to make any investment relevant for the provision of goods, materials, products and/or services to **WEG**, and it is not considering any expectation of minimum amount or minimum period of supply to **WEG**.

5.2 The **PARTIES** agree that, in the event of unmotivated termination of any **PURCHASE** from **WEG**, the **SUPPLIER** shall not be entitled to any compensation, except: i) payment for products and/or services provided and/or completed and accepted by **WEG** up to the termination date, deducting the costs incurred by **WEG** in technical service for defective products and/or services provided by the **SUPPLIER**, and deducting damages and losses incurred by **WEG** and its customers for quality issues of products and services provided by the **SUPPLIER** up to the termination date.

5.3 Unless expressly agreed between the parties, this instrument shall not be entered on an exclusive basis. The **SUPPLIER** may continue providing products and services to third parties, while ensuring to **WEG** the best prices and commercial conditions.

5.4 Unless otherwise expressly agreed in the annexes which represent integral part of the **PURCHASE DOCUMENT**, there should be no minimum purchasing quantities or volumes.

5.5 The **PARTIES** expressly agree that the **SUPPLIER** is not allowed to assign credits arising from any **PURCHASE** to financial institutions, factoring companies or any third party. All payment due shall be made by **WEG** only to the **SUPPLIER**, through deposit into a checking account or through a simple bank draft, without notarized statement. The **SUPPLIER** hereby waives the right to generate a duplicate, except in the event of delay in payment for a period exceeding thirty (30) days from the date of receipt by **WEG**, of written notice of the default and containing all information substantiating the amount and basis of the claim. If the **SUPPLIER** fails to meet this procedure, the claim shall be considered invalid for all purposes of law, with all legal consequences.

6. **RESPONSIBILITIES**

6.1 **WEG** shall remain exempt from liability for any personal injury or property damage that occurred to the staff of the **SUPPLIER** or third parties while the latter performs and/or executes the subject of the **PURCHASE DOCUMENT**.

6.2 The **SUPPLIER** commits to indemnify **WEG** and/or third parties for any losses and damages that have been proven to be due to them.

6.3 The **PARTIES** agree that in no circumstance will **WEG** be liable for any
special, indirect or consequential damages whether in contract, tort, negligence, strict liability or otherwise, such as loss of profits, loss of revenue or loss of opportunity, before the SUPPLIER.

7. LACK OF CHARGES OR RECORDS

7.1 Every good, materials and services subject of the PURCHASE shall be delivered to WEG free from any charges or records.

7.2 In the event, due to the nature of the service, WEG allows the SUPPLIER to use a portion of its area, this should be returned to WEG free from materials, garbage or debris, at the end of the period established for the conclusion of the services, or immediately, in the event of termination. Under no circumstances may the SUPPLIER be entitled to withhold any material or remain in any area without written authorization from WEG, under penalty of trespassing.

7.3 The SUPPLIER is directly and solely responsible, even after delivery of the subject of the PURCHASE, for damages to the environment, in civil, administrative and criminal realms, arising from any violation of the law and environmental regulations in force, even if resulting from action or omission of its employees or unforeseeable circumstances or force majeure, exempting, indemnifying, and holding harmless WEG and its customers from any such liability. The SUPPLIER hereby acknowledges and agrees to comply with all environmental laws and regulations.

8. FORTUITY / FORCE MAJEURE

8.1 The PARTIES shall not be liable for non-compliance with their obligations in the event of a fortuitous event or force majeure, however, the party in fault will be required to evidence this situation to the other party within a maximum of five (5) business days from the date of such occurrence.

9. CANCELLATION OF PURCHASE

9.1 Any PURCHASE DOCUMENT may be lawfully terminated, by notification with immediate effect, in the following cases:

9.1.1 Default of any clause, condition or provision of the PURCHASE by any PARTY, not remedied within 15 (fifteen) days from the date of receipt of notice sent by the other party;

9.1.2 Bankruptcy, judicial or extrajudicial recovery, dissolution or judicial or extrajudicial liquidation of any PARTY;

9.1.3 Order from Public Authority for suspension of the subject of the PURCHASE due to violation of the applicable law or lack of licenses and permits required;

9.1.4 Non-payment, by the SUPPLIER or its subcontractors, of the salary of their employees within the legal term, or non-payment or collection of any charges or taxes on the activities directly or indirectly related to the subject of the PURCHASE;

9.1.5 In the event of direct or indirect change in the ownership control of the SUPPLIER, or in case of merger, spin-off, incorporation, acquisition or any form of corporate restructuring of the SUPPLIER without prior written agreement of WEG, or even in case of sale of a substantial part of the SUPPLIER’s assets, or reorganizations that imply disposal of control or that, in any way, in the sole discretion of WEG, imply the risk of quality decrease of the subject of the PURCHASE; and

9.1.6 Suspension of the subject of the PURCHASE by virtue of a fortuitous event or force majeure for over 15 (fifteen) days.

9.2 In case of cancellation of the PURCHASE by WEG under any of the situations described in 9.1.1 through 9.1.5 by default of the SUPPLIER, WEG will be entitled without prior notification to execute the subject of the PURCHASE, by itself or by third parties, at the expense of the SUPPLIER.
9.3 The cancellation of the PURCHASE by any PARTY, upon default of the other PARTY, does not imply waiver of any right of repair (including compensation) or application of penalties set forth in the PURCHASE DOCUMENT, due to the default.

9.4 TERMINATION FOR CONVENIENCE. WEG will be entitled to terminate any PURCHASE DOCUMENT upon prior notice of thirty (30) days to the SUPPLIER, without obligation, except for payment for goods and/or services provided and accepted by WEG up to the termination date.

9.5 In any case of termination of a PURCHASE DOCUMENT, the PARTIES shall settle all pending amounts owed, considering the portion of the goods and/or services provided, the proven expenses incurred up to then and any damages caused, and, in case one of the PARTIES is entitled to receive any value, this should be settled within five (5) business days.

9.6 Tolerance of the PARTIES of any violation of these GENERAL CONDITIONS or of the PURCHASE DOCUMENT shall not imply novation to its terms.

9.7 The assignment of the subject of the PURCHASE, partial or total, by the SUPPLIER, may only be made upon prior formal written agreement between the PARTIES.

10. GUIDELINES FOR ISSUANCE OF INVOICE

10.1 For the invoice issued by the SUPPLIER to be received by WEG, the document should be properly completed with, at least, the following information:

- Order number, purchase order, agreement or shipping schedule and line;
- Code of material(s);
- Description of the material(s) according to the 1st line of the purchase order or shipping schedule;
- Quantity;
- Unit price(s) and total price(is), as per the purchase order;
- Unit(s) of measurement;

11. ANTICORRUPTION PRACTICES

11.1 The SUPPLIER declares, under the penalties of the law, that it has not offered, promised nor will offer or promise any advantage or benefit to any employee of WEG for obtaining business of any type.

11.2 Likewise, the SUPPLIER declares, under the penalties of the law, that it is not involved in any act of corruption, whether with public authorities or involving public or private companies.

11.3 Violation of any of the previous statements by the SUPPLIER shall constitute a fair ground for the immediate termination of the PURCHASE DOCUMENT by WEG, without prejudice to indemnities due to WEG, including reputation damage.

12. FINAL PROVISIONS, LAW AND FORUM

SUPPLIER has sole responsibility for compliance with all applicable Federal, state and local laws and regulations relating to the operation or use of the Goods, Materials and/or Services. If SUPPLIER desires a modification to the order as a result of any change or revision to any law or regulation after the date of the proposal, such modification shall be treated as a change order. Nothing contained herein shall be construed as imposing responsibility or liability upon WEG for the obtaining of any permits, licenses or approvals from any agency required in connection with the Goods, Materials and/or Services.

12.1 If any clause or provision of this instrument is canceled by force of law or declared void by virtue of a judicial decision, all other clauses and provisions shall survive.

12.2 The relation between the PARTIES shall be governed by the Brazilian legislation, being elected as competent forum to resolve any dispute or controversy arising from any PURCHASE the forum of
the judicial district in which is inserted
the WEG branch or unit issuing the
PURCHASE DOCUMENT, or,
alternatively, the forum of the judicial
district of Jaraguá do Sul/SC.

Jaraguá do Sul, March
2015.