



POLICY OF PREVENTION AND COMBATING OF CORRUPTION AND OTHER DAMAGING ACTS

1. INTRODUCTION

This Policy, which is applicable to WEG S/A and all its subsidiaries, is a summary of the company's existing guidelines and forms a set of internal integrity, auditing, prevention and anti-corruption mechanisms.

Corruption is understood as an illicit act or effect for the purpose of gaining advantage for private or third parties benefit.

In addition to the regulations expressed herein, the compliance with national and foreign laws is also part of this Policy, such as the Foreign Corrupt Practices Act (FCPA) of the United States of America and the United Kingdom Bribery Act (UKBA).

2. OBJECTIVE

This policy aims at reinforcing WEG's commitment to the existing best practices, through the expected conducts already defined in WEG's Code of Ethics, in order to prevent and combat corruption and other violations, detect and correct deviations, frauds, irregularities and illegal acts against the national or foreign public power as well as promote reports of violations.

3. SCOPE

This Policy is applicable to all WEG's Board of Directors members, Directors, Fiscal Council members, managers, employees, suppliers, customers, commercial representatives and other people who may act on behalf of WEG and duly entitled by the Company.

4. RELATED DOCUMENTS

The following documents make part of this Policy:

- a) WEG's Code of Ethics and its channels to report violations;
- b) Code of Ethics for Suppliers;
- c) Procedures of Prevention and Combating of Corruption and other Damaging Acts.

5. VIOLATIONS AGAINST PUBLIC POWER

It is forbidden to practice any damaging act against public power. According to the law, damaging acts can take many forms, including the following ones:

- a) To directly or indirectly promise, offer, give or receive any undue advantage to a public or private entity, or a related third party;
- b) To finance, fund, sponsor or in any way subsidize the practice of violations defined by laws;
- c) To frustrate, defraud, prevent or try to prevent the competitive character of the bid or to illegally remove a bidder from the bidding procedure;
- d) To manipulate or defraud the economic and financial balance of the agreements with the public power;
- e) To damage or create difficulties in any inspection or investigation performed by public entities or agents, at any level.

6. TERMS OF AWARENESS FOR EXECUTIVES, MANAGERS AND EMPLOYEES

Board of Directors members, Directors, Fiscal Council members, managers and other employees who have relationship with the national or foreign public power shall sign this term or express full knowledge of this Policy.



7. BUSINESS RELATIONSHIP CONTRACTS

WEG will include in the contracts for the supply of goods and services with customers, suppliers, financial institutions, sales representatives, service agents, or other related people, an express clause stating that commercial negotiations must take place under the usual market conditions and practices and the principles of good faith, not including any kind of personal advantage, bribery, concussion, donation, among others. In situations where the contracting does not allow the inclusion of this clause, WEG will seek to comply with the requirements defined in this Policy.

8. CONSORTIUMS

In addition to the contractual clause mentioned in item 7 of this Policy, an amendment shall be included in the respective consortium instruments for the supply of goods or services with customers and suppliers stating that, in case of any proven illegal act practiced by any of the consortium members, executives, employees or representatives, the company will be civil and criminally liable to the other consortium members and any third parties that suffered a loss, for compensation of direct and indirect losses and damages, loss of profits, damages to image, among others.

9. BIDDING PROCEDURES WITH PUBLIC POWER OR UNDER INTERACTION WITH IT

The bidding processes and other contracts with national or foreign public power, or under interaction with it, shall be done in a transparent way and in compliance with the applicable laws.

10. THIRD PARTIES CONTRACTS

When hiring third parties as suppliers of goods or services, proper diligence measures shall be applied according to the complexity of each case in order to identify the practice of any act or omission that may cause damage to the national or foreign public power.

11. MERGERS, ACQUISITIONS, JOINT-VENTURES, CORPORATE RESTRUCTURING AND SHAREHOLDERS' AGREEMENT

In proceedings of mergers, acquisitions of companies, joint ventures, corporate restructuring or shareholders' agreements, adequate diligence measures should be applied according to the complexity of each case in order to identify the practice of any act or omission that may cause damage to the national or foreign public power.

12. CORPORATE GIFTS

It is allowed to give or receive corporate promotional gifts to promote the brand represented by those who are offering as long as it does not influence in the judgment or in the decisions of those who received them and that the gifts can be revealed publicly without causing any constraint and embarrassment to WEG or to the receiving party. Gifts cannot affect the impartiality of relations between the parties and shall be linked to corporate marketing initiatives, in compliance with WEG's Code of Ethics, Code of Ethics for Suppliers and other corporate governance practices and applicable laws. Any gift that, considering its frequency, characteristics or circumstances, might be interpreted by an objective observer as being intended to affect the impartial judgment by the receiving party shall be refused and reported to the WEG's Internal Audit Department in Brazil.



13. SPONSORSHIPS, CONTRIBUTIONS AND DONATIONS

Sponsorship, contributions and donations are allowed and shall be done in compliance with WEG's Code of Ethics, Code of Ethics for Suppliers, Corporate Governance practices and applicable laws in the country where such events occur. Sponsorships, contributions and donations done on WEG's behalf shall be formally approved by Executives Committee of WEG Group or Business Unit. Sponsorships, contributions, and donations shall not influence the decision-making processes, give rise for such interpretation, or be practiced in exchange or in advance of any favor. Sponsorship, contributions and donations shall not be accepted or received on personal behalf nor on behalf of WEG, without prior knowledge and approval of the WEG's Business Unit Directors or Executives Committee in Brazil.

14. RECEIVING AND GRANTING OF BENEFITS

It is allowed to receive or grant benefits (travel, lodging, meals, entertainment, among others), as long as in compliance with WEG's Code of Ethics, Code of Ethics for Suppliers, Corporate Governance practices and applicable laws, and that may be publicly disclosed without causing constraint and embarrassment to WEG or to the receiving party. Any benefit that considering its frequency, nature (bonus, favors, discounts on personal transactions, business or entertainment), or circumstances that might be interpreted by an objective observer as being intended to affect the impartial criteria by the receiving party, shall be refused and reported to the WEG's Internal Audit Department in Brazil.

15. DONATIONS TO CANDIDATES OR POLITICAL PARTIES

Donations to candidates or political parties shall strictly comply with the conditions and limits established by laws, shall be jointly authorized by the Executive President and President of the Board of Directors of WEG S/A, and recorded in a specific general ledger account.

16. IMPEDIMENTS

Directors, managers and employees are not allowed to take part on negotiations with representatives of national or foreign public power, if such representatives are family members up to third degree kinship and relatives by affinity.

17. CONFLICT OF INTERESTS

Employees shall refrain from participating in negotiations involving conflict of interest that may influence in the impartiality of the decision to be taken.

18. INSPECTIONS

Meetings with inspectors shall be conducted with transparency, impersonality, legitimacy and be performed in accordance with WEG's Administration Manual.

19. ACCOUNTING RECORDS

All financial transactions or any other assets shall be recorded in a timely, accurate and transparent manner.

20. DISCLOSURE AND TRAINING

WEG will disclose and keep this Policy available to everyone and will periodically provide training to the people taking part of it.



21. CONTROLS AND MONITORING

WEG shall keep non-stop control and monitoring in order to avoid illicit acts while performing its business activities.

22. INTERNAL AUDIT

Checking and follow up on the due application of this policy will be conducted by the WEG's Internal Audit Department in Brazil, which is fully independent to do so.

23. HANDLING OF NON-NOMPLIANCE AND PENALTIES

The Internal Auditing Department will forward appropriate measures for the immediate stop of any act or omission against this Policy as soon as it is identified and confirmed.

24. COMPLAINTS

Any person who notices or becomes aware of violations to this Policy may report such situations through the violations report channels made available by WEG.

The reported information will be kept confidential, except in situations where WEG has the legal obligation to report them to government entities and authorities.

25. QUESTIONS AND EXTRA SITUATIONS

Questions regarding this Policy may be made through the channels made available by WEG.

Any extra situation not covered by this Policy will be handled by a competent committee to be defined by the Executive President of WEG S/A.

26. PERIODICAL REVIEW

This document will be reviewed every two years, or at any time when there are reasons that justify its review within a shorter period time, with the approval of WEG's Executive Committee, ad referendum of the Board of Directors of WEG S/A.

February/2018.