



## WEG S/A GROUP

# POLICY OF PREVENTION AND COMBATING OF CORRUPTION AND OTHER DAMAGING ACTS

### 1. Introduction

WEG S.A. Group Policy is the company's simplified guideline and integrity, auditing, and corruption prevention and combating internal system.

Corruption is considered to be any act or illegal effect with the means to obtain personal or third party's undue advantage.

Along with the policy's regulations, it is also part of this policy the compliance to national and foreign legislation, e.g. the Foreign Corrupt Practices Act in the United States of America and the United Kingdom's Bribery Act.

### 2. Goal

To reinforce WEG's policy and commitment to compliance to the existing good practices, in order to avoid, detect and correct deviations, frauds, irregularities and illegal actions performed against national or foreign public administration as well as to support reports on non compliance.

### 3. Policy's Range

This Policy applies to all administrators, members of the Fiscal Council, managers, collaborators, suppliers, clients, commercial representatives and other people that shall act on WEG S.A. Group's behalf.

### 4. Related Documents

This Policy shall be read along with:

- a) WEG's Code of Ethics;
- b) Supplier's Code of Ethics;
- c) Report Channels;
- d) Prevention and Combating of Corruption and Other Damaging Acts procedures

## 5. Illegal and Damaging Actions to the Public Administration:

The practice of any illegal and damaging actions to the public administration is illegal. Some of the illegal and damaging actions described by the legislation are:

- a) To directly or indirectly promise, offer, give or receive from a public agent or third party, any undue advantage;
- b) To finance, sponsor or subsidize the practice of illegal actions described as such by the law, in any way;
- c) To frustrate, fraud, prevent or attempt to prevent the legal and regular bidding procedure, or to irregularly or illegally rule out any competitor from the bidding procedure;
- d) To manipulate or fraud the economic and financial balance of contracts executed with the public administration;
- e) To damage or hinder any inspection or investigation performed by institutions or public agents, in any level.

## 6. Statement of Liability for administrators and managers

Administrators, members of the fiscal council, managers and other collaborators that have any relations with national or foreign public administrators shall execute the Anticorruption Compliance Awareness Form.

## 7. Commercial Relationship Agreements

WEG shall include on its clients and suppliers, commercial representatives, technical assistants or other people goods and service agreements a clause in which it is stated that commercial negotiation shall be made under the market's common conditions and practices and the principle of good faith, and there shall not be any type of personal advantage, bribes, concussion, donations, or other.

## 8. Association of Companies

Beside the agreement clause mentioned on the hereinabove item 7, all documents of goods and service providing agreements with clients and providers must include the information that, if any illegal practice is performed by any of the related companies, its administrators, employees or representatives, the company will be held civil and criminally liable and will answer to the other associated companies and third parties who suffered the loss, and will pay damages, indirect rights, profit losses, image damage, among other expenses.



## 9. Bidding procedures or interaction with the public administration

Bidding procedures and other contracts with national or foreign public administration, as well as any interaction with it shall be made on a transparent matter and in compliance with applicable legislation.

## 10. Contracts with third parties

In order to hire third parties as suppliers of good or services, there are some due diligences required according to the each case's complexity in order to identify the practice of any act or omission that might cause damages to national or foreign administration.

## 11. Mergers, acquisitions, joint ventures and company's restructuring

Mergers, acquisitions, joint ventures and company's restructuring procedures must comply to all due diligence according to each situation's complexity in order to spot any act or omission that might cause damages to national or foreign public administration.

## 12. Corporative gifts

Receiving and giving promotional corporative gifts in order to promote a brand represented by whoever is offering it is allowed, as long as it does not influence the decision making of whoever receive them, and as long as it can be publically disclosed without causing WEG or the recipient any constraint or embarrassment. Gifts cannot affect the impartiality of the relationship between the parties, and must be connected to institutional marketing campaigns, in compliance to WEG's Code of Ethics, Supplier's Code of Ethics and other corporative managing practices and applicable legislation. Any gifts that, considering its frequency, characteristics or circumstances that might be interpreted by an objective observer as being made with the intention of altering the impartial criteria of the recipient must be refused and informed to the Internal Auditing Department.

## 13. Sponsorship, contributions and donations

Sponsoring, giving contributions and donations is allowed, and must be made in compliance to WEG's Code of Ethics, Supplier's Code of Ethics, and other corporative managing practices and applicable local legislation. Sponsorship, contributions and donations made on WEG's behalf must be previously and formally approved by the social investment group and/or marketing commission and/or the board of directors. Sponsorship, contributions and donations shall not influence decision making or leave room for interpretation, or be practice in exchange or as advancement for any favors. Sponsorship, contributions and donations shall not be accepted under yours or WEG's name without previous acknowledgement and consent from the Unit's Business Directors or General Management.



#### **14. Other Benefits**

Other benefits, such as travels, lodging, meals, entertainment, among others may be offered or accepted, as long as in compliance to WEG's Code of Ethics, Supplier's Code of Ethics, and other corporative managing practices and applicable legislation, and as long as it can be publically disclosed without causing WEG or the recipient any constraint or embarrassment. Any benefit that, considering its frequency, characteristics (gratifications, favors, personal discounts on transactions, business or leisure trips) or circumstances that might be interpreted by an objective observer as being made with the intention of altering the impartial criteria of the recipient must be refused and informed to the Internal Auditing Department.

#### **15. Donations to candidates or political parties**

Donations to candidates or political parties must strictly comply to the conditions and limits imposed by law, and must be authorized by the Executive President along with the President of the Board of Administration, and registered and accounted for.

#### **16. Impediments**

The participation of administrators, managers and collaborators in negotiation with representatives of national or foreign Public Administration is not allowed, if such representatives are family members up to the third degree.

#### **17. Conflict of Interests**

The collaborator shall not take part in negotiations in which he/she has conflict of interests in a way it will influence the impartiality of the decision making.

#### **18. Fiscalization**

Fiscalization shall be done with transparency, impartiality, legitimacy and in compliance to WEG's General Administration Guidebook

#### **19. Accounting Records**

All financial transactions or any assets shall be accurately and clearly recorded within given deadlines.

#### **20. Disclosure and Training**

WEG shall announce and disclose the herein Policy and make it available to all, and shall train all the interested parties.



## 21. Control and Monitoring

WEG shall keep constant control and monitoring in order to suppress and avoid illegal acts in its activities and businesses.



## 22. Internal Auditing

The Department of Internal Auditing is in charge of the use and observance of the herein Policy, and such department has freedom to perform its functions.



## 23. Handling of no compliance and sanctions

The Department of Internal Auditing shall forward all due actions for the immediate cease of any act or omission that is contrary to the herein Policy, as soon as such acts and omissions are spotted and confirmed.

## 24. Reports

Any who is aware of any violations to this Policy shall report the situation using WEG's Report channels.

## 25. Questions and particular cases

Questions regarding this Policy shall be answered through WEG's channels.

The occurrence of any situation that is not applicable to this Policy shall be handled by a board to be defined by the Executive President.

## 26. Periodic Revision

The herein document shall be revised every two years or at any other time in which there is reason that justify the revision by the Controllship Committee, with WEG's General Director's approval, and the Board of Administration's ad referendum o

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