

WEG ON

ISIN CODE: BRWEGEACNORO

Overall score 35/100

Sector: Mechanical Components & Equipment Emerging Market

Companies in sector panel: 4

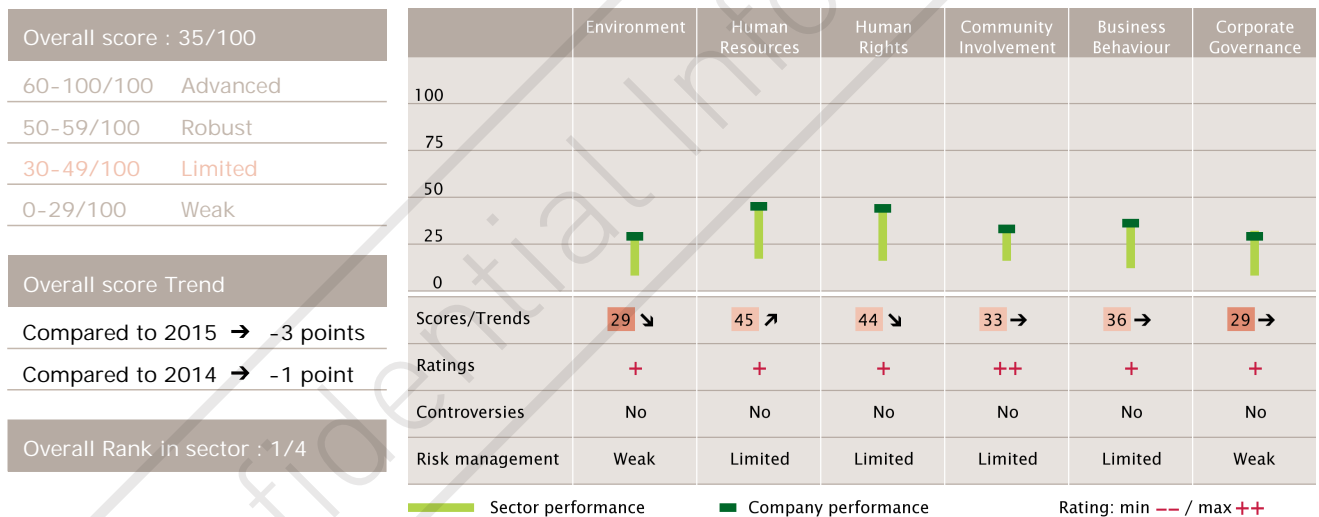
Information rate: 70% (Sector average: 47%)
Company cooperation level: Partially responsive *

General information

WEG ON (WEG), founded in 1961 and headquartered in Brazil, is a Company that manufactures and distributes industrial machinery, also offering technical assistance and repair services for its products. The Company operates through Brazil and foreign segments where operations are carried out by local subsidiaries. In 2017, the Company announced the acquisition of CG Power USA Inc., a company specialized in the manufacture, assembly, supervision and commissioning services of power and distribution transformers.

Main Economic Segment**	Turnover 2016
Industry (Brazil)	45.6 %
Energy (Brazil)	17.8 %
Subsidiaries operations (Foreign)	36.6 %

Overall CSR performance & trends



- WEG demonstrates a limited absolute overall score (35/100) representing a slight deterioration when compared to Vigeo Eiris' previous review.
- The Company appears to address all ESG pillars in an heterogeneous way. WEG seems to put more focus on the Social followed by the Governance pillar, although its performances on both are still limited. The Company's score on the Environmental pillar has decreased and shifted from limited to weak, this mainly is due to a weak performance registered on environmental issues that are newly assessed for the Company, such as management of atmospheric emissions.
- According to public sources, no major allegation was found to be brought against WEG during the period under review.

Company inclusion in Vigeo Indices***



* On a 4-level scale: proactive, responsive, partially responsive, not responsive
** See detailed economic indicators in Selected financial data section
*** Based on the most recent Index at the date of publication

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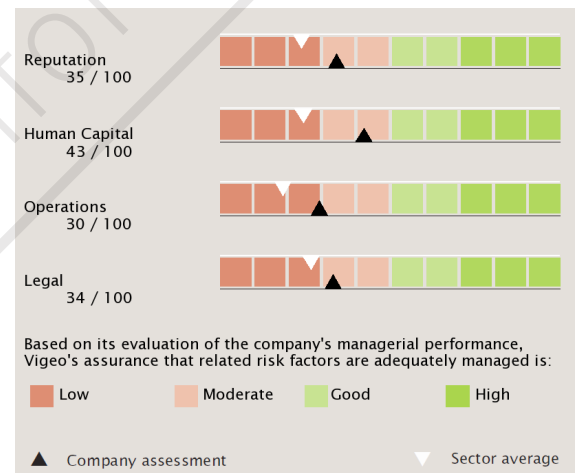
Management of Risks and Opportunities

Weight of the Sustainability drivers	Weaknesses		Strengths	
	3	<ul style="list-style-type: none"> ■ Use and disposal of products ■ Board of Directors 	<ul style="list-style-type: none"> ■ Environmental strategy ■ Social standards in the supply chain ■ Energy 	
2	<ul style="list-style-type: none"> ■ Environmental standards in the supply chain ■ Reorganisation ■ Water ■ Audit & Internal Controls ■ Executive Remuneration ■ Atmospheric emissions 	<ul style="list-style-type: none"> ■ Social dialogue ■ Anti-competitive practices ■ Career management ■ Social and economic development ■ Non-discrimination and diversity ■ Product safety 	<ul style="list-style-type: none"> ■ Fundamental labour rights ■ Corruption 	<ul style="list-style-type: none"> ■ Shareholders
1	<ul style="list-style-type: none"> ■ Accidental pollution 			
	Weak 0 to 29 points	Limited 30 to 49 points	Robust 50 to 59 points	Advanced 60 to 100 points

- As a manufacturer and distributor of industrial machinery, WEG is requested to fulfill clients' demands for products with reduced environmental impacts during the **use and disposal** phases. This may represent an area of potential risk for the Company as it achieves a weak performance on this topic. Although the Company reports on some measures to reduce the environmental footprint of some of its products, WEG's efforts appear to remain limited to promote less energy consumption and to offer products not containing hazardous materials. It therefore may represent a missed opportunity for the Company increased its market shares by answering clients' expectations in terms of "greener" products, taking into consideration all environmental impacts during products' entire life cycle.

- Since our previous review, the Company's **Board of Directors** independence has slightly decreased and its diversity seems to be partial as no women or employee representative are reported to be part of it. In addition, the integration of ESG issues within the functioning of the Board remains unclear, consequently the Company achieves a weak performance regarding its **Board of Directors**, which has decreased by 20 points compared to the last review. Given the low level of transparency over the integration of EGS at the governance level, Vigeo Eiris is provided with a weak assurance as regards the Company's ability to make proactive and effective decisions to create a favourable corporate image, especially among shareholders.

- Finally, **Health and safety** represents now an area of strength and opportunity for the Company. WEG is committed to this issue and reports on relevant measures to address it, those are supported by some KPIs that have shown positive trends over the past five years. Enhanced disclosure on the Company's strategy to ensure employees health and safety has shifted the Company's performance from limited to an advanced one. This could indicate progressive building of a proactive approach to protect employees' health in a sector in which employees are exposed to risks of workplace accidents, repetitive movements, stress and hazardous materials. As such, managing this issue adequately may represent an opportunity for the Company in terms of reducing absenteeism rates (which in turn may impact production), or in terms of attraction and retention of employees.



* We consider legal security as an element of a company's tangible or intangible assets. We define legal risk as the potential impact - negative or positive - on these assets, considering the management of CSR issues possibly involving the company's legal responsibility. Under no circumstances should our opinion be construed as a due diligence or an assurance in the meaning of regulations such as, for instance, the Sarbanes-Oxley Act in the USA or the Loi de Sécurité Financière in France

Company performance in all the Sustainability Drivers

Weight of the Sustainability driver		Overall score 35/100		Trend	Score
		Environment		↓	29
ENV1.1	3	Environmental strategy		↓	46
ENV1.2	1	Accidental pollution			17
ENV2.1	2	Water			27
ENV2.2	3	Energy		↑	34
ENV2.4	2	Atmospheric emissions			10
ENV3.1	3	Use and disposal of products		↓	24
		Human resources		↑	45
HRS1.1	2	Social dialogue			42
HRS2.3	2	Reorganisation		→	27
HRS2.4	2	Career management		→	35
HRS3.2	3	Health and safety		↑	65
		Human rights		↓	44
HRT2.1	2	Fundamental labour rights		→	56
HRT2.4	2	Non-discrimination and diversity		↓	32
		Community involvement		→	33
CIN1.1	2	Social and economic development		↑	33
		Business behaviour (c&s)		→	36
C&S1.1	2	Product safety		→	30
C&S2.3	2	Environmental standards in the supply chain			27
C&S2.4	3	Social standards in the supply chain		→	35
C&S3.1	2	Corruption		→	50
C&S3.2	2	Anti-competitive practices			36
		Corporate governance		→	29
CGV1.1	3	Board of Directors		↓	23
CGV2.1	2	Audit & Internal Controls		↑	23
CGV3.1	2	Shareholders		→	60
CGV4.1	2	Executive Remuneration		↑	11

Weak (0-29/100)
 Limited (30-49/100)
 Robust (50-59/100)
 Advanced (60-100/100)

⚡ Involvement in allegations
 ☔ Involvement in allegations with evidence of corrective measures

N/R means that this Sustainability Driver is not analysed for this Company

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Selected financial data

Key data	Revenue	EBIT	Employees
2016	BRL 9.4bn	BRL 2.6bn	29,194
2015	BRL 9.8bn	BRL 2.8bn	30,973
2014	BRL 7.8bn	BRL 2.5bn	30,664
2013	BRL 6.8bn	BRL 1.2bn	29,099
2012	BRL 6.1bn	BRL 0.9bn	27,280
Main shareholders			2017
WPA Participações e Serviços S.A.			50.1 %
Founders' families members			14.4 %
Geographical breakdown	Revenue 2016	Employees 2016	
North America	41 %	3.2 %	
Europe	26 %	4.2 %	
Central & South America	15 %	79.2 %	
Africa	9 %	2.2 %	
Asia & Oceania	9 %	11.2 %	
All Economic Segments		Turnover 2016	
Industry (Brazil)		45.6 %	
Energy (Brazil)		17.8 %	
Subsidiaries operations (Foreign)		36.6 %	

Selected ESG Indicators

	2016	2014
Non-executive Board member(s) responsible for CSR issues	No Info	N/A
Executive remuneration linked to CSR performance	No Info	N/A
3-year energy consumption trend (normalized to turnover)	î	î
Ratio of payments to employees vs. shareholders (3-year trend)	N/A	N/A
Percentage of independent Board members	29	50
Percentage of women on Board	0	0
Percentage of women in Executive team	N/A	N/A
Percentage of women in workforce	N/A	N/A
Percentage of employees covered by collective agreements on working conditions	74	N/A
3 year trend for safety at work	î	î
Involvement in armament	Yes	No
Transparency on payment of tax	N/A	N/A
Management of social risks in supply chain	Limited	Limited

N/A means that the data is not available.

Involvement in disputable activities: summary

This section is dedicated to disputable activities in which the company is involved.
9 disputable activities are analyzed (see list below) following 30 parameters
Additional analysis and full database access are available as an option

For more information please contact us at customer.service@vigeo.com

	Level of involvement	% of revenues
<input type="checkbox"/>	Alcohol	%
<input type="checkbox"/>	Animal maltreatment	%
<input type="checkbox"/>	Armament	%
<input type="checkbox"/>	Hazardous chemicals	%
<input type="checkbox"/>	Gambling	%
<input type="checkbox"/>	GMOs in food & feed	%
<input type="checkbox"/>	Nuclear energy	%
<input type="checkbox"/>	Sex industry	%
<input type="checkbox"/>	Tobacco	%

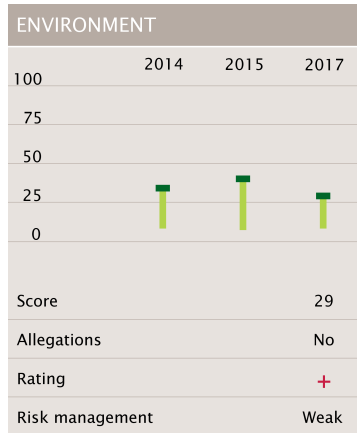
A company's level of involvement (Major, Minor, No) in a disputable activity is based on:

- An estimation of the revenues derived from disputable products or services
- The precise nature of the disputable products or services provided by the company

Confidential Information

CSR performance per domain

■ Sector performance
■ Company performance
 Rating: min -- / max ++

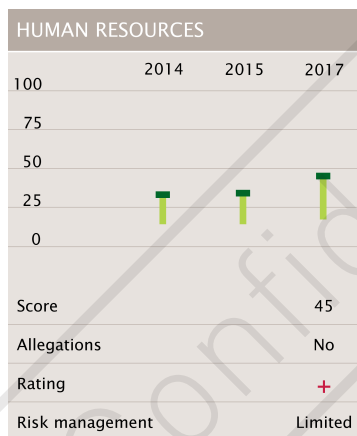


Key issues

Environmental management and eco-design are key for companies in the sector, as industrial processes entail significant environmental impacts. In particular, the reduction of impacts from energy use is a key issue: production processes are energy devouring and emit significant amounts of greenhouse gases. Well-managed energy consumption and greenhouse gas emissions are factors of operational gains, while a poor management of these may lead to increased costs. Regarding eco-design, client pressure on companies to offer products with a reduced environmental impact is increasing, since mechanical components and equipment constitute key elements to reduce, for example, the energy consumption of clients' production processes or products.

Company performance

- WEG displays a weak absolute performance in the Environment domain, which represents a deterioration compared with Vigeo Eiris' previous review.
- This decrease is attributed to the weak score obtained by the Company after it has been assessed on new challenges associated with the management of atmospheric emissions and the protection of water resources. A certified environmental management systems is reported to cover only 22% of the Company's sites, but the Company's commitment to environmental protection addresses the majority of its responsibilities. WEG has set quantified targets to reduce the environmental impacts from energy use and seems to be working on optimize its production processes. As such, partial performance indicators related to energy consumption and CO2 emissions have shown a positive trend. Finally, the commitment linked to the management of environmental impacts from the use and disposal of products does not seem to be supported by any quantitative targets. However, some means including recycling and collecting end-life cycle products are reported to be in place.

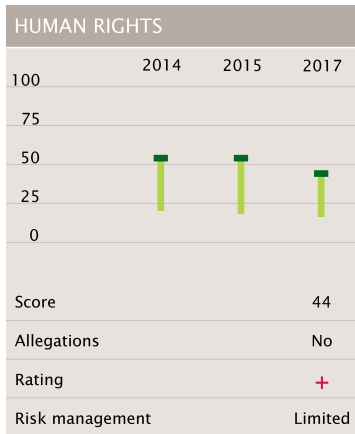


Key issues

The nature of the activity of the MCE sector exposes workers throughout the industry to accidents, inhalation of toxic substances, musculoskeletal disorders and stress. Initiatives in this field are thus key, and in particular in countries where H&S regulations may be less restrictive. Another key issue is the management of career and promotion of employability, given the rising issue of the skill gaps and the necessity for employees to adapt to higher levels of technologies or to different job positions. Finally, the responsible management of reorganisation is also still a challenge for the sector.

Company performance

- WEG shows an absolute limited performance in the Human Resources domain, which represents an improvement when compared to the previous review.
- The promotion of labour relations, that has been assessed for the first time, is addressed through a general commitment with measures which appears to cover only Brazil and countries with legal obligations on this issue. Relevant career management and training programmes are reported in terms of promoting career management and employability. While performance results in terms of training hours per employee show a positive trend, information on internal mobility and employee turnover rate have not been disclosed since 2013. Transparency on WEG's health and safety conditions has improved thanks to reporting on more relevant means, such as OHSAS 18001 certified sites, stress support instrument, improvement of ergonomics at work and trainings. Accident frequency rate and absenteeism's performance indicators show positive trends.

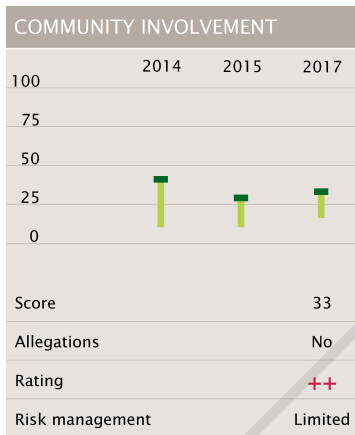


Key issues

As regards human rights, one key issue for the sector is the prevention of discrimination. The industries in this sector remain largely dominated by men and the integration of disabled populations is also an issue as workplace accidents can result in long-lasting injuries impacting workers' ability to fulfil their former assignment. Efficient prevention systems and a pro-active promotion of diversity are factors of competitiveness, while a poor management of these may negatively affect the social climate and the company's ability to attract and retain talents. Finally, companies have operations in countries where fundamental labour rights are not guaranteed or union-busting practices recurrent. A lack of, or poor, respect of freedom of association and the right to collective bargaining may impact internal cohesion or lead to social conflicts.

Company performance

- WEG shows a limited absolute performance on the Human Rights domain, which represents a deterioration when compared with the previous review.
- The Company has formalised commitments to respect freedom of association and the right to collective bargaining and prevent discrimination. The noted decrease on the Company's score is due to the lack of updated disclosure as regards diversity indicators since 2013. In addition, during this review, the Company does not seem to go beyond a confidential reporting system to prevent discrimination.

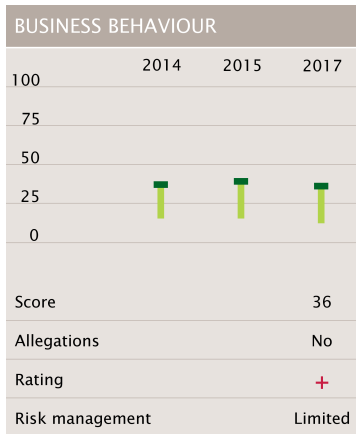


Key issues

The main issue at stake in the field of community involvement is companies' impacts on local social and economic development. On the one hand, MCE companies' operations in developing countries may represent an economic and social opportunity for communities around their sites. On the other hand, restructuring plans in industrialized countries may have major negative impacts in terms of employment and economic development in the surrounding areas. A poor management of these issues might affect the companies' image locally or on a larger scale in case of allegations.

Company performance

- The Company's absolute performance in the Community Involvement domain has slightly increased since the previous review and is now considered limited.
- On the newly assessed issues of transparency of tax, WEG reports only on the gross taxes it pays and, although the Company is present in a jurisdiction considered by the OECD as not compliant enough on tax transparency rules, it justifies its presence on the country. The Company is still committed to promote local social and economic development with no reporting on the implemented measures and KPIs in this regard.

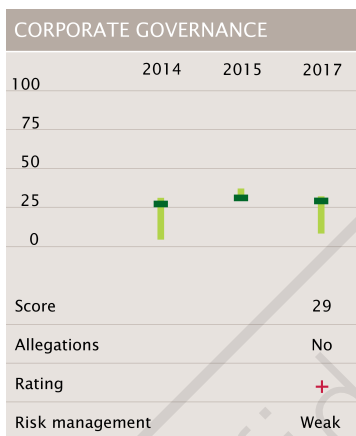


Key issues

Among business behaviour issues at stake for the sector, the inclusion of social and environmental factors in the supply chain is key. Impacts of some of MCE companies' major suppliers are high, in particular providers of raw materials (such as mining companies). Any environmental or social controversies affecting suppliers could also impact the reputation of the MCE company. Another challenge is product safety, as the sector's products are used in various industrial applications that may have direct impacts on the safety of the end user. Finally, anti-competitive practices is a rising issue in this sector, mainly due to high competition and market concentration in some business areas. Several companies have been allegedly involved in cartels to rig bids and fix prices in recent years.

Company performance

- WEG's absolute performance in the Business Behaviour domain is limited, in line with the previous review.
 - To ensure product safety, the Company continues to report on limited measures namely, awareness raising programmes and R&D of safer products. WEG's formalised commitment and measures reported to prevent corruption does not seem to be supported by any indicator as no updated KPI's for this issue has been released since 2013. The social factors integrated in the supply chain are addressed through a formalised commitment supported by means, such as suppliers' audit and assessment. For the newly assessed issues, the integration of environmental factors in the supply chain and the prevention of anti-competitive practices, both issues appears to be addressed through a formalised commitment with a lack on associated KPIs and only basic means are reported to address the environmental factors.



Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

Company performance

- The Company's absolute performance in the Corporate Governance domain is almost limited and represents a slight decrease when compared to the previous rating.
 - WEG's Board of Directors, although roles of Chairman and CEO are separated, displays a low level of independence of its members and diversity seems partial, with no woman present among its members. Furthermore, still no Audit Committee reported to be in place, which might raise concerns. The Company's performance on executive remuneration has remained weak and long-term incentives do not seem to be linked to performance conditions. Finally, and on a more positive side, WEG achieved an advanced performance on shareholders' rights, although no possibility of voting through online services has been reported. Safeguards on transactions with major shareholder are reported and no major restrictions have been identified to convene an EGM and add items to AGM agenda.

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Detailed analysis

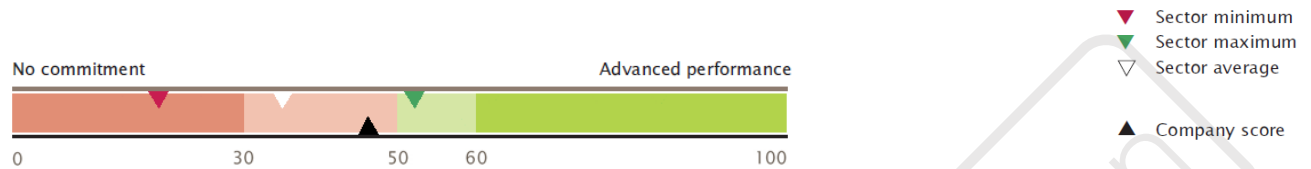
Environment	10
ENV1.1 Environmental strategy and eco-design	10
ENV1.2 Pollution prevention and control (soil, accident)	11
ENV2.1 Protection of water resources	11
ENV2.2 Minimising environmental impacts from energy use	13
ENV2.4 Management of atmospheric emissions	14
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Human Resources	16
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HRS2.3 Responsible management of reorganisation	17
HRS2.4 Career management and promotion of employability	18
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Human Rights	21
HRT2.1 Respect for freedom of association and the right to collective bargaining	21
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CIN1.1 Promotion of the social and economic development	23
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C&S1.1 Product Safety (process and use)	25
C&S2.3 Integration of environmental factors in the supply chain	26
C&S2.4 Integration of social factors in the supply chain	27
C&S3.1 Prevention of corruption	28
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Corporate Governance	30
CGV1.1 Board of Directors	30
CGV2.1 Audit & Internal Controls	32
CGV3.1 Shareholders	33
CGV4.1 Executive Remuneration	33

Environment

Score : 29

ENV1.1 Environmental strategy and eco-design

(score: 46, weight: 3)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Environmental Policy embedded in its Annual Report and has set specific targets for its energy consumption. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of environmental strategy

The company commits to the majority of its responsibilities in terms of environmental protection:

- Protection of water resources
- Minimising environmental impacts from energy use
- Management of environmental impacts from the use of products
- Management of environmental impacts from the disposal of products

Ownership of commitment

The commitment applies throughout the company, supported by senior management such as the General Director and the CEO. In addition, the Company has a Sustainability Commission composed of 8 members responsible for this issue.

Means allocated to environmental management

The company has allocated comprehensive resources to environmental management within the framework of ISO 14001:

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS

In addition, the company has also some of its sites certified to ISO 5001.

Coverage of certified environmental management systems

The company reports that 22% of its sites are ISO 14001 certified.

Relevance of commitment to eco-design

The company's commitment to eco-design is general. The company complies with RoHS Directive and commits to use eco-efficient methods and products.

Resources allocated to eco-design

The company conducts occasional eco-design projects. The company conducts some eco-design projects such as R&D investment to improve product's eco-efficiency.

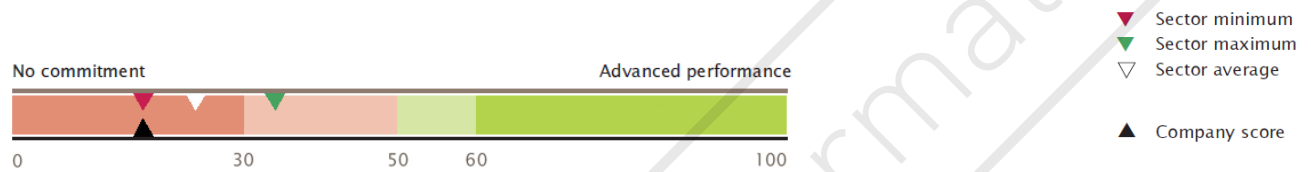
Coverage of resources allocated to eco-design

In its answers to Vigeo Eiris' questionnaire, the company states that it has not conducted life-cycle analyses in a systematic way for its products.

Leadership	65	Implementation	26	Results	N/A
Visibility	100	Means & resources	51	Performance	N/A
Relevance	53	Scope	N/A	Trends	N/A
Ownership	65	Coverage	0		

ENV1.2 Pollution prevention and control (soil, accident)

(score: 17, weight: 1)



Relevance of commitments on pollution prevention and control

The company does not disclose any commitment to accidental pollution prevention and control.

Means allocated to pollution prevention and control

No information is available on resources allocated to pollution prevention and control, however the company has ISO14001 certified sites.

Coverage of means allocated to pollution prevention and control

22% of the Company's sites are reported to be ISO 14001 certified.

Existence of accidental pollution

No pollution incidents have been identified.

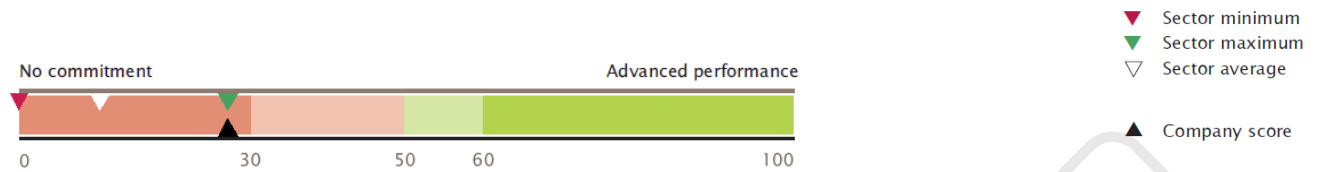
Rehabilitation of polluted soil

Information obtained from company and public sources regarding the rehabilitation of polluted soil is insufficient.

Leadership	0	Implementation	30	Results	22
Visibility	N/A	Means & resources	30	Performance	N/R
Relevance	0	Scope	N/A	Trends	22
Ownership	N/A	Coverage	30		

ENV2.1 Protection of water resources

(score: 27, weight: 2)



Relevance of the company's commitment in terms of reducing its water consumption

The company's commitment to reduce its water consumption is general. *WEG commits to conserve water resources and purchasing equipment which present a better efficiency in water consumption or enable water reuse.*

Relevance of the company's commitment in terms of reducing its water emissions.

The company does not disclose any commitment with regard to its water emissions.

Means allocated to reduce water consumption and/or emissions into water

In addition to monitoring systems, the Company works to optimize its production processes. WEG reports on several projects aimed to reducing the water consumption, such as:

- *Expansion of the sewage treatment system which increased the capacity to supply water reuse to 70,000 L/day.*
- *Implantation of improvements in one of the wastewater treatment plant so that its wastewater can be reused.*
- *A Daily control system for water consumption was created to indicate leaks.*
- *Implementation of WEG solution to reduce energy and water consumption in ten cooling towers, the system reduces 21.7% of water consumption in conventional towers.*

Coverage allocated to reduce water consumption and/or emissions into water

These projects are reported to be implemented only on some sites in Brazil.

Water consumption

WEG provides only partial data covering its Brazilian sites. The company's water consumption, normalised to sales, has decreased but not continuously by 49% over the past five years, from 131.9 m3 per million BRL in 2012 to stand at 67.9 m3 per million BRL in 2016.

Heavy metals discharges into water

The company does not disclose quantitative data on heavy metals discharges into water.

Wastewater Chemical Oxygen Demand (COD)

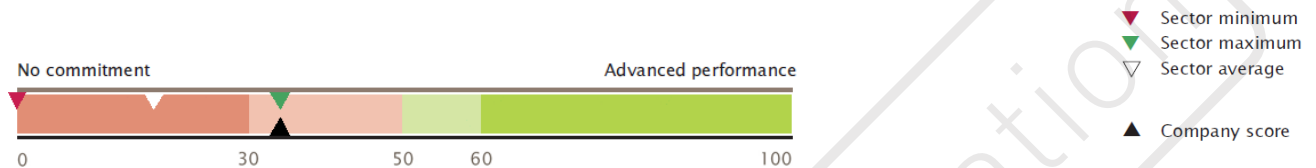
The company does not disclose quantitative data on wastewater chemical oxygen demand.

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Leadership	15	Implementation	51	Results	15
Visibility	N/A	Means & resources	65	Performance	15
Relevance	15	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	30		

ENV2.2 Minimising environmental impacts from energy use

(score: 34, weight: 3)



Relevance of the company's commitment in terms of reducing its energy consumption.

The company has set quantified targets with regard to its energy consumption, but these do not cover the entire group.
The company launched an Energy Efficiency Programme that aims to decrease its total power consumption by 2% per year, based on the ISO 50001 certification. However this goal only concerns Brazilian units.

Relevance of the company's commitment in terms of reducing its energy-related emissions.

The company's commitment to reduce its energy-related emissions is general.

Means allocated to reduce energy consumption and/or related emissions

The company works to optimise its production processes in order to reduce its energy consumption and its related emissions. WEG's process optimisation includes upgrading equipment such as motors using more energy efficient processes like scrubbers, filters and catalytic burners. The company has reported that 64.3% of its energy consumption is produced from Hydroelectric and small Hydroelectric renewable sources.

Coverage of means allocated to reduce energy consumption and/or related emissions

WEG states that it has established these measures in some of its Brazilian sites.

Energy consumption

WEG provides only partial data covering its Brazilian sites. The Company's energy consumption, normalised to sales, has decreased continuously by 34% over the past five years, from 0.0654 GWh per million BRL in 2012 to stand at 0.0433 GWh per million BRL in 2016.

CO2 emissions linked to energy consumption

WEG provides only partial data covering its Brazilian sites. The Company's Greenhouse gas (GHG) emissions (direct and indirect) linked to energy consumption, normalised to sales, have decreased but not continuously by 15% over the past five years, from 9.3 tons of CO2 eq per million BRL in 2012 to stand at 7.9 tons of CO2 eq per million BRL in 2016.

SO2 emissions linked to energy consumption

The company does not disclose quantitative data on SO2 emissions (direct and indirect) linked to energy consumption.

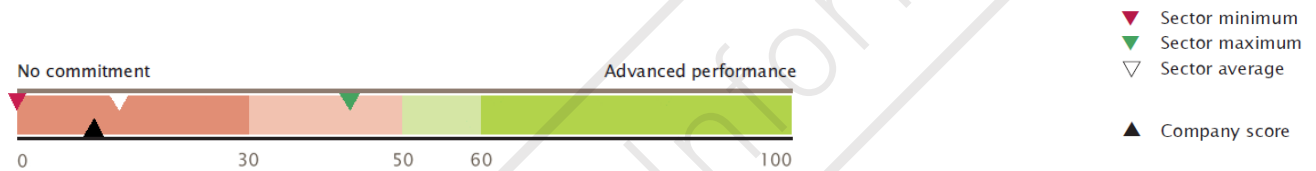
NOx emissions linked to energy consumption

The company does not disclose quantitative data on NOx emissions (direct and indirect) linked to energy consumption.

Leadership	30	Implementation	51	Results	21
Visibility	N/A	Means & resources	65	Performance	21
Relevance	30	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	30		

ENV2.4 Management of atmospheric emissions

(score: 10, weight: 2)



Relevance of the company's commitment in terms of reducing its atmospheric emissions

The company does not disclose any commitment with regard to its atmospheric emissions.

Means allocated to reduce atmospheric emissions

The Company reports on being working on the development of liquid paints which contains lower content of volatile organic compounds in order to reduce the release of solvents in the atmosphere.

Coverage of means allocated to reduce atmospheric emissions

There is not enough evidence to show that the Company has taken such measures at a majority of its sites.

Volatile Organic Compounds (VOC) emissions

The company does not disclose quantitative data on VOC emissions.

Greenhouse gas emissions not related to energy consumption (in CO2 equivalent)

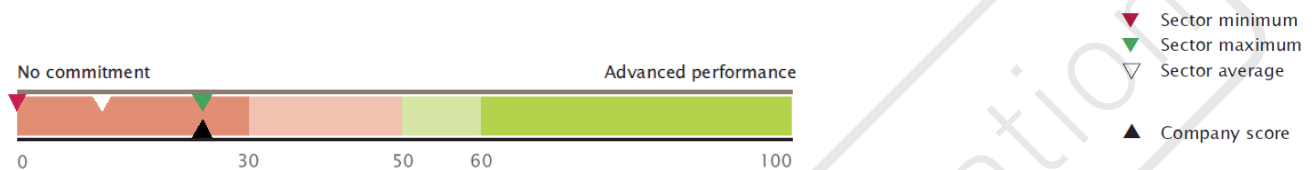
The company does not disclose quantitative data on greenhouse gas emissions not related to energy consumption.

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Leadership	0	Implementation	30	Results	0
Visibility	N/A	Means & resources	30	Performance	0
Relevance	0	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	30		

ENV3.1 Management of environmental impacts from the use and disposal of products

(score: 24, weight: 3)



Relevance of commitments related to the use of products

The company's commitment to limit impacts from the use of its products is general. WEG commits to use high-efficient products in order to limit environmental impacts.

Materiality of means on the use of products

Means set up by the company include the technical optimisation of products. WEG develops products that promote less energy consumption and that do not possess hazardous materials.

Coverage with regard to measures affecting the use of the product

There is no evidence that the company has taken these measures in a significant part of its product portfolio.

Relevance of commitments related to the disposal of products

The company's commitment to limit impacts from the disposal of its products is general. WEG commits to use recycled materials for its products.

Materiality of means on the disposal of products

The company has allocated significant means to limit the environmental impacts related to the disposal of its products:

- Development of products designed for recycling or dismantling: The company manufactures motors that are recyclable after disposal.
- Reduced use of materials: WEG reports on being working on the redesign of an entire line of small transformers aiming at compacting the size and reduce the volume of resources necessary to those machines.
- Ensuring products do not contain hazardous substances: The Company reports on complying with the RoHS Directive.
- Contributing to the creation of a network to collect products at the end of their life cycle: WEG's Exchange Plan grants a discount on the purchase of a new motor with performance above the law requirements in exchange for a used one.

Coverage with regard to measures affecting the elimination of the product

There is no evidence that the company has taken such measures in a significant part of its product portfolio.

Quantitative data disclosed on products with reduced impacts at the use and/or disposal phase

The company does not disclose quantitative data on the share of its products that have a reduced impact at the use or disposal phase.

Share of products that are collected and reused

The company does not disclose data on the share of its products that are collected or reused.

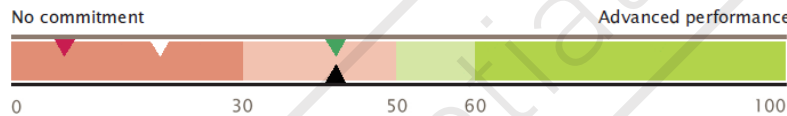
Leadership	30	Implementation	41	Results	0
Visibility	N/A	Means & resources	48	Performance	N/A
Relevance	30	Scope	N/A	Trends	0
Ownership	N/A	Coverage	30		

Human Resources

Score : 45

HRS1.1 Promotion of labour relations

(score: 42, weight: 2)



Visibility of commitment to promote labour relations

The company has issued a formalised commitment to promote labour relations in its Code of Ethics.

Relevance of commitment to promote labour relations

The company's commitment to promote labour relations is general. The Company is committed to keep relationships with trade unions aiming to debate issues that may directly or indirectly affect WEG's interests.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved. WEG informed Vigeo Eiris that the Human Resources Department is responsible for the oversight of this commitment.

Coverage of employee representative bodies

Information obtained from company and public sources regarding the percentage of sites where employee representation structures are in place is insufficient.

Subjects covered by collective bargaining

WEG is present in Austria and Germany, where collective bargaining between the Company and employee representatives deals with subjects related to working conditions, including:

- Health & safety
- Remuneration
- Working hours
- Training

Employee representative bodies in countries with restrictive legislation

Although the company operates in countries with restrictive legislations such as China and the United Arab Emirates, information obtained from company and public sources regarding how the company promotes employee representation in these countries is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

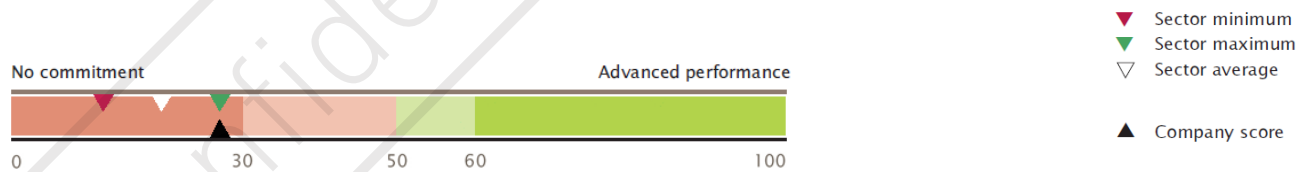
Coverage of collective agreements on working conditions

Collective agreements on working conditions cover between 51 and 75% of its employees.
74% of the Company's employees are reported to be covered by collective agreements on working conditions.

Leadership	48	Implementation	13	Results	65
Visibility	65	Means & resources	0	Performance	65
Relevance	30	Scope	65	Trends	N/A
Ownership	65	Coverage	0		

HRS2.3 Responsible management of reorganisation

(score: 27, weight: 2)



The company does not appear to have gone through reorganisation activities during the period under review.

Relevance of commitment to manage reorganisation responsibly

The company does not commit to managing reorganisation responsibly.

Involvement with employee representatives

The company does not disclose any commitment to inform and consult employee representatives on reorganisation.

Means allocated to prevent and manage reorganisation

Information obtained from the company and public sources regarding measures allocated to prevent and manage reorganisation is insufficient. Of note, the company has reported the analysis of a questionnaire in case of dismissal.

Coverage

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

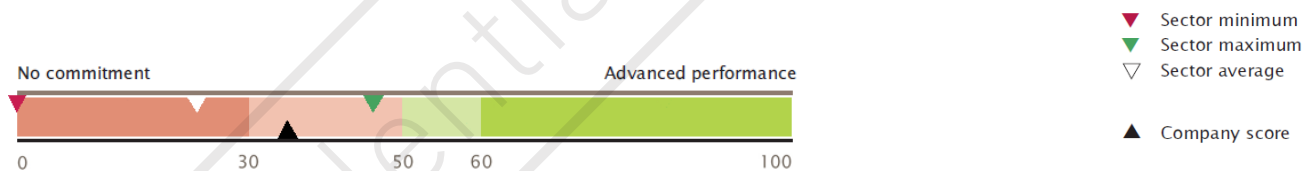
Result of the company's commitment to manage reorganisation responsibly

Since the number of employees at the Company has remained stable over the past three years and there is no information on layoffs due to reorganisations, it is assumed that the Company has been able to maintain employment.

Leadership	0	Implementation	0	Results	81
Visibility	N/A	Means & resources	0	Performance	81
Relevance	0	Scope	N/A	Trends	N/A
Ownership	0	Coverage	0		

HRS2.4 Career management and promotion of employability

(score: 35, weight: 2)



Visibility of commitment on career management and training

The company makes some general statements promoting career management and training in its answer to Vigeo's Eiris questionnaire.

Relevance of commitment on career management and training

The company's commitment to promoting career management and training only addresses part of its responsibilities:
 - Ensure training, life-long learning and employability.
 - Promote career development.

Ownership of commitment

The Head of HR is part of the Company's Executive Committee. However, it is unclear whether line managers are evaluated on their performance in terms of HR management.

Career management systems

The Company has set up an internal job opportunity marketplace and has formalised the skill requirements for the various job positions. Moreover employees have performance assessment interviews regular once a year by their immediate supervisor, in 10 factors: knowledge, quality, productivity, occupational safety, discipline, attendance and punctuality, initiative, interpersonal relationships, teamwork and communication.

Coverage of career management systems

The Company has disclosed that its career management systems cover 97% of the it's employees.

Types of training provided to non-managers

The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to fulfill their studies. WEG provides several types of courses and trainings to employees and pays for them to continue their language, technical, higher and postgraduate level studies.

Means allocated to training for all employees

The number of training hours per employees has increased, but not continuously by 21% over the past three years, from 115 hours per employee in 2014 to 139 in 2016.

Internal mobility and employee turnover

Information disclosed on indicators such as employee turnover or mobility rates is insufficient.
The last data provided by the company on employee turnover rate dates back to 2013.

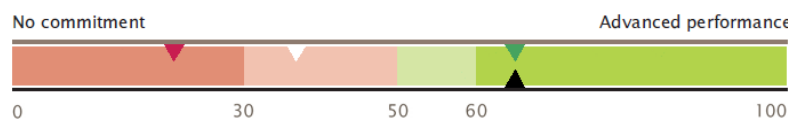
Training delivered during the year under review

At least a minority of employees has received training during the period under review.

Leadership	21	Implementation	65	Results	18
Visibility	30	Means & resources	48	Performance	18
Relevance	30	Scope	65	Trends	N/A
Ownership	0	Coverage	100		

HRS3.2 Improvement of health and safety conditions

(score: 65, weight: 3)



- ▼ Sector minimum
- ▲ Sector maximum
- ▽ Sector average
- ▲ Company score

Visibility of health & safety commitments

The company has made a formalised commitment to health and safety issues in its Health and Safety Policy, embedded in its Annual Report.

Relevance of commitments to health & safety

The company's commitment only addresses part of its responsibilities:
 - Reduce the number of work accidents and their severity
 - Improve workstation ergonomics

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, employee representatives are involved at group level. WEG's Health and Safety Department is responsible for this commitment and the Company reports that it has formal agreements with trade unions to ensure the health and safety of its employees.

Means allocated to health and safety

The company has allocated means to address these issues, including a certified health and safety system:
 - OHSAS 18001 certifications: the company received the OHSAS 18001 certification which includes the following:
 - training/awareness raising programmes
 - internal monitoring
 - risk assessments
 - internal H&S audits

Coverage of means allocated to health and safety

The health and safety measures cover the majority of the company's employees.
 WEG reported that all employees are covered except contract workers.

Means allocated to reduce stress and improve ergonomics at work

The company has allocated extensive to address stress at work, including:
 - Monitoring of absenteeism: The Company monitors and reports total absenteeism.
 - Stress support instruments: The company provides psychological and social assistance through individual care, home visits, group work and referral to the resources of the public power and the community.
 - Training on stress for employees: WEG launched a gymnastic programme aiming at stress prevention.
 - Measures to improve ergonomic design of workplaces: WEG established an ergonomics programme (PWE) that aims to train and empower employees so that they can develop new processes, identify and correct the ergonomic inadequacies at work environments.

Coverage of means allocated to reduce stress and improve ergonomics at work

There is no evidence that such measures cover the majority of the company's employees.

Accident frequency rate

The total number of accidents, relative to 200,000 hours worked has decreased continuously by 46%, from 3.09 accidents per 200,000 hours worked in 2012 to 1.68 accident per 200,000 hours worked in 2016.

Accident severity rate

The company does not disclose quantitative data on accident severity rates.

Other health and safety indicators

The absenteeism rate relative to 200,000 hours worked has decreased but not continuously by 2 percentage points, from 5.4% in 2012 to 3.4% in 2016.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

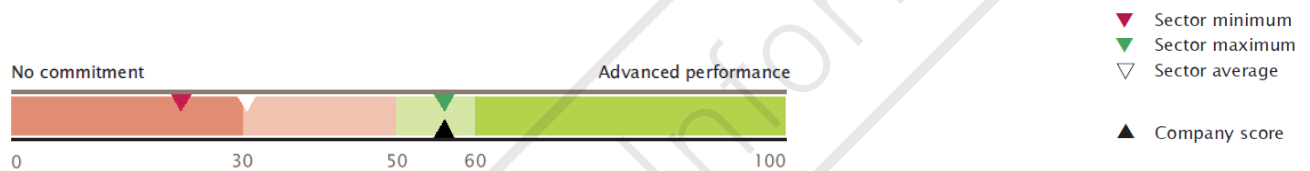
Leadership	67	Implementation	69	Results	58
Visibility	65	Means & resources	82	Performance	58
Relevance	30	Scope	N/A	Trends	N/A
Ownership	100	Coverage	48		

Human Rights

Score : 44

HRT2.1 Respect for freedom of association and the right to collective bargaining

(score: 56, weight: 2)



Visibility of commitment to respect and promote freedom of association and collective bargaining

The company has issued a formalised commitment to freedom of association and the right to collective bargaining in its Social Responsibility Policy embedded on its Annual Report. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment to respect and promote freedom of association and collective bargaining

The company's commitment generally addresses freedom of association and the right to collective bargaining.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. The Human Resources Department is responsible for the oversight of this commitment.

Monitoring of the respect of freedom of association throughout the company's operations

The company has implemented limited measures to monitor the respect of freedom of association within its operations:
 - On-going monitoring of labour rights risks: The company has established a special phone number to call in case of any issues.

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Promotion of collective bargaining

The company has provided employees with some information on their trade union rights through the code of ethics that is given to each employee in hiring training; furthermore a copy is available on internal and external website.

Coverage of means allocated to promote freedom of association and/or collective bargaining

The company has set up such systems throughout the company.

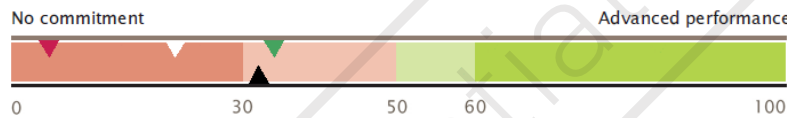
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Leadership	51	Implementation	51	Results	65
Visibility	65	Means & resources	30	Performance	65
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	100		

HRT2.4 Non-discrimination

(score: 32, weight: 2)



Visibility of commitment to prevent discrimination and promote diversity

The company has issued a formalised commitment to non-discrimination in its Code of Ethics and Social Responsibility Policy, embedded in its Annual Report. In addition, the Company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment to prevent discrimination and promote diversity

The company's commitment to non-discrimination explicitly defines most of the categories and the management processes to which these apply:

- Gender
- Ethnicity and nationality
- Social background
- Religion
- Sexual Orientation
- Disabilities
- Political Opinion
- Age

- Discrimination in employment decisions: In the recruitment and selection of employees.
- Discrimination in working conditions: During performance evaluations, promotions and dismissals.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated to prevent discrimination and/or promote diversity

The company has set up some measures to prevent discrimination, including:
- A confidential reporting system: WEG has reported a phone number that could be used anonymously in order to denounce discrimination issues.

Coverage of means allocated to prevent discrimination and/or promote diversity

Although the company has set up monitoring or whistleblowing systems, the company has not gone beyond that to implement programmes to promote diversity in its operations.

Results in terms of gender distribution

The share of women in management positions has declined from 4.08% in 2011 to 3.92% in 2013. However, updated data is not reported by the Company.

Results in terms of employment of persons with disabilities

The company does not disclose quantitative data on performance indicators such as the share of employees with disabilities in the total workforce.
The number of employees with disabilities in the total workforce has increased from 219 employees in 2009 to 478 employees in 2013. However, updated data is not reported by the Company.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

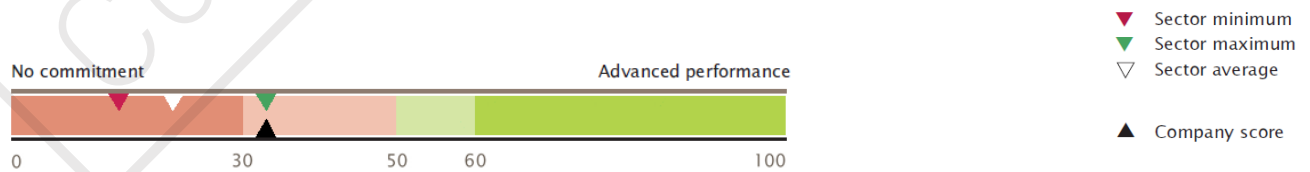
Leadership	65	Implementation	15	Results	16
Visibility	65	Means & resources	30	Performance	65
Relevance	100	Scope	N/A	Trends	0
Ownership	30	Coverage	0		

Community Involvement

Score : 33

CIN1.1 Promotion of the social and economic development

(score: 33, weight: 2)



Visibility of the policy

The company has issued a formalised and accessible commitment to promote local social and economic development in its Social Responsibility Policy embedded on its Annual Report.

Relevance of commitment

The company's commitment to promote local social and economic development addresses its main responsibilities:

- *Promote the creation and development of local businesses: Supporting the communities which directly interact with the Group, strengthening the economic and social development;*
- *Promote the employment and training of local personnel: through encouraging and providing conditions for the development of employees, aiming at the expansion of its competences and personal and professional growth;*
- *Implement a responsible tax strategy: WEG commits to comply with the tax legislation applicable to all activities of the Company and the place where it operates.*

Ownership of commitment

The Human Resources Department is responsible for the oversight of this commitment.

Means allocated to support local social and economic development

Information obtained from the company and public sources regarding programmes in place to support social and economic development in the areas in which it operates is insufficient.

Geographical coverage of means allocated to support local social and economic development

Performance trend, in terms of resources allocated to support local social and economic development

The company does not report indicators on social and economic development.

Transparency of tax reporting

The company reports only on gross taxes paid. There is no breakdown on a regional or country basis.

Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules

The Company operates in United Arab Emirates, a jurisdiction considered by the OECD as not compliant enough on tax transparency rules, however WEG justifies its presence on the country. The company has sales offices based on the United Arab Emirates.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

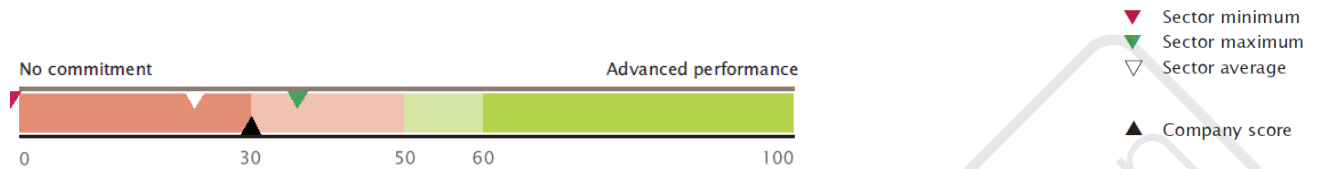
Leadership	65	Implementation	0	Results	35
Visibility	65	Means & resources	0	Performance	47
Relevance	65	Scope	N/A	Trends	0
Ownership	65	Coverage	0		

Business Behaviour (C&S)

Score : 36

C&S1.1 Product Safety (process and use)

(score: 30, weight: 2)



Visibility of commitment to product safety

The company has made references to product safety in its answer to the Vigeo Eiris' questionnaire.

Relevance of commitment to product safety

The company's commitment addresses product safety.

Ownership of commitment

It is unclear who is responsible for the company's commitment.

Product safety management systems

The company has allocated significant resources to ensure product safety that include:
 - Customer awareness-raising measures : the company provides customer trainings.
 - R&D to develop safer products : WEG improves safer products by investing in an automation unit.

Coverage of product safety management systems

The company has set up such systems in every unit which produces risky products.

Crisis management system

Information obtained from company and public sources regarding crisis management system is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

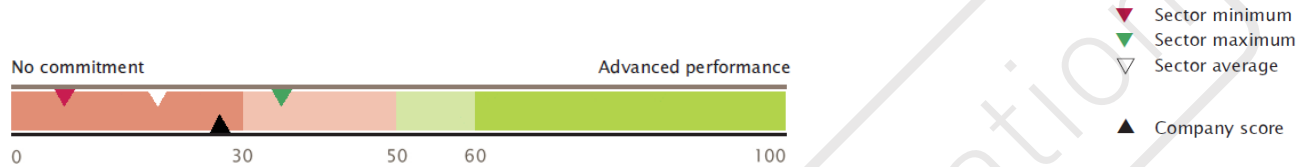
Transparency and trends of indicators relative to product safety

The company does not disclose any indicator relative to the outcomes of its product safety policy.

Leadership	24	Implementation	32	Results	35
Visibility	30	Means & resources	32	Performance	65
Relevance	30	Scope	N/A	Trends	0
Ownership	0	Coverage	30		

C&S2.3 Integration of environmental factors in the supply chain

(score: 27, weight: 2)



Visibility of commitment to integrate environmental factors in the supply chain

The company has issued a formalised commitment to including environmental factors in supply chain management in its Code of Ethics for Suppliers.

Relevance of commitment to integrate environmental factors in the supply chain

The company's environmental requirements for suppliers are general and refer only to applicable laws.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated to integrate environmental factors in the supply chain

The company has set up some measures to include environmental factors in supply chain management:
- Integration of environmental issues into contractual clauses: The company reports that its Code of Ethics for Suppliers is included on Supply Agreements/Contracts.
- Supplier support: WEG reports on having trainings on its Code of Ethics for Suppliers as a way to distribute the document to its suppliers.

Coverage of means allocated to integrate environmental factors in the supply chain

The company has allocated such measures for at least a part of the company's suppliers.

Audits of suppliers

Information obtained from company and public sources regarding environmental audits of suppliers is insufficient.
Of note, WEG mentions that practices such as periodic audits of suppliers are emphasized to ensure that everyone part of the supply chain is aligned with the sustainable development, however further information on the subject is not provided by the Company.

Share of corrective measures vs problems uncovered

The company does not disclose quantitative data on the share of environmental problems in the supply chain that were addressed by corrective measures.

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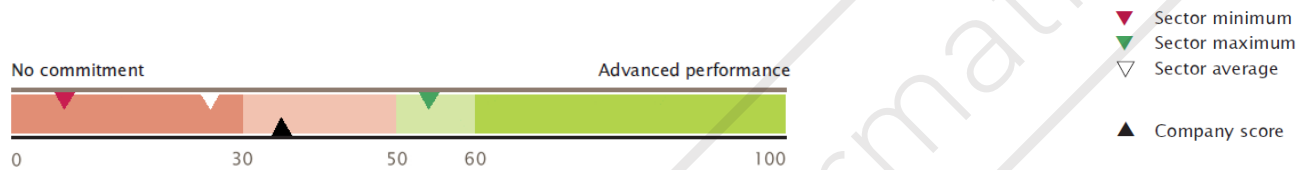
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Leadership	39	Implementation	20	Results	22
Visibility	65	Means & resources	15	Performance	22
Relevance	30	Scope	N/A	Trends	N/A
Ownership	30	Coverage	30		

C&S2.4 Integration of social factors in the supply chain

(score: 35, weight: 3)



Visibility of commitment to integrate social factors in the supply chain

The company has issued a formalised commitment to including social factors in supply chain management in its Code of Ethics for Suppliers.

Relevance of commitment to integrate social factors in the supply chain

The company's social requirements for suppliers address the main relevant issues in the sector:

- Abolition of child labour
- Abolition of forced labour
- Non-discrimination through internal policies
- Health and Safety

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated to integrate social factors in the supply chain

The company has set up some measures to include social factors in supply chain management:

- The integration of social issues into contractual clauses: WEG reported to integrate a commitment that integrates social factors in the supply chain in every contract.
- Supplier support: The company has a self-assessment form with its suppliers on sustainability criteria, including social issues.

Coverage of means allocated to integrate social factors in the supply chain

The company discloses data only on WEG motors. WEG has reported that 25 % of production materials suppliers have a contract which integrates social issues. The company also mentions that 100% of new suppliers have a contract that includes social factors.

Audits of suppliers

The company includes social aspects in its standard quality audits of suppliers. The company reports that audits are based on several aspects including a self-assessment questionnaire which integrates social issues.

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Due diligence measures for conflict free supply chain

Information obtained from company and public sources regarding due diligence measures to prevent conflict minerals from entering in the supply chain is insufficient.

Share of corrective measures / problems uncovered

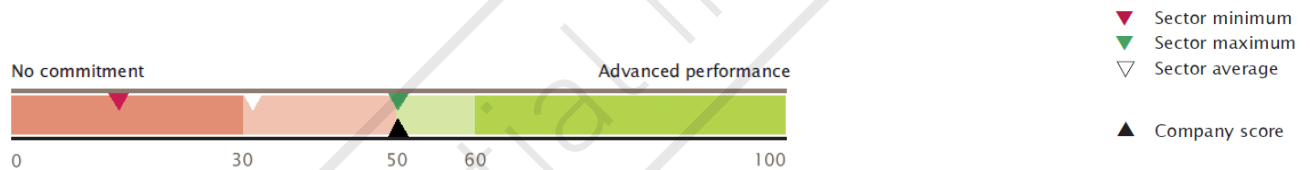
The company does not report data on the share of social problems in the supply chain that were addressed by corrective measures.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Leadership	56	Implementation	27	Results	22
Visibility	65	Means & resources	26	Performance	22
Relevance	65	Scope	N/A	Trends	N/A
Ownership	30	Coverage	30		

C&S3.1 Prevention of corruption
(score: 50, weight: 2)



Visibility of commitment to corruption prevention

The company has issued a formalised commitment to preventing corruption in its Code of Ethics. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment to corruption prevention

The company's commitment to preventing corruption addresses its main responsibilities:

- giving or receiving bribes
- gifts and invitations
- fraud
- conflicts of interest
- illegal financing of political parties
- prohibition of facilitation payments

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved. WEG has informed Vigeo Eiris that the Human Resources Department is responsible for the oversight of this commitment.

Involvement of employees in the prevention of corruption

The company has instituted formal training programmes for relevant employees on corruption prevention. WEG provides trainings and internal audits to prevent corruption.

Means allocated to corruption prevention

The company has set up internal controls to prevent corruption that include:
- A dedicated confidential hotline: The company reports on having an accessible phone number which all collaborators are instructed to use when needed and reports may be submitted confidentially.
- Internal audits: WEG informed Vigeo Eiris that internal audits are performed to monitor corruption.

Coverage of means allocated to corruption prevention

The measures implemented cover all significant parts of the company.

Reporting

The company does not disclose any quantitative data on the number or nature of corruption incidents reported internally.

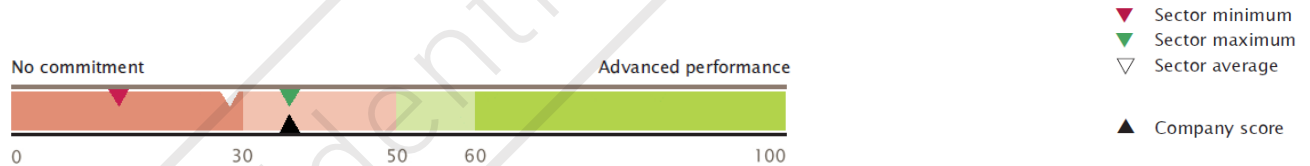
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Leadership	65	Implementation	42	Results	43
Visibility	65	Means & resources	48	Performance	43
Relevance	65	Scope	N/A	Trends	N/A
Ownership	65	Coverage	30		

C&S3.2 Prevention of anti-competitive practices

(score: 36, weight: 2)



Visibility of commitment to prevent anti-competitive practices

The company has issued a formalised commitment to prevent anti-competitive practices in its Code of Ethics.

Relevance of commitment to prevent anti-competitive practices

The company's commitment to preventing anti-competitive practices is general, however WEG reports on being aligned to recognised standards such as FCPA and UKBA.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.
WEG has informed Vigeo Eiris that the Human Resources Department is responsible for the oversight of this commitment.

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Involvement of employees in the prevention of anti-competitive practices

Information obtained from company and public sources regarding reporting involvement of employees in preventing anti-competitive practices is insufficient.
Of note, WEG reports on training programmes for employees such as managers, sales staff and purchasers, however there is no evidence that anti-competitive practices are addressed by these trainings.

Means allocated to prevent anti-competitive practices

Information obtained from company and public sources regarding reporting mechanisms to monitor anti-competitive behaviour is insufficient.

Coverage of means allocated to prevent anti-competitive practices

Reporting

The company does not disclose any quantitative data on the number or nature of antitrust incidents reported internally.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

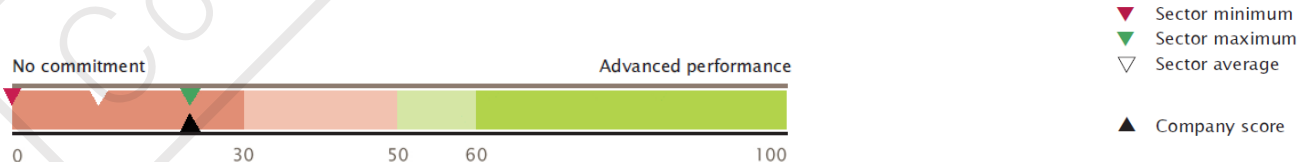
Leadership	65	Implementation	0	Results	43
Visibility	65	Means & resources	0	Performance	43
Relevance	65	Scope	N/A	Trends	N/A
Ownership	65	Coverage	0		

Corporate Governance

Score : 29

CGV1.1 Board of Directors

(score: 23, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

No specific committee is in charge of director nomination, which might raise concerns.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

Information on the responsibilities allocated over CSR issues is insufficient.

Share of independent shareholder-elected Board members

The Board is between 21 and 33% independent, which is less than the recommended level.
2 members of the 7-member Board are considered independent

Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be partial:
- Board members with demonstrated professional experience in the company's sector of activities: The Company reports on most of its directors having experience as former senior executives, finance, accounting and legal aspects of WEG's businesses.

Training and expertise provided to board members

No training is provided.
The Company communicates that there is no formal training plan for board members

Regular election of Board members

Board members are elected at least every three years and these elections are not staggered.
Board members are eligible for re-election following 2-year terms.

Evaluation of Board's functioning and performance

Performance is evaluated regularly, but with no disclosure on the results.
The company reports that it conducts an annual performance evaluation of the board of directors.

Review of CSR issues at Board meeting

Information obtained from company and public sources regarding the review of CSR issues at board meetings is insufficient.
Of note, CSR issues were formally reviewed at the board level. The company has reported dealing with sustainability issues while assessing capital investment and corporate performance matters, however further details on the specific topics covered are not disclosed.

Regularity of and attendance at Board meetings

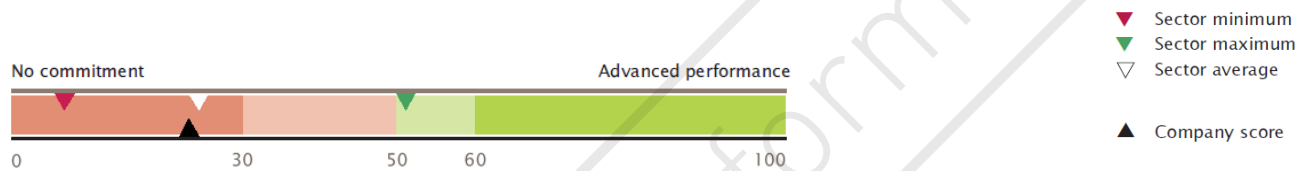
Information obtained from company and public sources regarding the regularity of and attendance at board meetings is insufficient.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independence
Décio da Silva	Chairman		X						X			X	Chairman WPA Participações e Serviços S.A.	
Nildemar Secches	Vice-Chairman		X						X					
Martin Werninghaus			X						X					

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independence
Sérgio Luiz Silva Sc			X					X						
Dan Ioschpe			X											X
Miguel Normando Abda			X											X
Umberto Gobbato			X					X						

CGV2.1 Audit & Internal Controls

(score: 23, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

No specific committee is in charge of audit issues, which might raise concerns.

Skills and backgrounds of Audit Committee members

There is no Audit Committee in place.

Operational and CSR risks covered by the company's internal controls system

The system covers the standard issues related to financial, operational, and legal risks.

Role of the Audit Committee in overseeing internal and external controls

There is no Audit Committee in place.

Management of the CSR risks

Information obtained from company and public sources regarding the management of the CSR risks is insufficient. Of note, the company reports on having an Enterprise Risk Management System in place but no further information is provided.

Independence of the firm's external auditors

The audit firm receives non-audit fees, but these represent only 25% or less of total fees. Non-audit fees represented 5.6% of total fees paid to KPMG in 2016.

Inclusion of CSR issues in the company's reporting

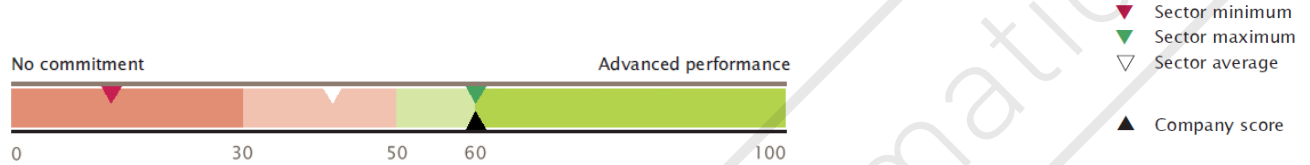
The company publishes significant CSR reporting on key material issues.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

CGV3.1 Shareholders

(score: 60, weight: 2)



Nonexistence of voting rights restrictions

The company respects the "one share - one vote" principle.

Safeguards on transactions with major shareholder(s)

Less than half of the board is independent. However, there are other safeguards in place to monitor transactions between the company and its major shareholder(s).

The Company has in place a Related Parties Policy and reports that all contracts with related parties, including values and conditions, will be regularly disclosed. In addition, WEG mentions that contracts with related parties will be subject to review by the Intern Audit Department and the independent auditor.

Ability to add items to the agenda of the AGM and to convene an EGM

No major restrictions have been identified.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

The Company reports that shareholders can vote either directly or through proxy.

Ability to vote on relevant issues in separate resolutions at AGM

The following items are not put to a vote at the AGM:

- Board members are voted collectively
- Board fees
- Selection of external auditors
- Extraordinary transactions

Presentation of CSR strategy to shareholders and investors

The company has presented to shareholders and investors its CSR strategy and this covers some of the most relevant CSR issues:

- Product Safety
- Supply Chain management
- Health & Safety

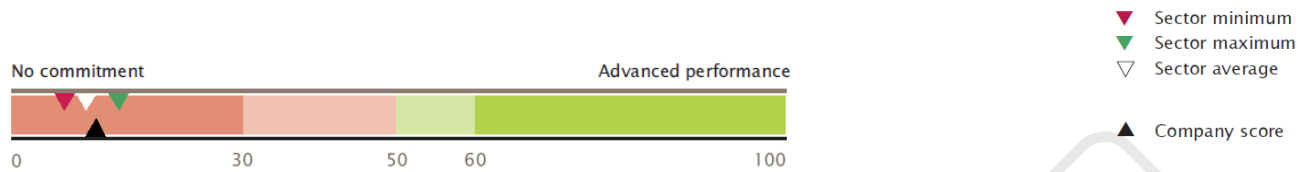
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

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CGV4.1 Executive Remuneration

(score: 11, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

No specific committee is in charge of executive remuneration, which might raise concerns.

Disclosure of senior executives' individual remuneration

Executive remuneration is disclosed, but on a collective rather than on an individual basis.

Link between Short Term Incentive Plans and the performance of the company

Bonuses are said to be linked to predetermined economic and operational performance indicators, but these are not disclosed. The company reports that the Executives variable remuneration are aligned with the achievement of goals and indicators of economic, environmental and social performance.

Link between the main Long Term Incentive Plan and the performance of the company

The company does not have any incentives plan for its executives linked to multi-year performance conditions.

Link between variable remuneration and CSR performance of the company

The company reports that the Executives variable remuneration are aligned with the achievement of goals and indicators of economic, environmental and social performance.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient. *Employees wages and benefits as well as CEO remuneration are not disclosed.*

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Allegations and controversies

Domain Sustainability driver

Page

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Detailed Scores And Ratings

Current and previous ratings

Period	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance
2017/07	+	+	+	++	+	+
2015/07	+	+	++	+	+	=
2014/03	+	+	+	+	+	=

Scores per domain

Domain	Average score	Leadership	Implementation	Results
Environment	29	29	39	8
Human Resources	45	38	40	56
Human Rights	44	58	33	41
Community Involvement	33	65	0	35
Business Behaviour (C&S)	36	50	24	32
Corporate Governance	29	26	17	42

Scores per criteria

Sub-domain	Criterion	Score
Environment 1	1	46
	2	17
Environment 2	1	27
	2	34
	4	10
Environment 3	1	24
Human Resources 1	1	42
	3	27
	4	35
	Human Resources 3	2
Human Rights 2	1	56
	4	32

Sub-domain	Criterion	Score	
Community Involvement 1	1	33	
Business Behaviour (C&S) 1	1	30	
	3	27	
	4	35	
Business Behaviour (C&S) 3	1	50	
	2	36	
Corporate Governance 1	1	23	
	Corporate Governance 2	1	23
	Corporate Governance 3	1	60
	Corporate Governance 4	1	11

General Overview

Position versus
sector peers Rest of the World

	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance	Overall score
TW0002049004 HIWIN Technologies	-	-	-	-	-	-	10
KR7010620003 Hyundai Mipo Dockyard	-	-	-	=	=	-	14
TW0001504009 TECO Electric & Machinery	+	=	=	=	+	+	32
BRWEGEACNORO WEG ON	+	+	+	++	+	+	35

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