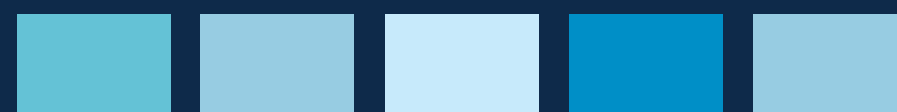
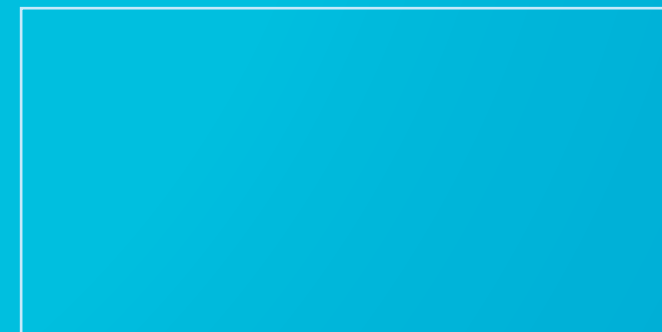
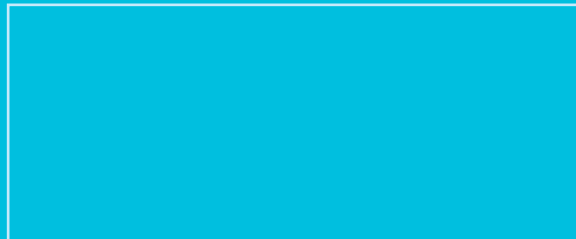




INTEGRATED ANNUAL **REPORT 2015**



INDEX:



EGGON JOÃO *DA SILVA*

On September 2015, Eggon João da Silva, one of the founders of WEG, passed away.

Born on October 17 of 1929, where the city of Schroeder is located today, north of Santa Catarina State, Eggon João da Silva began to work early, at age 13, at a notary office in Jaraguá do Sul. After 14 years in the main bank of the State and of being partner of the Wiest & Cia. company., Eggon, together with Werner Ricardo Voigt and Geraldo Werninghaus, founded WEG in September 1961. Until 1989, Eggon was the president of the company, leading it to become one of the largest in the sector, with remarkable participation on the domestic and international market. From 1989 until 200e was president of the Board of Directors of WEG.

Eggon's history is not only connected to WEG. The businessman was part of the board of four large companies – Oxford, Tigre, Marisol and Perdigão. At Perdigão, he was even CEO in 1994 and President of the Board of Directors for over 10 yeas, fulfilling the hard mission to recover the company financially.

Autodidact administrator, with long term vision and great capacity of strategic planning, Eggon João da Silva left his legacy in the Brazilian and global industry, contributing to creating a strong business culture, founded on the valuation of people, efficiency and productivity.



His most famous quote remains as a lesson for future generations:

If machines are needed, you can buy them; if there is no money, you borrow; but men you can neither buy nor borrow, and men motivated by an idea are the foundation for success.

MESSAGE FROM THE PRESIDENT

The economic conditions in 2015 deteriorated along the year and Brazil faced a strong economic contraction. With great challenges, we closed the year presenting a revenue growth of 24% and net profit growth of 21% in comparison to the previous year.

Such performance was especially provided by WEG expansion in the global market and the beginning of businesses related to renewable power sources and products with higher energy efficiency.

I point out the advance of WEG in the wind power business - supplying wind turbines, electric substations and full plants - and the important advances in market share in electric power transmission and distribution in Brazil, USA, Colombia and South Africa. We followed our investment plan, expanding our unit in Mexico, and started a new electric motor plant in China. From the R\$

468.1 million invested, 41% were destined to operations in Brazil, and 59% were applied in different manufacturing and commercial operations abroad. In addition to those investments, we acquired a transformer manufacturing plant in Colombia, another in South Africa and one automation manufacturing plant in Spain.

We kept our investment in research, development and innovation close to 3% of the net income, aligned with our track record. Our continuous effort of technological development has put us in the list of the most innovative companies in Brazil, and one of the 1000 publicly held companies in the world which most invest in innovation.

Even with the investments, thanks to our financial discipline, we delivered a generation of cash from operations of R\$ 982.0 million in 2015.

In 2015 we were awarded company of the year by Exame Magazine, elected unanimously by the Committee of the Abrasca Award of Value Creation 2015 as the best case of value creation, and we entered the IBOVESPA Index in January 2016.

We thank all WEG employees, customers, suppliers and shareholders for trusting us and for encouraging us to constantly seek the best results.

Thank you all and have a good reading!

HARRY
Schmelzer Jr.
CEO



◦ *ABOUT THE* REPORT



OBJECTIVE: _____

Take to the stakeholders and all interested parties information about the performance, practices and management of social, environmental and economical aspects as a form to account for the administration and reinforce our commitment to the future.

MANAGEMENT TOOL: _____

The Sustainability Report is also used as an internal management tool, since it provides indicators to identify opportunities for improvements, aiming at continuous and sustainable development in the company.

SCOPE: _____

Global, including all manufacturing plants and sales offices of the WEG Group.

METHODOLOGY: _____

In order to prepare this Report, we followed the guidelines of the Global Reporting Initiative (GRI), version G4, “Essential” option.

PUBLICATION: _____

Annual

COVERAGE PERIOD OF THIS EDITION:

2015

TAKE PART IN THE REPORT: SEND YOUR QUESTIONS TO SUSTENTABILIDADE@WEG.NET

MATERIALITY

Considering the most relevant aspects regarding WEG's sustainability policy, aligned with the GRI G4 methodology, a mapping was executed, generating 18 related aspects. From those 18 aspects, the 10 most relevant ones were determined by polling internal people and WEG's stakeholders.

SURVEY PROCESS

WEG

The internal definition of the material aspects was carried out through the Sustainability Group, a multidisciplinary group that includes eight members of different areas and administration levels related to sustainability. Subsequently, the definition of their aspects and relevance was assessed by the board of directors.



Stakeholders

The definition of the group of stakeholders polled took into account a study that identified those which WEG impacts most and/or by which WEG is most impacted. Six groups of stakeholders were polled, namely:

- Employees
- Community
- Customers
- Trade associations
- Suppliers
- Investors

The survey was executed as follows:

On-line: Employees, Customers, Trade Associations, Suppliers and Investors

On-site survey in meetings: Employees

Sustainable growth event (promoted by WEG):
Community

FREQUENCY

The materiality process occurs every two years.

MATERIAL ASPECTS

The survey process (internal and external) defined the following material aspects:

MATERIAL ASPECTS	ASPECTS LISTED BY:	
	Stakeholders	WEG
Energy	✓	✓
Water	✓	✓
Occupational Safety and Health	✓	✓
Employees' training and education	✓	✓
Economic performance		✓
Benefits offered to employees	✓	✓
Waste	✓	✓
Relationship with the community	✓	✓
Environmental Investment	✓	
Atmospheric emissions	✓	

MATRIX





A WEG

***BOLDNESS,
ENTHUSIASM***

and commitment are common characteristics to the three men who decided to join experiences in the search for success.

WEG

A TRANSFORMING STORY



Boldness, enthusiasm and commitment are common characteristics to the **three men who decided to join experiences in the search for success.** Werner Ricardo Voigt, Eggon João da Silva and Geraldo Werninghaus shared a dream that, with a lot of passion and work, came true.

On September 16 of 1961, in the city of Jaraguá do Sul (State of Santa Catarina), the skills of an electrician, an administrator and a mechanic joined and resulted in the foundation of Eletromotores Jaraguá. Born from the courage of visionary entrepre-

neurs, after some time, the company name changed to WEG, in reference to the initials of the founders. Name which is recognized today as **one of the largest manufacturers of electric equipment in the world.**

WEG initially produced electric motors, and in the 80s it started to expand its activities, making electrical and electronic parts, products for industrial automation, power and distribution transformers, liquid and powder coatings and electrical insulating varnishes. The company consolidated its position not only as a

manufacturer of motors, but also as a supplier of complete industrial electrical systems.

The track record of the organization, conceived by Werner, Eggon and Geraldo, is marked by success. The set of values, beliefs and ideals supported by the founders is deeply rooted in the organization and establishes the winner paths the company has followed along its history. **The fearless, dynamic and grand essence is the driving force that keeps WEG working towards success.**



PRODUCTS

Despite the oscillations of the global market in 2015, the WEG Group remained operating strongly in the supply of commercial and industrial electric motor, automation and control and protection systems, power generation and coatings. The acquisition of new brands and joint ventures established along the year expanded the product and service portfolio and made the business more solid and comprehensive.

Highlights in Sustainability in the Business Unit

Then, we can see the highlights in sustainability of the five WEG business units, showing the contribution of each one has been making by encouraging and strengthening the use of renewable energy sources, implementing practices of energy efficiency and aligning high technology with sustainable concepts.

MOTORS UNIT



ENERGY EFFICIENCY

The Motors Unit has been working to make its products increasingly efficient, effectively contributing to its customers' energy saving. Therefore, it makes motors with efficiency above the requirements of the Energy Efficiency Law (Directive No 553), which save even more energy.

The reduction of energy consumption by means of more efficient use provides the industry with greater competitiveness and productivity, in addition to greater energy availability and reduction of environmental impacts. In 2015, with the main focus on the high costs of electric energy, water shortage in some regions of the country and consequent lack of energy, the projects related to energy efficiency gained increasing relevance within WEG.

That was how the company positioned itself all along the year, driving actions of energy efficiency towards its customers, holding on-line seminars and workshops, in addition to intense training of the sales force to make the market aware of the importance of the issue.

WEG Replacement Plan encourages changing old motors by new ones with high efficiency technology, reducing the electric power losses. Although it is a quite simple action, it is important that the company have the policy of continuously assessing old motors, which may be consuming more energy than the necessary for the application. Making rational efficient use of electric energy is essential and one of the great challenges of the moment for competitiveness in a globalized economy.



THE BRAZILIAN INDUSTRIAL SECTOR consumes around 40% of the electric energy of the country, and 2/3 of that energy is used in driving systems.

SEE+ TOOL

In 2015, the Motors Unit also developed a modern and interactive application, the See+, whose purpose is to reduce energy consumption in the Brazilian industrial plants. The on-line tool simulates, in an easy and simplified way, the replacement of one or more motors by high-efficiency models. The results show the estimated potential for energy savings, necessary investment, with or without loan, return of investment, in addition to the net present value and payback rate.

ACCESS: WWW.WEG.NET/SEE+

AUTOMATION UNIT



ELECTRIC TRACTION

WEG believes in the rational use of natural resources and in the preservation of the environment. It is therefore constantly developing sustainable transportation without emission of pollutants, contributing to reducing environmental and noise pollution, besides promoting significant improvement in energy efficiency.

Mainly composed of the motor and VSD, WEG driving system is an innovation and full solution for Electric or Hybrid Buses.

The system reduces up to 45% the weight of the supplied equipment, which reduces the energy consumption and makes installation easier.

SUCH TECHNOLOGY is quiet and completely free of pollutant emission, also contributing to the health of society by means of clean energy.

ENERGY UNIT

WIND ENERGY

Producing wind turbines since 2010, when the company started actively to take part in the sector, since it had already been supplying such equipment since the 90s, WEG is already one of the main suppliers of internal transmission and substation solutions for wind farms.

Our wind turbines have a capacity 2.1 MW and rotor diameter of 110 meter, installed in towers up to 120-meter high, ideal for the winds in South America.



Cerro Chato Wind Farm - Santana do Livramento City, Rio Grande do Sul (RS)

The first supply using the new technology was delivered to Geradora Eólica Bons Ventos da Serra I S.A., in the Wind Farm of Ibiapina (Ceará State), where 11 wind turbines with total capacity of 23.1MW were installed in 2014. In 2015, 12 wind turbines with capacity of 25.2 MW were delivered to Eletrosul on the Ibirapuitã wind farm, in Santana do Livramento City, Rio Grande do Sul State. That farm started operation in August 2015.

The wind power established an intense and competitive local industry. WEG is part of this group, having capacity to supply the parts for the wind energy generation units, offering reliable technology. Able to supply solutions for the current demands and for those emerging on a fast-developing market.

TRANSMISSION AND DISTRIBUTION



SUSTAINABLE ACTIONS IN PROJECTS OF TRANSFORMERS

Development of the medium size line in vegetable oil and compacting of the core of distribution transformers.

Aligned with the global environmental policy of the WEG group, the Transmission & Distribution unit adopts principles of sustainability focused on the reduction of the environmental impact by developing innovative and sustainable projects, always complying with the technical and operating requirements.

For the medium size transformers (500 to 4000 kVA), important segment of the company's product portfolio, a project was developed so as to fully replace the mineral thermal insulating fluid by another product extracted

from totally renewable sources, the natural ester. This natural resource comes from renewable oilseeds; it is a component applied to product development, fully aligned with WEG directives to adopt more environmentally friendly technologies.

The sustainability concept was also employed in the redesign of the entire line of small transformers, the so-called distribution transformers, with the modification of the core type, compacting the size and reducing the volume of natural resources necessary to make those machines. Such development is also focused on the proper management of waste and promotes the rational use of the natural and energy resources.

COATING UNIT

CONTRIBUTING TO THE REDUCTION OF ENERGY AND INCREASING PRODUCTIVITY

Developed with state-of-the-art technology, the products of the Coatings Unit meet the needs of the customers, seeking to increase productivity, reduce losses and save inputs in the coating and primary and secondary insulation processes. For each product line, more sustainable solutions, in compliance with the legislation in force, as well as focused on the global trends of ecologically correct products.

POWDER COATINGS:

- Products developed with lower setting temperatures, providing greater savings and higher speeds in the coating line;
- Line free of heavy metals, complying with international standards, such as the UE ROHS Directive;
- Power coatings developed with less generation of waste;
- Power coatings with controlled granulometric distribution, reducing the waste generation.

LIQUID PAINTS:

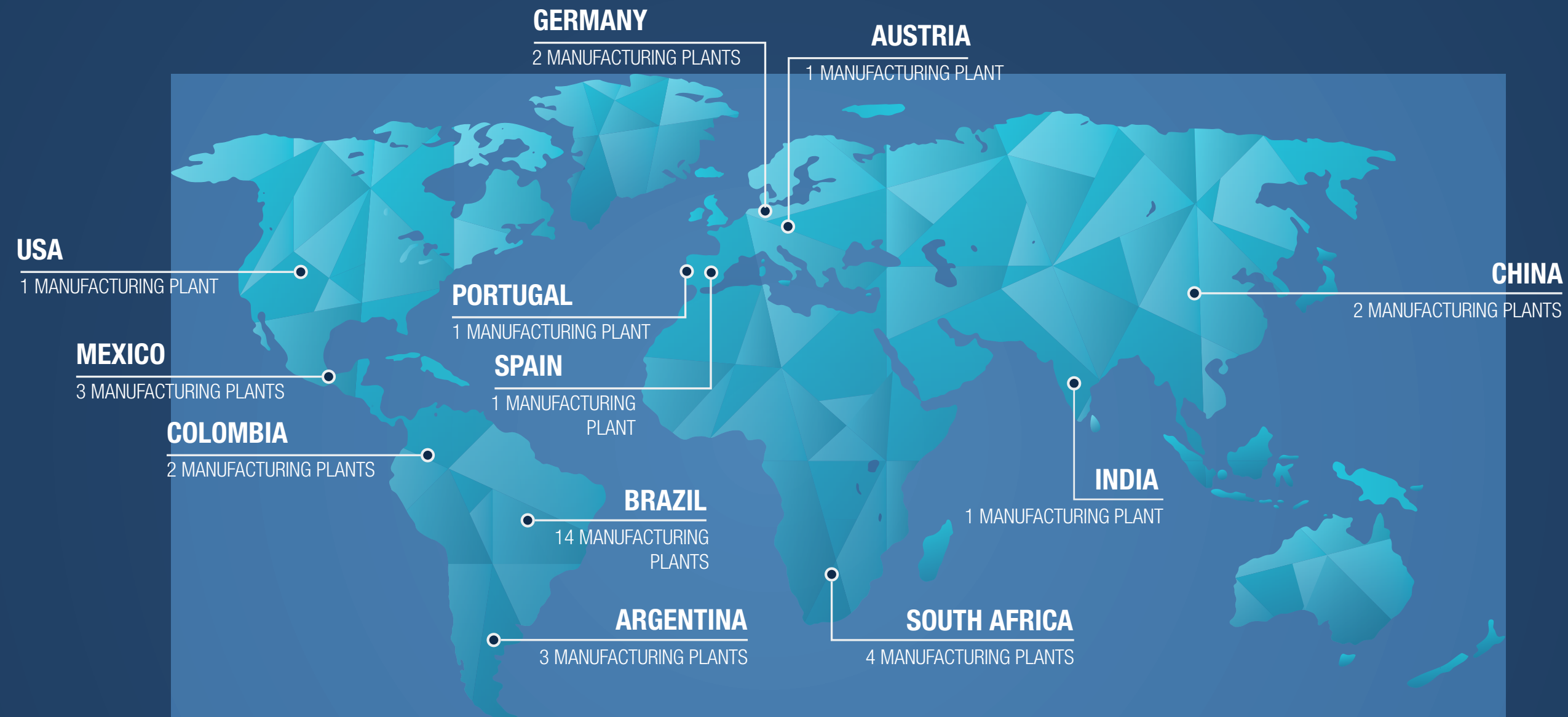
- Development of water-based coatings with thermal insulation properties, increasing the conservation or heat insulation and saving energy;
- Formulas with lower content of volatile organic compounds (LOW VOC), reducing the release of solvents in the atmosphere.

ELECTRICAL INSULATING:

- Electrical insulating varnishes for aluminum and copper wires reduce the energy loss, increasing efficiency;
- High-solids motor impregnation resins with lower content of solvents;
- Water based products with reduced impact on the environment and on the worker.



GLOBAL WEG PRESENCE



35 MANUFACTURING PLANTS

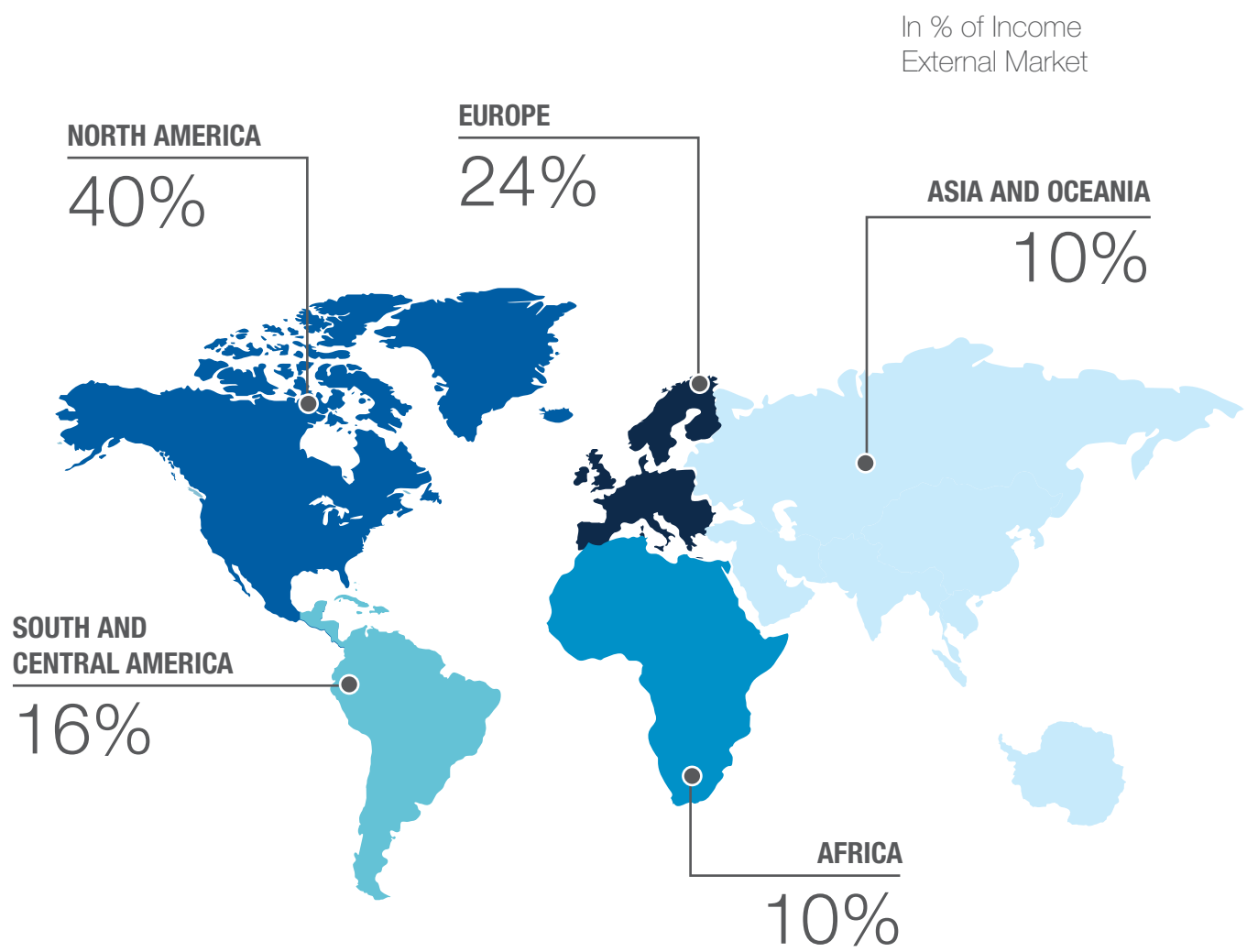
12 COUNTRIES/4 CONTINENTS

COMMERCIAL SUBSIDIARIES IN 29 COUNTRIES

- | | | | | |
|----------------|------------------------|---------------|---------------|-------------|
| ■ South Africa | ■ Brazil | ■ Scandinavia | ■ Italy | ■ Portugal |
| ■ Germany | ■ Chile | ■ Spain | ■ Japan | ■ UK |
| ■ Argentina | ■ China | ■ USA | ■ Malaysia | ■ Russia |
| ■ Australia | ■ Colombia | ■ France | ■ Mexico | ■ Singapore |
| ■ Austria | ■ United Arab Emirates | ■ Ghana | ■ Netherlands | ■ Venezuela |
| ■ Belgium | ■ Ecuador | ■ India | ■ Peru | |

**+ DISTRIBUTORS
IN 90 COUNTRIES**

COVERED MARKETS



Region	2015	2014	2013
North America	40%	38%	34%
South And Central America	16%	15%	17%
Europe	24%	25%	26%
Africa	10%	12%	13%
Asia and Oceania	10%	10%	10%

ETHICS AND INTEGRITY

CODE OF ETHICS

Considering that sustainable growth essentially depends on an ethically correct conduct in the relationship between the stakeholders, the Code of Ethics is part of WEG transparent management, establishing the expected conduct for all employees and managers in the exercise of their activities. Furthermore, WEG encourages its stakeholders (associated companies, suppliers, independent contractors, commercial representatives/distributors, dealers and repair shops, customers, investors, community and government) to follow the directives of the Code of Ethics.

The Code of Ethics has global application with versions in Portuguese, English, Spanish, Mandarin and Russian.



DEVELOPMENT AND APPROVAL

The coordination process of the last version was done by the Code of Ethics Management Commission, which is formed by managers from different areas of the company, among them: HR, Quality and Environment, Legal, Investor Relations, Supplies, Sales/Marketing, Safety and Audit. The commission defined a cross sectional discussion process, including different hierarchic levels of the company, until the final approval by the high administration and Board of Directors.

INTERNAL APPLICATION

In the launch of its last version (2014), the Code of Ethics was given to all employees and managers, and its content was fully presented. The employees and managers read it and signed a Term of Commitment, acknowledging its receipt and undertaking to comply with the Code of Ethics. When new employees are hired, they undergo the same process.

COVERED TOPICS:

- Compliance with Laws and Regulations;
- Information;
- Property;
- Employees and Work Environment;
- Suppliers and Independent Contractors;
- Customers;
- Community;
- Competitors;
- Shareholders and Stock Market, Finances and Accounting;
- Public Authorities;
- Trade Associations;
- Communication;
- Corruption;
- Environment.

DENOUNCEMENT MANAGEMENT SYSTEM

In order to make denouncements about violation, the Code of Ethics has different communication channels, applied globally, namely:

- Website;
- E-mail;
- Telephone;
- Letter;
- Communication to immediate supervisor (leader, manager or director).

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

The cases not included in the document are discussed by the Code of Ethics Management Commission together with the Human Resources direction, which is responsible for this management tool.

In case you wish to learn
our Code of Ethics

CLICK HERE

Duties of the code of ethics management commission:

- Interpret the Code of Ethics in case of uncertainty in order to make the understanding uniform and avoid ambiguities in its application;
- Analyze periodically and review, when necessary, the Code of Ethics in the light of the ethics application and evolvement in the social field and within the company;
- Monitor the alignment of the application across the units of the group;
- Check and report to the direction the application of the Code in the company;
- Resolve on the necessary resources to apply the code.

MISSION

Continuous and sustainable growth while maintaining simplicity.

VISION

Be global benchmark for electrical machines with a wide range of products, providing full and efficient solutions.

VALUES

Human Company

We value each individual contribution to our success, and we motivate people by means of integrity, ethics and constant support for personal development.

Team work

Working as a team, we gather the best knowledge, intelligence and skill to constantly improve our work and benefit our customers.

Efficiency

Every day we work to make things better. All products, processes and developments are driven by the increase in efficiency.

Flexibility

We will always develop new efficient manners to respond to situations of change and meet the needs of the customers.

Innovation

New ideas and technologies ensure the existence of the company. That is why we encourage and support an atmosphere favorable to thinking ahead of our time.

Leadership

Be benchmark in the relationship with customers.

POLICIES

Quality

Provide products and services with true quality, that is, meet the needs of our customers at the lowest possible cost.

Energy Efficiency

Ensure the development, production and trade of products and services with greater efficiency and continuous improvement of our business processes, meeting the legal requirements and enabling the reduction of energy consumption and impacts on the energy matrix.

Environment

The policy of the WEG Group is to ensure the lowest environmental impact of its products and production processes, seeking:

- Compliance with the applicable environmental legislation;
- Continuous improvement by establishing environmental goals and objectives;
- Operation in a preventive way, aiming at protecting the environment of which it is part;
- Eco-efficient processes and products, while preserving the natural resources.

Health and Safety

The WEG Group establishes as policy to value the health and safety of people in the development of their activities, products and services, and it is committed to:

- Adopting preventive approaches in all hierarchical levels;
- Identifying, eliminating and/or minimizing the significant risks to the safety and health of its employees, contractors and public in general;
- Identifying and complying with the legal requirements applicable to occupational health and safety related to its processes, products and services;
- Setting objectives and goals, aiming at continuously improving the performance of the management system.

Social Responsibility

The WEG group conducts its business for continued and sustainable growth, valuing and respecting all stakeholders, maintaining transparency and ethics in the relationships and committing itself to:

- Complying with the labor and tax legislation, among others, applicable to all activities of the company and the place where it operates;
- Ensuring the eradication of child labor and forced or compulsory labor in all activities of the company;
- Ensuring the fight against sexual exploitation of children and adolescents in all activities of the company;
- Not hiring people under 18, except as apprentices;
- Encouraging and providing conditions for the development of employees, aiming at the expansion of competences and personal and professional growth;
- Valuing diversity and multiculturalism and restraining any act of discrimination by race, gender, sexual orientation, physical condition, religion, age, social class, political position and nationality;
- Rejecting any practices of moral and sexual harassment in work relationships that compromise the person's integrity;
- Respecting the right of its employees to join trade unions, as well as negotiating collectively, ensuring no retaliations;
- Supporting the communities which directly interact with the Group, strengthening the economic and social development.

POLICY OF PREVENTION AND FIGHT AGAINST CORRUPTION AND OTHER DETRIMENTAL ACTS

IN 2015, WEG created the “POLICY OF PREVENTION AND FIGHT AGAINST CORRUPTION AND OTHER DETRIMENTAL ACTS”, which aims at reinforcing the policies and the commitment of WEG to the good practices so as to avoid, detect and solve deviations, frauds, irregularities and wrongful acts practiced against the national or foreign public administration, as well as stimulate the denouncement of noncompliance.

This policy represents a summary of the directives of the company and forms a set of internal mechanisms of integrity, audit, prevention and fight against corruption.

In addition to the rules expressed in the policy, the policy establishes compliance with national and international legislation, such as the Foreign Corrupt Practice Act (FCPA) and UK Bribery Act.

SCOPE

The policy encompasses all the administrators, members of the Audit Committee, managers, employees, suppliers, customers, commercial representatives and other people that may act on behalf of WEG and authorized by WEG.

LIABILITY AGREEMENT

The administrators, members of the Audit Committee, managers and other employees keeping relationship with the public administration, in the national or foreign scope, must sign a liability agreement regarding the Anti-corruption Law No 12.846/2013, thus characterizing the dissemination of the information, as well as seeking the commitment of all the involved people.

In order to learn the whole policy

[CLICK HERE](#)

LETTERS AND PRINCIPLES

GLOBAL PACT

The Global Pact is a voluntary initiative that seeks to provide directives to promote the sustainable growth and citizenship, aiming at encouraging the international business community to adopt, in their business practices, fundamental and internationally accepted values regarding human rights, labor relationships, environment and fight against corruption.

THOSE FUNDAMENTAL VALUES ARE
EXPRESSED BY MEANS OF 10
PRINCIPLES, NAMELY:



HUMAN RIGHTS



1. The companies should support and respect the protection of internationally proclaimed; and



2. Make sure that they do not take part in the violation of such rights.

LABOR



3. The companies should support the freedom of association and the effective recognition of the right to collective bargaining;



4. The elimination of all forms of forced or compulsory labor;



5. The effective abolition of child labor; and



6. Elimination of discrimination at work.

ENVIRONMENT



7. The companies should support a preventive approach to environmental challenges;



8. Undertake initiatives to promote environmental responsibility;



9. Encourage the development and dissemination of environmentally friendly technologies.

AGAINST CORRUPTION



10. The companies should fight corruption in all its forms, including extortion and bribery.

Check below the maintenance table of the 10 principles, showing WEG practices and processes that cover each principle.

PRINCIPLES	MAINTENANCE OF THE PRINCIPLES
HUMAN RIGHTS	
1. The companies should support and respect the protection of internationally acknowledged human rights; and	<ul style="list-style-type: none"> ▪ Compliance with labor laws ▪ Approach the subject in its Code of Ethics ▪ Approach the subject in its Health and Safety and Social Responsibility Policies ▪ Approach the subject in its Code of Ethics for Suppliers
2. Make sure that they do not take part in the violation of such rights.	<ul style="list-style-type: none"> ▪ Compliance with labor laws ▪ Has a Code of Ethics denouncement management system ▪ Approach the subject in its Code of Ethics for Suppliers
LABOR	
3. The companies should support the freedom of association and the effective recognition of the right to collective bargaining;	<ul style="list-style-type: none"> ▪ In Brazil, 100% of the employees are covered by collective bargaining regulations
4. The elimination of all forms of forced or compulsory labor;	<ul style="list-style-type: none"> ▪ Approach the subject in its Code of Ethics and have a Code of Ethics denouncement management system ▪ Evaluate its suppliers considering social criteria ▪ Approach the subject in its Social Responsibility policy
5. The effective abolition of child labor; and	<ul style="list-style-type: none"> ▪ Approach the subject in its Code of Ethics and have a Code of Ethics denouncement management system ▪ Evaluate its suppliers considering social criteria ▪ Have an education program for young apprentices (CENTROWEG) ▪ Approach the subject in its Social Responsibility policy ▪ Make social investments in communities to support children and youngsters
6. Elimination of discrimination at work.	<ul style="list-style-type: none"> ▪ Approach the subject in its Code of Ethics and have a Code of Ethics denouncement management system ▪ Approach the subject in its Social Responsibility policy ▪ Adopt salary policies and education programs regardless of gender or ethnicity ▪ Have health and safety assessment in the adaptation to the workstation for women and employees with special needs ▪ Approach the subject in its Code of Ethics for Suppliers
ENVIRONMENT	
7. The companies should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"> ▪ Approach the subject in its Code of Ethics ▪ The environment policy directly mentions the preventive measures. ▪ Invest in environmental management and prevention ▪ Develop products with higher energy efficiency than the legal requirements and work on the development of renewable energies, such as wind, solar and biomass power. ▪ Approach the subject in its Code of Ethics for Suppliers
8. Undertake initiatives to promote environmental responsibility; and	<ul style="list-style-type: none"> ▪ Approach the subject in its Code of Ethics ▪ The environment policy ▪ Develop internal training related to environmental management and energy efficiency (raising awareness) ▪ Communication: Announce information about the subject in the employee's newsletter ▪ Approach the subject in its Code of Ethics for Suppliers
9. Encourage the development and dissemination of environmentally friendly technologies	<ul style="list-style-type: none"> ▪ Develop the Exchange Plan (Program in which WEG gives discount in the purchase of a new motor with performance above the law requirements in exchange for an old, damaged or low-performance motor). ▪ Have Research and Innovation area. ▪ Develop products with higher energy efficiency than the legal requirements and work on the development of renewable energies, such as wind, solar and biomass power.
AGAINST CORRUPTION	
10. The companies should fight corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> ▪ Approach the subject in its Code of Ethics and have a Code of Ethics denouncement management system ▪ Approach the subject in its Code of Ethics for Suppliers ▪ Approach the subject in the "general conditions to purchase goods, materials and/or services". This document which is forwarded to the suppliers ▪ Approach the subject in its policy of prevention and fight against corruption and other detrimental acts.
Learn more about the Global Pact on: www.unglobalcompact.org	

PROCEL

Aligned with its business strategy of supplying products with high energy efficiency, WEG adhered to the Procel Seal for its line of high-efficiency, three-phase, induction motors, in 1997. The seal is a product developed and granted by the National Program of Electric Energy Conservation (Procel), coordinated by the Ministry of Mines and Energy of the Brazilian Government.

The Seal was created to guide the consumer in the purchase, indicating the products which have the best energy efficiency levels within each category, thus providing savings in the electricity bill. It also stimulates the production and marketing of more efficient products, contributing to the technological development and the conservation of the environment.

The adhesion of companies to this seal is voluntary and contributes to reducing energy consumption by the customers.



BRAZILIAN LABELING PROGRAM

Coordinated by Inmetro, the Brazilian Labeling Program provides information about the products performance, considering attributes such as energy efficiency and other criteria that may influence the consumer's choice. In general terms, Brazilian Labeling Program comprises three benefits which are:

- Savings for the consumer;
- Development of the industry;
- Protection of the environment.

More efficient products provide greater protection for the environment and, at the same time, savings for the consumer. The contents of the labels help identify different advantages of the products, such as the most economical, the ones with the lowest environmental impact, the quietest ones, and so on.

WEG T&D is accredited by the Brazilian Labeling Program. Initially, its projects in this program will be oriented to the Distribution Transformers and subsequently to the larger Oil Transformers and Dry-Type Transformers.



COATINGS CARE

The Coatings Care is one of the most important programs of awareness and commitment that the agents throughout the paint production chain can adopt worldwide. The objective of this program is to help manufacturers manage their responsibilities in relation to health, safety and care with the environment.



Coordinated by an international committee of leaders of associations representing paint manufacturers worldwide, the program is governed by four codes that can be put into practice together or separately:

- Production Management;
- Transport and Distribution Management;
- Product Management;
- Community Responsibility.

The four codes, in turn, are subdivided into 67 management practices. In addition to defining these practices, the program provides the elements for the companies to establish systems of continuous self-evaluation, execution and improvement. In Brazil, the Coatings Care program was implemented in 2004 by the Brazilian Association of Paint Manufacturers (Abrafati), which is responsible for its coordination nationwide. WEG has been a member of the program since 2007.

MAIN RECOGNITIONS IN 2015



• COMPANY OF THE YEAR - Exame Magazine Best & Largest

- Selected to make part of the ISE portfolio - BM&FBovespa Corporate Sustainability Index;
- Selected to make par of the Sustainability Dow Jones Index (DJSI), in the Emergent Markets category;
- Selected to make part of the MSCI Global Sustainability Index;
- Selected for the Sustainability index - Euronext VIGEO (Emergent Markets);
- Selected to make part of Exame Sustainability Guide;
- Considered Best company of the industrial sector - IR Magazine Awards Brazil 2015;
- Harry Schmelzer Jr. was awarded the IBEF Highlights 2015 by the Brazilian Financial Executive Associação – IBEF;
- WEG receives recognition from APEX-Brasil;
- WEG Mexico - OCC World Award of Human Resources - 1st place in Recruitment;
- Brazil Innovation Award given by Valor Econômico newspaper to the ten most innovative companies of the country;
- Foreign Trade Distinction Award at ENAEX;
- ABRASCA (Brazilian Association of Closed Capital Companies) Value Creation Award;
- Lide (Business Leader Group) Award 2015 - Personality of the Industry;
- Paint e Pintura Award (Manufacturer of Powder Coatings) - Paint & Pintura Magazine;
- Elektro Supplier Award - recognition Management Quality 2015.

AWARD - ÉPOCA NEGÓCIOS 360 MAGAZINE

- General ranking of the Mechanical and Metallurgy sector: 1th place;
- Financial performance: 1th place;
- Capacity of innovating: 1th place;
- Corporate Governance: 4st place;
- HR practices: 4th place.

TOP OF MIND – A NOTÍCIA NEWSPAPER:

- Distinction in innovation;
- Category Machines and Equipment;
- Décio da Silva – Distinct Businessman of the Industry.

A man with grey hair, wearing a blue checkered shirt and a blue lanyard, stands with his arms crossed in a large industrial factory. In the background, other workers in white shirts are visible near large machinery and equipment. The scene is brightly lit with yellow overhead lights.

EMPLOYEES

VALUING THE HUMAN BEING

*in the development of its
activities is one of WEG's
policies.*

OCCUPATIONAL SAFETY AND HEALTH

The valuation of the human being in the development of its activities is one of WEG's policies.

By means of internal processes and programs related to occupational safety, the company promotes the awareness and dissemination of the prevention culture.

SAFETY AND ERGONOMICS COMMITTEE

Consisting of members of the Direction, the committee regularly analyses process indicators and results of WEG Safety and Ergonomics Program. The action ensures that health and safety issues be integral part of the WEG Group business management. The committee encompasses the units of WEG Brazil, having corporate representation that reaches 100% of WEG employees.

WEG SAFETY AND ERGONOMICS PROGRAM – PWE

It is an ergonomics and safety program directed to the manufacturing areas, encouraging the participation of employees in the solutions for improvement in the workstations. It is intended to eliminate possible situations of ergonomic or accident risks in the workstations so as to promote safety and comfort improvements in the employee's work environment.

Building and training of facilitator groups that analyze work situations with potential to cause accidents and ergonomic problems, suggesting and implanting improvements. Each production department has one Safety and Ergonomics Facilitator Group, which is formed by one coordinator (department manager) and people designated by that coordinator (employees of the technical area, production area and supervisors).

THERE ARE CURRENTLY TWO GROUPS WORKING ON THIS PROGRAM

in the units of Jaraguá do Sul (SC), Guaramirim (SC), Itajaí (SC), Blumenau (SC) and Linhares (ES).



Labor Gymnastics – Jaraguá do Sul (SC)

LABOR GYMNASTICS

The labor Gymnastics seeks to improve the life quality, encourage physical activity and integration of employees, in addition to preventing stress and occupational diseases. The program covers all WEG units in Brazil.

INTERNAL COMMISSION OF ACCIDENT PREVENTION

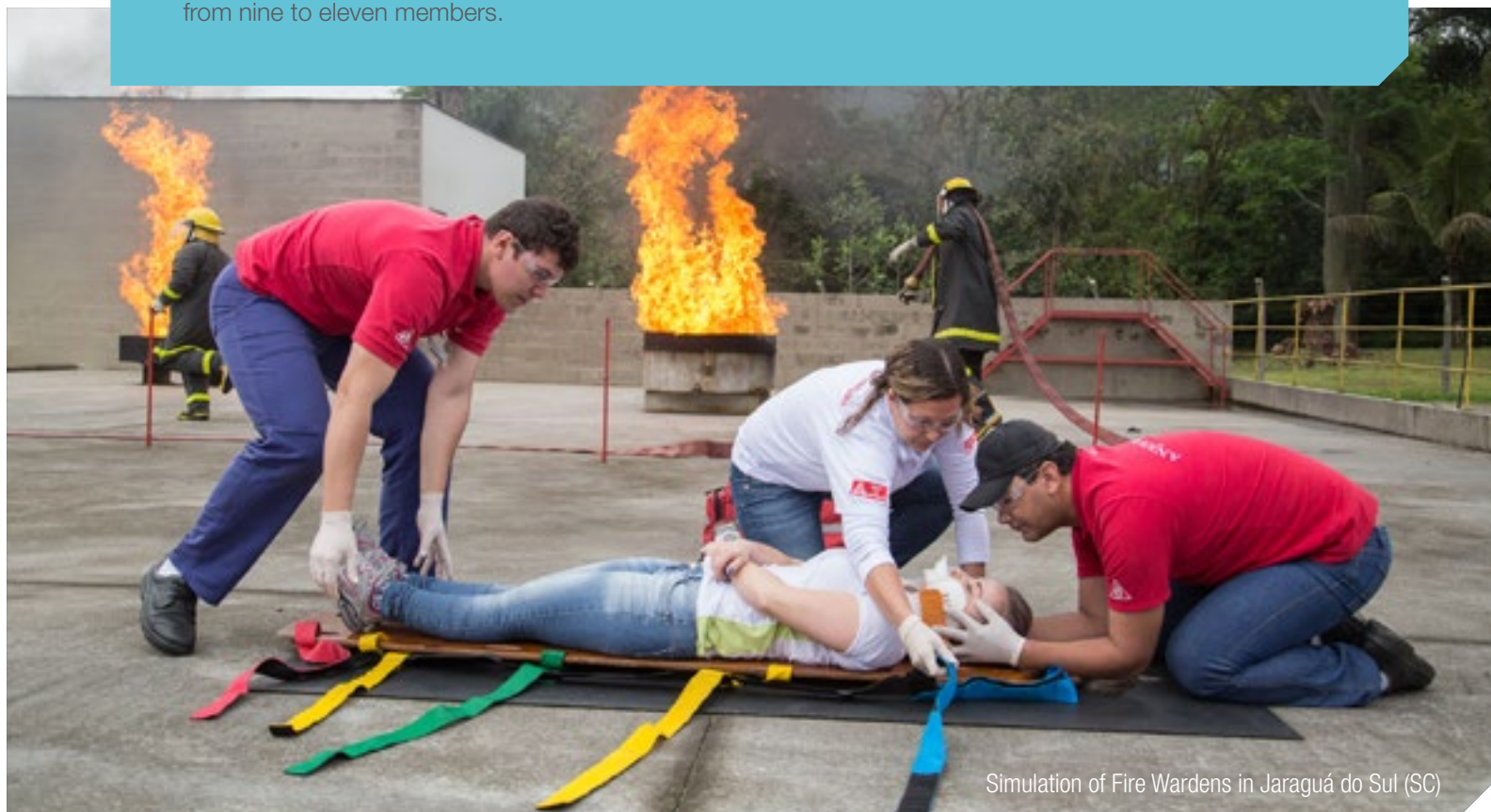
In accordance with the requirements of the Regulatory Standard of the Department of Labor (NR-5), the Internal Commission of Accident Prevention develops improvements regarding irregularities identified in the monthly inspection and promotes the Internal Week of Workplace Accident Prevention, together with the Service Specialized in Occupational Safety and Health. The scope of operation of these teams is 100% of employees of Brazil units.

PREVENTION, SAFETY AND HEALTH

The program has a performance directed to inspections, preceded by technical training on a specific topic and safe behavior.

EMERGENCY TEAMS - BRIGADE

The emergency teams are made up of volunteer employees, trained and qualified to act in events such as fire, serious accidents, chemical spills, floods and other situations. The teams have from nine to eleven members.



Simulation of Fire Wardens in Jaraguá do Sul (SC)

WEG HEARING CONSERVATION PROGRAM

The objective of WEG Hearing Conservation Program is to standardize measures to promote, maintain and prevent the hearing health of employees exposed to “occupational noise risk”. The program is based on education, assessment of areas of risk, engineering/administrative measures, individual protection and audiometric monitoring. The program is

applied, in situations with noise level above 80 dB (A). The actions include individual instructions on use of hearing protection, extra occupational exposures, periodic audiometric testing, lectures on hearing health, cleaning and correct use of hearing protection. The lectures are held annually in locations where the program is being reestablished.

INTERNAL WEEK OF WORKPLACE ACCIDENT PREVENTION

Promoted in October 2015, the Internal WEEK OF WORKPLACE ACCIDENT PREVENTION held activities focused on raising the employee's awareness of accident prevention, with traffic as the main topic. Managers and employees took part in the execution of the tasks.

DEVELOPED ACTIVITIES:

1. Presentation and delivery to the employees of the material on Principles of Safety and Principles of Safety in Traffic;
2. Activity 1: Raise awareness of traffic using traffic signs. Delivery of car inspection checklists to the employees;
3. Activity 2: Safety inspection in the work environment;
4. Activity 3: 5s;
5. Safety Dialog and Internal Week of Workplace Accident Prevention Feedback;
6. Raise awareness of the exit of restaurants, done by SESI (Social Service of Industry) and Fire Department;
7. Educational blitz: Manufacturing Plants I, II and III.

SAFETY IN THE JOURNEY

Implantation of 5 Principles of Safety in the Journey, encompassing 14,690 employees. The 5 Principles of Safety in the Journey are the directives to be understood and practiced. They were conceived as a preventive measure, supported by the principles of defensive driving. The employees received the material on the first day of the Internal Week of Workplace Accident Prevention and also took part in activities about traffic in the work environments.

PRINCIPLES OF SAFETY IN THE JOURNEY

1. Promote and keep a safe journey;
2. Be able to make the journey safely;
3. Comply with the safety laws and rules in the journey;
4. Be proactive when identifying risks in the journey;
5. Inform, orient and act when observing risky conditions or procedures in the journey.



INVESTMENTS IN SAFETY

In order to maintain the quality and welfare of employees in the workplace, WEG continuously invests in improvements. The actions include adaptations on machines, investments in developing new Personal Protection Equipment (PPE) and qualification of employees.



INVESTMENTS IN SAFETY IN 2015:

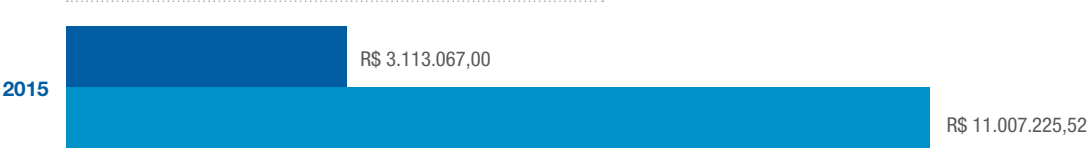
• Investment in ergonomics:
R\$ 5,523,309.31



• Investment in improvement of machines and equipment:
R\$ 3,113,067.00



• Investment in PPEs:
R\$ 11,007,225.52



• Qualification and training: 76,946.41 hours, involving 18,702 employees

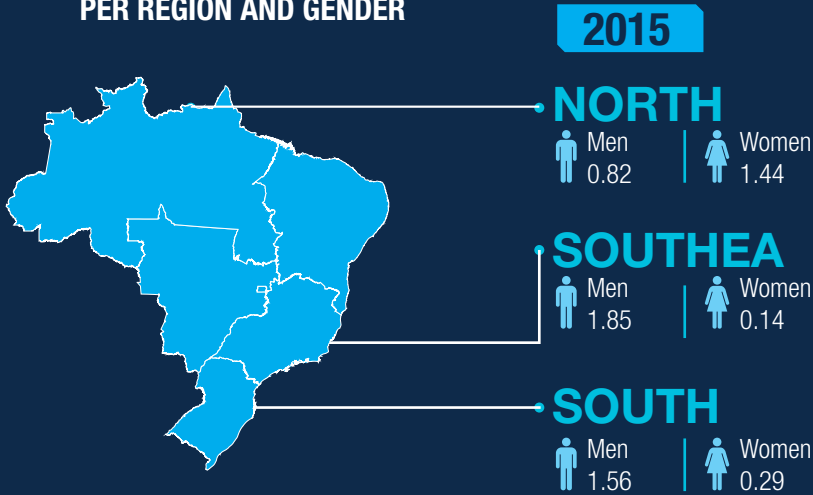
Investment in improvement of machines and equipment Investment in PPEs

INJURY RATE

(Number of people involved in accidents every 200 thousand hours of work)



PER REGION AND GENDER



2014

NORTH



SOUTHEAST

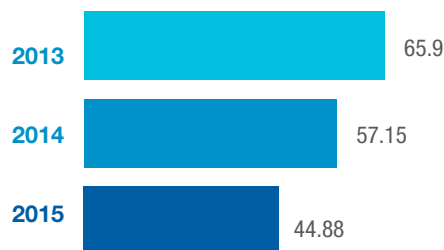


SOUTH

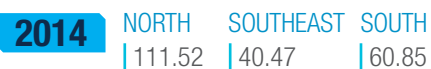


TOTAL LOST WORK DAYS

(Number of lost work days due to accidents with absence every 200 thousand hours)



PER REGION (BRAZIL):



TOTAL ABSENTEEISM

(Quantity of absenteeism every 200 thousand hours of work).



PER REGION (BRAZIL):



TOTAL DEATHS | 2013: 1 | 2014: 0 | 2015: 0

EDUCATION AND TRAINING OF THE EMPLOYEES



Seeking the continuous development of its employees, WEG offers education and training programs that involve both technical and behavioral enhancement, aiming at promoting greater qualification and generating more competitive strategies to the market.

Thus, a learning culture was established extending to all the areas, providing employees and their supervision with opportunities for personal and professional development in education programs which go from elementary school to post-graduation and internal and external training. In its management team, the company seek the continuous im-

provement of the managerial competences with focus on its Strategic planning 2020 and its results. The education if extends, still, for the community in the chances to initiate the career as young apprentice and trainee, in a structure that counts on gratuitous internal courses.

Qualified teams use the best equipment, create solutions for the daily problems, adapt processes and products, develop and implement innovations. That is essential for the good performance and professional development, as well as to contribute to meeting the expectations of continuous and sustainable growth of the organization.

COMMUNITY



CENTROWEG

The apprentice has guaranteed training at WEG Training Center (CENTROWEG). The professional training center, located in Jaraguá do Sul (SC), develops competences, qualifying young people to perform activities requiring technical knowledge. WEG Training Center began its activities on April 23, 1968, at first to make up for the lack of qualified professionals.

Along the years, CENTROWEG has expanded the fields of study, and it currently offers the following courses:

- Machining and Electromechanical Assembly (length of one year);
- Chemistry; Electronics; Electrotechnics; Mechanical Maintenance, Toolmaking Programming of Information Systems (length of two years).

CENTROWEG has 21 laboratories for practical activities and seven classrooms arranged in an area of 2,550 m² with 14 professionals. More than 3,400 young people have studied at the CENTROWEG and about 140 professionals graduate every year. They are hired as apprentices and, at the end of the course, everyone has a job opportunity in the manufacturing units.

On 04/15/2015 we started the first class of the new course - Programming of Information Systems - with 20 students. This course was developed to meet the demand of different areas of Information Systems, because there was not any courses on the market which could completely fulfill the needs of the company, especially regarding the SAP software application for process management.

PROFESSIONAL QUALIFICATION OF PRODUCTION APPRENTICES

The program offers the community the opportunity for technical professional development as apprentices, according to current law. Eight 400-hour courses are offered, which enable these apprentices, recruited from the community, to work in the production areas, increasing the level of technical knowledge in the execution of the activities, contributing to improvements in quality and productivity. The course is arranged with 60% of theory (divided into 25% of theoretical concepts and 35% of exercises) and 40% of lab practice.



Year	Number of Apprentices hired
2013	149
2014	163
2015	75

INTERNSHIP PROGRAM

The Internship Program aims at providing an opportunity for complementary education, in compliance with Law 11.788 of 09/25/2008, and also at enabling the application of the knowledge acquired in the Educational Institution by means of practical works actually useful for the company. In the past three years, we had an increase of 28% in the number of hires:

Year	Interns
2013	155
2014	174
2015	198

HIGHLIGHTS:

Two new courses have been implanted in CENTROWEG and Apprentice programs.

- At CENTROWEG, the young apprentices had one more choice: Programming of Information Systems with length of two years.
- In 2016, the Apprentice Program offers the new course of Professional Qualification in Manufacture of Coatings, Resins and Varnishes, with length of 400 hours.

EMPLOYEES

PERFORMANCE AND COMPETENCE EVALUATION

It is a tool intended for all employees of the company in Brazil, involving almost 14,730 people, who are evaluated once a year by the immediate supervisor.

The evaluated competences encompass Communication, Knowledge, Creativity and Innovation, Focus on the Customer, Initiative, Negotiation, Attendance and Punctuality, Occupational Safety, Discipline, Productivity, Quality, Interpersonal Relationship and Responsibility. According to the results of this evaluation, the employees can prepare their self-development plan, establishing actions to develop the technical, educational, and behavioral aspects.

BELOW SOME OF THE PROGRAMS THAT HELP THE EMPLOYEE: _____

EDUCATION OF YOUNGSTERS AND ADULTS

In a partnership with Sesi (National Service of Industry), since 2010, WEG has provided the employee with the opportunity to raise their education for free by means of the Education of Youngsters and Adults Program, which is intended for youngsters and adults who could not finish their studies in elementary and high school. The lessons can be used in the different daily relationships, in and out of the work environment. Thus, the employees achieve greater qualification and expand their potential for career development. The classes take place in the premises of WEG, and, from 2013 to 2015, 115 employees concluded elementary or high school.

SCHOOL SUPPORT

Another form to develop its employees is to provide scholarship for those who have such support approved, according to the Policy, so that they can improve themselves in language, technical, graduation and post-graduation courses.

AVERAGE – SCHOLARSHIP HOLDERS BY COURSE				
YEAR	TECHNICAL	HIGHER	LANGUAGES	POST-GRADUATION
2013	51	138	304	105
2014	35	133	342	160
2015	10	146	390	139

PROFESSIONAL QUALIFICATION OF PRODUCTION OPERATORS

For employees of the production areas who seek their technical development, WEG offers the opportunity to take part in the program of Professional Qualification of Production Operators. It raises the level of technical knowledge, contributing to improving quality and productivity. Classes are structured with 78% of theoretical activities and 22% of laboratory practice. In 2015, 1,642 employees enrolled the program.



Year	Number of employees registered for the program
2013	2313
2014	2014
2015	1642

INTERNAL TRAINING

The employees can also take internal training which enables them to increase their technical and behavioral knowledge in order to help in their activities of the areas in which they work and in the interpersonal relationships. Those training courses are divided into classroom courses and distance courses. Those courses are internally developed so as to correspond to the reality and demand of the company.



OPEN EXTERNAL OR IN-COMPANY TRAINING COURSES

Due to the requests from different areas of the company to hold specific courses (when they are not available internally), the Training department assesses the needs and, together with entities, it offers open courses (held out of the WEG’s premises with external instructor), or in-company (held inside WEG with external instructor). In 2015, approximately 5000 employees took part in this program.

TOTAL PARTICIPATIONS



PROFESSIONAL QUALIFICATION FOR ENGINEERS AND TECHNOLOGISTS

The program provides an opportunity for knowledge oriented to engineers and technologists who work in technical, commercial and industrial areas. It is applied in Brazil, Mexico, China and India. Among other functions, the program of Professional Qualification for Engineers and Technologists enables the increase of technical knowledge directed to the work reality, standardizes the information on electrical rotating machines and transformers, and creates an advantage in the service for internal and external customers, providing students with qualification for career growth.

NUMBER OF PARTICIPANTS



2015 | 100



2015 | 14



2015 | 4



2015 | 41

IN-COMPANY POST-GRADUATION

It enables the employees of the company to update and specialize in different branches of engineering. The post-graduation may be a specialization or mastering course; the necessary courses and the participants are defined in conjunction with the areas involved (departments/directions) and the Training department.

In 2015, fifteen specialization courses and three mastering courses in technical areas were held by means of agreements with education institutions considered benchmark in the subject. They are: UFSC – Universidade Federal de Santa Catarina, FURB – Universidade Regional de Blumenau, SOCIESC – Sociedade Educacional de Santa Catarina, UTFPR – Universidade Tecnológica Federal do PR, PUC-PR – Pontifícia Universidade Católica, ESAG – Escola Superior de Administração e Gerência and FGV-SP – Fundação Getúlio Vargas. The programs involved approximately 650 employees.

HIGHLIGHTS:

SIX SIGMA PROFESSIONAL QUALIFICATION

It is an qualification program for operators, technicians and managers directly involved in the development and production process of industrial, commercial and appliance motors. The objective is to develop practices for improving quality and productivity, and reducing costs. In 2015, 643 employees were trained.

EDUCATION OF YOUNGSTERS AND ADULTS

In 2015, WEG, in a partnership with the Social Service of Industry (SESI), held several meetings with employees who had not concluded their education (elementary and high school), informing them of the importance of the program and how its methodology works, aiming at raising their awareness and obtaining more participations. This action involved nearly 1,400 people, generating 250 new enrolments for 2016.

PROFESSIONAL QUALIFICATION FOR ENGINEERS AND TECHNOLOGISTS

In 2015, a new class started in India, currently with 41 employees.

LEADERSHIPS

POTENTIAL EVALUATION

It is a tool to identify potentials, considering administrative, interpersonal and intrapersonal characteristics. The employees are identified by their supervisors as potentials to take over supervision, career, management and direction positions so as to help the company make strategic decisions in case of promotions or transfers, in addition to stimulating the training and development of those potentials. The applicants are evaluated by an external consulting company, containing behavioral tests and interviews by competence. The final decision of the chosen applicant will be his/her supervisor.

Year	Number of evaluated
2013	198
2014	128
2015	55

SUCCESSION PLAN

The company has also had, since 2008, a tool to map the current executives and identify possible successors. The potentials are indicated by the immediate supervisors and validated by a specific committee based on future demand and/or study of remaining time. The names are annually reevaluated by the Committee. The objective is to value the people of the company and plan the development/growth of the employees that stand out, preparing them for the future. Therefore, a development plan is generated to be ready in up to three years. Those mapped employees have the opportunity to take external and in-company training courses.

Thinking of helping them in this additional development, WEG also offers the Management Development Program, which is oriented to Management and Direction positions intended to develop the current executives and potential talents in the high management career, meeting the increasing demand for new professionals. Thus, WEG encourages the growth of employees that stand out, valuing and promoting their development/retention.

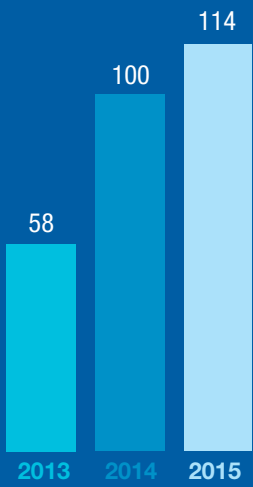
The programs are carried out in business school in Brazil and abroad, such as Amana, Cenex, Insead, Kellogg, Stanford, Indian Institute of Management, Trend School among others. Between 2013 and 2015, 16 executives took part in the program.

In parallel with this program, managers identified as potential may take a specialization in Business Management in partnership with FGV-SP in order to prepare their potential for future leadership roles. In 2015, three classes concluded the program.

LEADERSHIP FORMATION

The Leadership Formation Program was created in 1979 in order to prepare managers for future challenges. Every year the modules are updated according to the demands of the company and adapted according to the reality of each unit (Brazil and abroad). Currently, the program has 38 modules, totalizing up to 226 hours of course.

The program provides the participants with self-improvement, development and improvement of administrative and behavioral qualities or skills, so as to raise their performance in the duties as section head.



COACHING

WEG offers its leaders for free another development tool to work on self-knowledge and potentialize the skills for reaching their objectives, involving management and relationship competences. At WEG, the sessions are conducted by employees of the Training department with Coaching qualification.

Year	Number of managers trained
2013	31
2014	29
2015	27

LEADERSHIP PRACTICES

It is a recycling program, created in 2013, oriented to people management, in which all the managers and supervisors in Brasil may take part after two years from the conclusion of the Leadership Formation. The objective of the program is to emphasize the importance of the managers to have proper behaviors in their management. Communication, delegation, feedback and interpersonal relationship which generate growth for the own development and development of the team. At the end of the program, all leaders can assess the current scenario of their behavior and of their team, evaluating how their posture as a leader directly influences the performance and results of the group.

This program ended in 2015 with the participation of 400 managers. Based on the results of the new management competences of 2015, other needs will be analyzed and new contents programmed.

Year	Number of participants
2013	200
2014	150
2015	83

SEMINAR ON MANAGEMENT PRACTICES

Implanted in 2011, The Seminar on Management Practices was developed after observing the action plan based on the result of the climate survey so as to share practices regarding people management, as a means of internal benchmarking. The managers receive an invitation, and they express their spontaneous interest. Those meetings take place every two months (duration of 1:30) with pre-established subjects. The practices are identified by jobs performed by the Climate and Training department. The speaker is also a manager who has assertive management practices and provides opportunities for exchange and debate, thus disseminating practices and contributing to the improvement of the organizational climate in the company.

2013 | 1.251
2014 | 839

**1.330
MANAGERS**

took part in the
event in 2015

HIGHLIGHTS:

EVALUATION OF MANAGEMENT COMPETENCES

It is a tool that helps managers identify the best developed competences and which ones can be worked on. The managers are evaluated every two years by the immediate supervisor, by the peers and by subordinates, and the latter only evaluate the "Form people and teams" competence. After those evaluations, the results generate a self-development plan of the managers, revised at each evaluation process, aiming at continuous development. In 2015, the competences were reevaluated by an external consulting company, and today eight competences are established. They are:



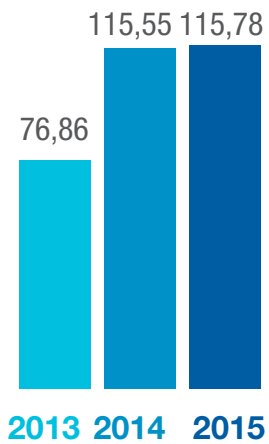
The evaluations of the new competences were carried in 2015 in the units in Brazil, involving nearly **19.000 EMPLOYEES.**

SELF-DEVELOPMENT AND INTERPERSONAL DEVELOPMENT

It is a program to improve self-perception and relationship between managers and supervisors, aspects that directly impact the cross sectional and employee management. The objective is to help the managers recognize their potentials and improve the relationship between peers. The course had about 240 managers and supervisors of WEG Motors with duration of 20 hours/participant.

TRAINING INDICATORS

AVERAGE OF TRAINING HOURS PER EMPLOYEES

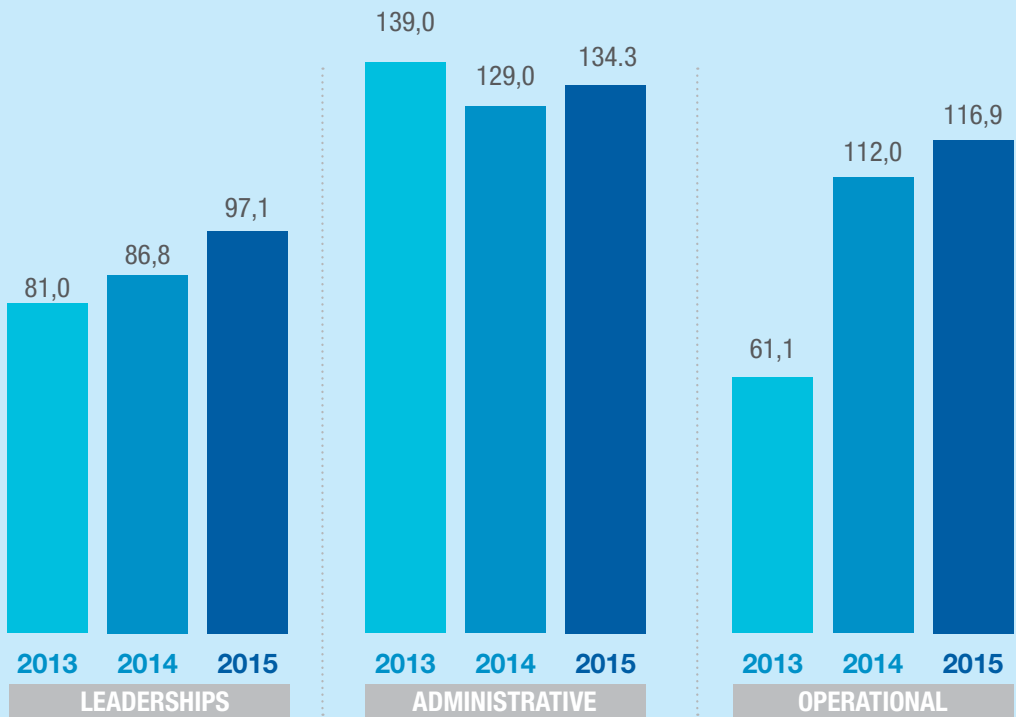


INVESTMENT IN TRAINING

Note: values in thousand R\$



AVERAGE OF TRAINING HOURS PER FUNCTIONAL CATEGORY



BENEFITS OFFERED TO THE EMPLOYEES



As the success of any business depends on the life quality of the people who dedicate to the objectives, WEG provides a set of benefits for its employees. Here is the history of investments:

HEALTH CARE

Provided for employees and dependents.
The company contributes with a percentage of the values.



INVESTMENT:

2013 | R\$ 24.442.563
2014 | R\$ 26.775.067

2015 **R\$ 30.192.463,87**

Scope: Brazil

DENTAL CARE

Dental plan for employees and dependents, totally free for the employee.

INVESTMENT:

2013 | R\$ 2.146.358
2014 | R\$ 2.516.646

2015

R\$ 2.681.903,73

PENSION PLAN

The company has a pension plan, structured in the Variable Contribution mode. The liabilities of the Plan are fully covered by the reserves constituted and supported by the assets of the Plan, according to the Actuarial Statement issued on 12/31/2015 by the independent actuary responsible for the Plan. The contributions of the sponsors are defined in the costing plan and represent 2.98% of the total payroll. The participants contribute with a percentage freely chosen on the base salary, observing the minimum of 1%. Currently the Plan has 99% of participation, and 94% of the participants are contributors.

INVESTMENT:

2013 | R\$ 22.948.131
2014 | R\$ 25.708.480

2015 **R\$ 27.746.108,75**



MEALS

They are supplied to the employee in the restaurants, one meal a day. The meals are balanced, meeting the requirements of the Program of Meals for the Worker with strict practices of food safety. The employee contributes with 20% of the value of the meal and 80% are paid by WEG.

INVESTMENT:

2013 | R\$ 31.072.244
2014 | R\$ 35.320.128

2015 **R\$ 37.808.048,99**

INFLUENZA VACCINATION PROGRAM

Once a year the flu vaccine is provided free of charge. In order to prevent and immunize employees against the flu and possible consequences, the program covers all units in Brazil, including Associates. The company pays for the full amount.

INVESTIMENT:

2013 | R\$ 192.215,55
2014 | R\$ 249.395,90

2015 **R\$ 275.599,92**

LIFE INSURANCE

WEG pays 100% of the Life Insurance for its employees. It also has additional plans of life insurance which are optional. In the Additional Plan 1, WEG pays 60.87% of the policy and the employee, 39.13%. In the Additional Plan 2, WEG pays 53.85% of the policy and the employee, 46.15%.

INVESTIMENT:

2013 | R\$ 1.668.211
2014 | R\$ 1.889.871

2015 **R\$ 2.177.622,22**



PROFIT SHARING

Provided for all employees of Brazil units. Up to 12.5% of the net profit (Consolidated Balance Sheet) of the WEG Group are distributed if a profit equivalent to 10% of the net equity existing on 12/31 of the previous year is reached. The distribution is done following criteria for the reaching of goals of the WEG Group, business units, departments and performance assessment of the employee.

INVESTIMENT:

2013 | R\$ 158.534.174
2014 | R\$ 183.105.146

2015 **R\$ 214.332.502,00**

CHILD EDUCATION SUPPORT PROGRAM

For the tranquility of the employees in the care with their children, WEG has an agreement with the public schools of Jaraguá do Sul (SC) and Schroeder (SC) and with private kindergartens of Jaraguá do Sul (SC).

The benefit serves children of employees up to five years old (Jaraguá do Sul) and three years old (Schroeder) during the working hours. The company also provided the nursery support, established by the Collective Agreement, until the age of 20 months, with refund in the payment in case of lack of vacancies in the city nurseries.

NUMBER OF CHILDREN IN THE PROGRAM:

2013 | 1169
2014 | 1132

2015
1039

Scope: Units of Jaraguá do Sul and Guaranimirim.

INVESTMENT

2013 | R\$ 2,045,246
2014 | R\$ 2,007,533

2015 **R\$ 2,240,976,98**

CHRISTMAS GIFTS

It is offered to the employees of the units in Brazil that worked at least one day along the year. In 2015, employees had five choices of Christmas gift.

INVESTMENT:

2013 | R\$ 3.471.040
2014 | R\$ 4.219.440

2015 **R\$ 3.826.411,26**

OTHER BENEFITS

Benefits such as transportation voucher, uniforms, labor gymnastics and recreational association are offered to the employees of the units in Brazil.

INVESTMENT:

2013 | R\$ 13.692.960
2014 | R\$ 16.971.996

2015 **R\$ 16.201.449,53**

TOTAL OF INVESTMENTS MADE BY WEG

2013



R\$ 267.402.848,20

2014



R\$ 308.035.429,46

2015



R\$ 337.483.087,25

The promotion of health and good practices for well-being and life quality of our employees is offered by means of different programs, among them:

HEALTH CAMPAIGNS

Annually, WEG conducts prevention campaigns to educate employees on topics such as:

- Fight against Cancer;
- Sexually Transmitted Diseases (STD)/AIDS.

The company has formal agreements with local trade unions to ensure the health and safety of the employees, encompassing Internal Commission of Accident Prevention, use of personal protective equipment (PPE), notice of occupational accident, hygienic needs, 24-hour medical care service, medical and dental statement, medical examinations, occupational health statement, pharmacy and accident prevention actions.

OCCUPATIONAL HEALTH

It seeks to prevent, assess and monitor the health of the employees. The main activities are routine medical examinations, and examinations for hiring, transfer, promotion and dismissal. 51,166 occupational consultations and 29,823 occupational nursing procedures were performed in the medical care service of WEG units in Brazil in 2015.

HEALTH SERVICE

These are medical care procedures for employees with different health problems. The process begins with the sorting of the problems conducted by nurses, and it goes up to the consultation with physicians and requests of tests and/or referral to specialists. In 2015, 30,487 occupational consultations and 157,992 occupational nursing procedures were performed in the medical care service of WEG units in Brazil.

LIVING WELL PROGRAM

It is the program dedicated to the quality of life through the nutritional care of employees. It is intended to prevent, delay, treat or alleviate chronic, non-communicable diseases (diabetes, hypertension and obesity) and provide nutritional care during pregnancy.

The actions are oriented to the treatment of employees diagnosed with diabetes, hypertension and obesity by means of a nutritional conduct with individual menus, monitoring with laboratory tests and weight control. The program includes the units of Jaraguá do Sul (SC) and Guaramirim (SC).

Among the actions are activities at the exit of the restaurants and online courses on healthy meals and diabetes.

IN 2015:

Average of people served monthly by the nutritional program: 107

Total annual: 1.287

Participation in online course:
103 colaboradores

Activities developed at the exit of the restaurant in 2015: Food Week with the Topic: Healthy Eating

PSYCHOSOCIAL CARE

The program aims to serve employees who seek support to face emotional, health and social difficulties, that directly impact the work. It covers actions of reception, guidance, psychological and social interventions and, where necessary, referral of the employee to the public health care and/or community resources.

In 2015, **2.383 CONSULTATIONS** were performed.

Demands; family problems, psychopathologies, substance dependence, work leave, smokers, problems related to supervisions and workmates.

PREPARATION FOR RETIREMENT

In order to minimize the impacts generated by the process of leaving the company, the employees of the units in Jaraguá do Sul (SC) and Guaramirim (SC) are invited to take part in the Retirement Program.

The Program is oriented to male employees with age above 55 and female employees above 50 and their spouses, who take part in lectures on health, healthy food, financial planning, social security, private pension plan and life after retirement.

In 2015, the program had the **PARTICIPATION OF 108** guests - 87 employees and 21 spouses.

ACTIVE MATURITY

Retired ex-employees who take part in the Program of Preparation for Retirement are invited to participate of the Active Maturity Program.

The meeting take place once a month, and it is intended to exercise the autonomy and a new way of experiencing the “post-WEG” daily life and to identify their own potentials. Trips and lectures are organized. The program is also a form to value those employees.

Average of
Participants
in 2015
29

PROFILE OF THE EMPLOYEES



IN THE WORLD

TOTAL OF EMPLOYEES:

2013 | 29.099
2014 | 30.664

2015 | 30.973

AMERICA

2012 | 24.458
2013 | 25.157
2014 | 25.942
2015 | 25.798

EUROPE

2012 | 824
2013 | 818
2014 | 914
2015 | 1.262

ASIA

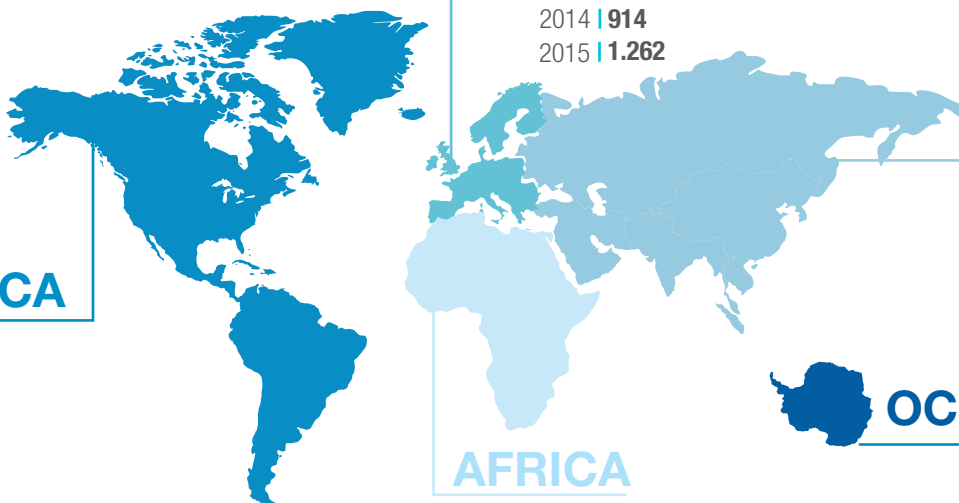
2012 | 1.325
2013 | 1.375
2014 | 3.058
2015 | 3.053

AFRICA

2012 | 585
2013 | 668
2014 | 669
2015 | 783

OCEANIA

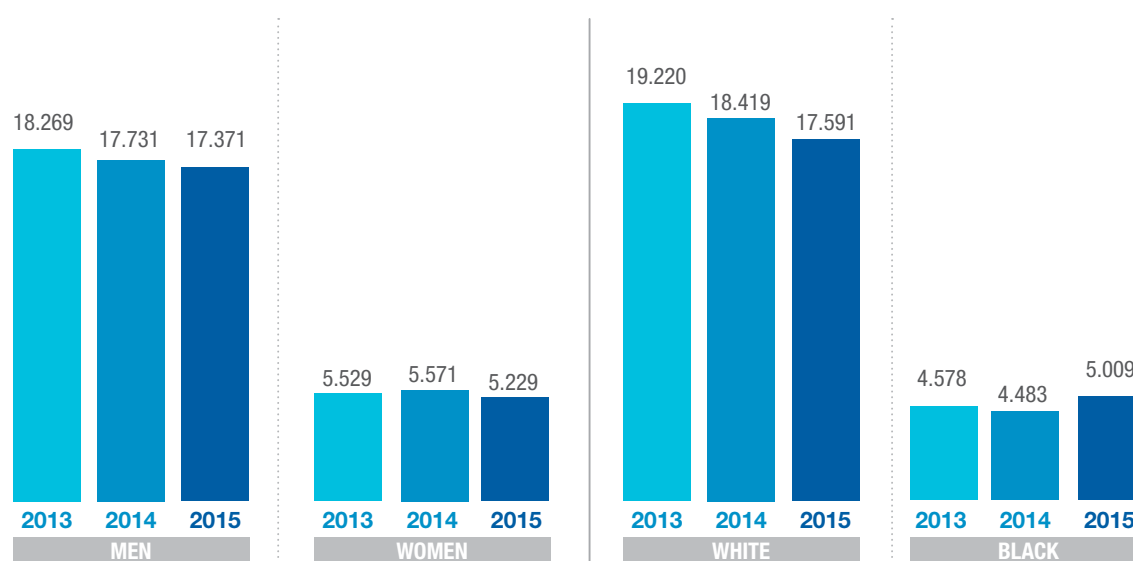
2012 | 78
2013 | 81
2014 | 81
2015 | 77



CONTINENT	COUNTRIES	EMPLOYEES 2015
		Total
AMERICA	Brazil	22.600
	Argentina	448
	Mexico	1.903
	USA	510
	Other countries	337
EUROPE	Germany	420
	Portugal	299
	Other countries	543
ASIA	China	2.509
	India	502
	Other countries	42
AFRICA	South Africa	783
OCEANIA	Australia	77
Total Employees of the WEG Group		30.973

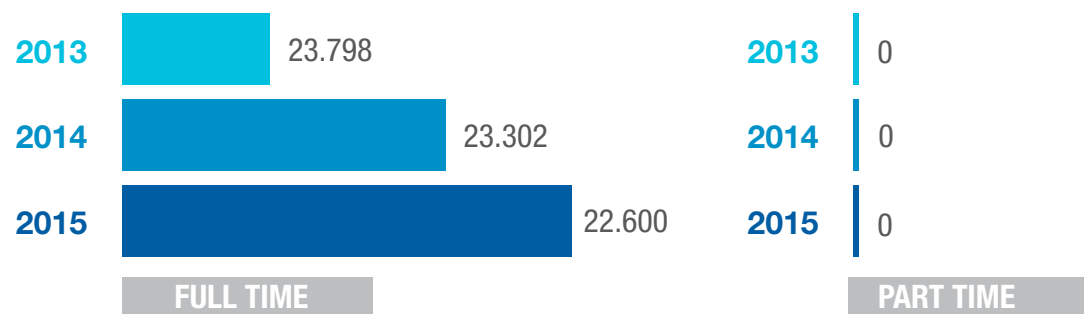
DIVERSITY

The valuation of cultural, ethnic, physical, sexual, political or religious differences reflects the diversity of life in the planet. Nature itself is characterized by differences that ensure continuity and survival. Living with people who have different habits, cultures and opinions expands our vision of the man and of the world, breaking the barriers of prejudice. In the companies, diversity also contributes to personal and professional development. Therefore, WEG values the differences encouraging inclusion, where what prevails is competence.

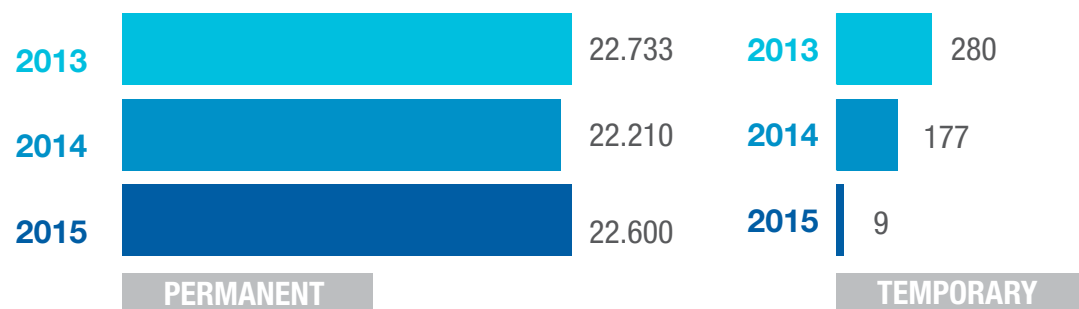


Note: It refers to Brazil units except for associates.

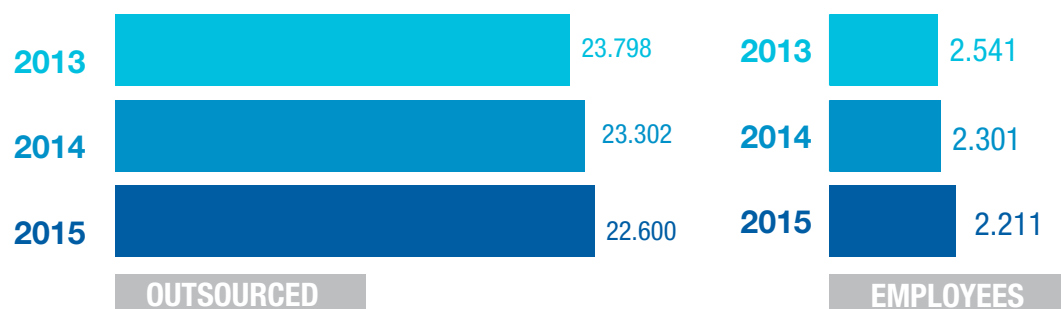
TOTAL OF EMPLOYEES PER SHIFT



TOTAL EMPLOYEES BY TYPE OF CONTRACT



TOTAL EMPLOYEES BY TYPE OF JOB



Nota: It refers to Brazil units except for associates.



CORPORATE GOVERNANCE

THE ADOPTION OF SPECIAL PRACTICES

of Corporate Governance reflects the example set by the founders of WEG and the great respect for the partners who have joined the company over time.



The adoption of special practices of Corporate Governance reflects the example set by the founders of WEG and the great respect for the partners who have joined the company over time. The company is committed to continuing working within the same principles of transparency, fairness and accountability to shareholders and other stakeholders. In this context, WEG joined the Novo Mercado listing segment and adopted the ABRASCA Code of Self-Regulation and Good Practices of Open Capital Companies.

The administration of the WEG Group is exercised by the Board of Directors, with deliberative functions; by the Executive Direction, with executive and representative functions; and by the Audit Committee.

The Board of Directors is composed of eight members, being one president and a vice-president. Four board members are considered “independent” in accordance with the provisions of the Listing Rules of Novo Mercado of BM & FBOVESPA.

It is for the Board of Directors to assess formally the performance of the company, of the Board of Directors itself, of the Direction and, individually, of the members of each of these bodies. In order to do so, the Board of Directors meets whenever necessary, at least quarterly, convened by its President.

BOARD OF DIRECTORS

COMPOSITION ON DECEMBER 31, 2015



DÉCIO DA SILVA
President



NILDEMAR SECCHES
Vice-President
(Independent)



MARTIN WERNINGHAUS
Member



**SÉRGIO LUIZ
SILVA SCHWARTZ**
Member



UMBERTO GOBBATO
Member



DAN IOSCHPE
Member
(Independent)



DOUGLAS CONRADO STANGE
Member
(Independent)



**WILSON PINTO
FERREIRA JUNIOR**
Member (Independent)

Board members are elected and dismissible by the General Meeting for a unified period of two years, and they may be reelected. As a committee, we seek to gather competences in the Board of Directors such as:

- Experience as a senior executive in other Boards of Directors, managing changes and crisis, identifying and controlling risks and managing people;
- Knowledge of finance, accounting, legal aspects of WEG's businesses and national and international market;
- Network of contacts significant for the corporation.

Individually, the applicants are expected to have:

- Alignment with the corporation's values;
- Ability to defend his/her point of view based on his/her own judgment;
- Time availability;
- Motivation;
- Strategic vision;
- Teamwork skills;
- Knowledge of the best practices in Corporate Governance;
- Capacity to read and understand managerial, accounting and financial reports;
- Notions of corporate legislation;
- Perception of the risk profile of the corporation.

The board member shall also be free of fundamental conflict of interest (not manageable, not occasional or situational, that is or is expected to be permanent) and be permanently alert to matters of the organization, as well as understand that his/her duties and responsibilities are comprehensive and not restricted to the meetings of the Board.

As per the Bylaws of the company, the positions of Chairman of the Board and President cannot be held by the same person.

The Executive Direction is composed of 14 (fourteen) members, namely: a CEO, a Managing Director, a CFO and other Directors. All members of the Direction are elected and dismissible at any time by the Board of Directors and may accumulate functions. The office term is two years, and reelection is permitted. The Board, within the limits set by law and by the Corporate Bylaws, is vested with broad and general management powers so as to enable the execution of all the necessary actions to regulate the operation of the company in order to achieve its corporate purposes.

EXECUTIVE DIRECTION
COMPOSITION ON DECEMBER 31, 2015

- HARRY SCHMELZER JR.** - CEO
- ANDRÉ LUÍS RODRIGUES** - Managing Director
- PAULO GERALDO POLEZI** - CFO
- ANTONIO CESAR DA SILVA** - Director
- CARLOS DIETHER PRINZ** - Director
- EDUARDO DE NÓBREGA** - Director
- HILTON JOSÉ DA VEIGA FARIA** - Director
- LUIS ALBERTO TIEFENSEE** - Director
- LUIS GUSTAVO LOPES IENSEN** - Director
- MANFRED PETER JOHANN** - Director
- REINALDO RICHTER** - Director
- SIEGFRIED KREUTZFELD** - Director
- WANDAIR JOSÉ GARCIA** - Director
- WILSON JOSÉ WATZKO** - Director

The Audit Committee is permanent, composed of three effective members and three alternate members, and they are elected annually at the General Meeting.

AUDIT COMMITTEE - COMPOSITION ON DECEMBER 31, 2015

- | | |
|--|---|
| ALIDOR LUEDERS - Effective Member | ILÁRIO BRUCH - Substitute Member |
| GILBERTO LOURENÇO DA APARECIDA - Effective Member | IVANILSON BATISTA LUZ - Substitute Member |
| VANDERLEI DOMINGUEZ DA ROSA - Effective Member | PAULO ROBERTO FRANCESCHI - Substitute Member |

REMUNERATION

The achievement of goals and indicators of economic, environmental and social performance is the goal that guides all actions of the organization. For this reason, members of the Board of Directors and the Executive Direction receive, in addition to fixed remuneration, variable remuneration in accordance with the achievement of goals. This form of compensation promotes consistent and transparent sharing of results, as well as the alignment of the interests of the company, directors and shareholders, in accordance with the best management and corporate governance practices.

RISK MANAGEMENT

WEG developed its Enterprise Risk Management System in compliance with the international best practices and the standards set by regulatory agencies in Brazil and abroad adapted to the specific characteristics of the company. Guidelines, responsibilities and limits are set in order to guide the actions of the Committees, Commissions, Departments and Sections in accordance with the directions of the Board of Directors.

Anticipate, evaluate and produce effective responses to risks and opportunities are the scope of this system. In order to ensure the achievement of strategic goals is not affected by unexpected events and conditions in any area of corporate activity, the system comprises four large dimensions:

- 1. STRATEGIC DIMENSION:** capacity to anticipate, protect itself and/or adapt to changes.
- 2. FINANCIAL DIMENSION:** capacity to obtain and/or preserve financial resources.
- 3. PEOPLE DIMENSION:** company's capacity to attract, develop, retain and keep available human resources.
- 4. PROCESS DIMENSION:** capacity to use available resources effectively and efficiently.

The Enterprise Risk Management System has the fundamental support of the structure of corporation participative management, which establishes multidisciplinary commissions and committees to analyze, define, approve and implement changes in its business processes. Risk management is responsibility of such committees and commissions, and it is periodically submitted to the referendum of the Senior Management.



Event with WEG suppliers in Jaraguá do Sul (Brazil)

SUPPLIERS

WE CONSIDER OUR

*suppliers business partners
to seek sustainable development, treating
them equally, without any undue favoring and
observing the principles of free competition.*

SUPPLIERS

The sustainable development is expressed in the relationship with the suppliers and contractors, and in the formal agreement established in the respective supply and service contracts, preserving:

- Quality assurance of the products;
- Compliance with the RoHS Directive, which prohibits or restricts the use of certain chemical substances in raw materials and components or used in the manufacturing processes of electrical and electronic equipment;
- Compliance with the standards established by the environmental legislation;
- The commitment to not using child labor, forced or compulsory labor in its production chain;
- Compliance with labor and tax obligations in accordance with the laws in force;
- Commitment to developing internal policies to promote diversity and fight discriminatory practices in compliance with international labor standards and conventions;
- The commitment to extend the requirements above its main business partners, encouraging the alignment of such policies;
- Commitment to develop local and/or regional suppliers and hire small and/or medium-sized suppliers in its supply chain.

This formal commitment ensures the practice that everyone part of the supply chain is aligned with the sustainable development of their business and the society in which they operate.

As business partners, WEG suppliers are encouraged to grow together with the company. For this purpose, the following practices are emphasized:

- **Valuation of the local supplier;**
- **Development of suppliers;**
- **WEG assured quality program (certification);**
- **Technological exchange;**
- **Product development** (development of materials and components together with suppliers for future application to WEG products);
- **Development, selection and assessment of suppliers based on sustainability criteria;**
- **Periodic audits;**
- **Communication** (online system that allows suppliers to view the programming of components and deliver the materials directly to the central stockroom of the company);
- **Relationship with service providers** (training and awareness of safety and environment aspects so as to ensure that they perform their activities safely within the current regulations).

CODE OF ETHICS FOR SUPPLIERS

Understanding that the sustainable and solid growth of its business and of its partners is related to the incorporation of environmental protection and social responsibility standards all along its production chain, in 2015 WEG launched the Code of Ethics for Suppliers.

SEE BELOW INFORMATION ON THE CODE OF ETHICS FOR SUPPLIERS:

CONTENT:

- Presentation;
- Objective;
- Scope;
- Suppliers;
- Conflict of Interests;
- Gifts, trips and other benefits;
- Information, confidentiality and use of equipment;
- Stay in WEG's installations;
- Corruption;
- Competition;
- Social Responsibility;
- Environment;
- Working Conditions;
- Exploitation of adult and child labor;
- Diversity;
- Violation of the Code of Ethics.

VERSIONS:

- Portuguese, English and Spanish.

DISTRIBUTION:

The Code of Ethics for Suppliers was distributed by the following means:

- Internal standard of Supplier Development;
- Training with the employees;
- E-mail to the suppliers;
- Note include on the Purchase Orders and Supply Agreements/Contracts.



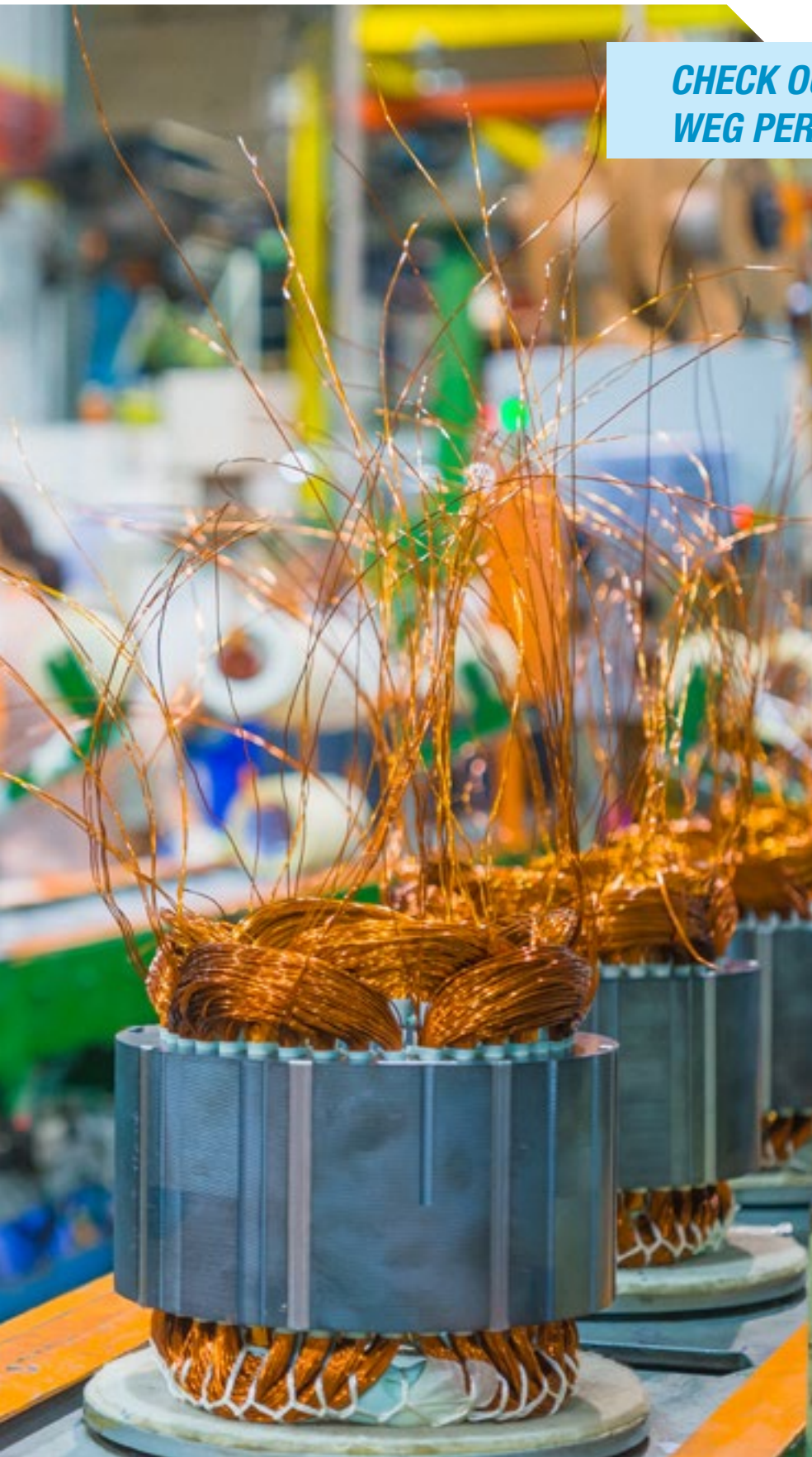
Communication Channel (denouncements and questions):

WEG provides different communication channels for denouncements and/or questions, namely:

- WEG website;
- E-mail;
- Telephones (Brazil and abroad);
- Letter.

Check out our Code of Ethics for Suppliers

CLICK HERE



CHECK OUT THE SUPPLY CHAIN OF WEG PER BUSINESS UNIT

MOTORS UNIT

The Motors Unit purchases parts and raw materials from suppliers from different regions of Brazil, as well as from suppliers abroad. In 2015, WEG carried out business transactions with 5,469 suppliers, of which 96.8% of the purchases are in Brazil. 81.5% of the purchases made in Brazil are from the states of Santa Catarina, Amazonas, Espírito Santo and São Paulo (places where WEG has units). The main supplier groups are in the following segments: steel sheets, steel rods, copper rods, rolling bearings, aluminum ingots, plastic parts, machined parts, steel work processing, stamped parts, insulating materials, electric conductors, fasteners and brakes.

WEG encourages its business units to buy from regional suppliers so as to strengthen the local economy and generate opportunities.

MAIN CHANGES IN THE PERIOD OF THE REPORT

In 2015, WEG announced plans to expand its manufacturing activities in Portugal by building a new electric motor factory in the city of Santo Tirso. The company intends to invest initially 15 million Euros in order to build approximately 18,000 m², in a piece of land of 44,000 m², with possibility of expansion up to 100,000 m². The first production module in Santo Tirso is expected to begin operation in middle 2016 and generate about 150 new jobs.

ENERGY UNIT

The Energy Unit carried out business transactions with over 3,084 suppliers in 2015, of which approximately 95% are national (Brazil) and 97% of those are located in the Southern and Southeastern Brasil.

For the wind segment, there are 265 suppliers with active contract, and 33 new suppliers were specifically homologated for this segment.

The suppliers fall in different material families, such as: Metal Sheets, Steel Rods, Copper Rings and Rods, Insulating Materials, Processed Metal Parts, Machined, Cast or Forged Parts.



PCH Generators, Salto Góes

MAIN CHANGES IN THE PERIOD OF THE REPORT

In 2015, the production and trade of wind turbines consolidated, increasing the consumption of specific components for this application and with high added value, such as rolling bearings, magnets and gearboxes.

AUTOMATION UNIT

The unit maintained the business relationship with 1300 suppliers. The purchase was divided into 63.47% from national suppliers and 36.53% from international suppliers.

We may point out the great volume of purchase of electronic parts, printed circuit boards and semiconductors (IGBT modules, CI), heatsinks, fans, link inductors.



PCH Substation Salto Góes

TRANSMISSION AND DISTRIBUTION UNIT

In general, the Transmission and Distribution Unit only buys production materials of greater technological complexity from foreign suppliers. For other items, which are the greatest part and demand intensive use of labor, the volume of purchase is quite concentrated with suppliers of the local market.

In 2015, it carried out business transactions with approximately 500 suppliers, being 90% from the local market and 10% from abroad. The suppliers fall in different material families, such as: Metal Coils or Sheets, Insulating Mineral Oil, Tap Changers for Transformers, Paper Fiber or Polymer Insulating Materials, Bushings with Porcelain Bodies, Processed, Machined or Cast Metal Parts.



COATINGS UNIT

The Coatings Unit purchases different products and raw materials from national and international suppliers. In 2015, it carried out business transactions with 1,963 suppliers, with 50% of the purchases from local companies. About 95% of the purchases made in Brasil are from suppliers from the south and southeast. The imported materials are purchased mainly from Europe, America and Asia. The main supplier groups are in the following segments: pigments, solvents, additives, mineral fillers, catalysts, hardeners, monomers and reagents, resins, packages, mineral and vegetable oils, industrial equipment, among others.

WEG encourages its business units to buy from regional suppliers so as to strengthen the local economy and generate opportunities.

MAIN CHANGES IN THE PERIOD OF THE REPORT

In 2015, the Coatings Unit inaugurated the new Paumar Coatings plant, company acquired in 2012, focused on the market of automotive coatings, including in this unit the production of its branch WEG Coatings Mauá. Paumar Coatings has ISO TS 16949 certification, which establishes several specific aspects, such as the requirement of ISO 9001 from the suppliers of raw materials for the automotive line or the on-the-spot audit of suppliers.

A man in a dark suit and yellow tie is speaking at a podium with two microphones. Behind him, another man in a dark suit and patterned tie stands. The background features a large, stylized 'WEG' logo on a wall with a geometric pattern of yellow and grey triangles.

GOVERNMENT AND SOCIETY

***COMMITTED
TO THE DEVELOPMENT***
*of the region in which it operates through job generation
and social responsibility projects, WEG keeps strong
involvement with Trade Associations and Government.*

Committed to the development of the region in which it operates through generation of jobs and social responsibility projects, WEG keeps strong involvement with Class Associations and Government. This social responsibility is expressed in the mission of the Department of Institutional Relations of Commerce, which is part of the corporate structure of the WEG Group:



By means of Institutional Relations, contribute to promoting a favorable environment for the businesses, competitiveness and sustainable development of machinery, equipment and electrical/electronics industry in Brazil”.

WEG REPRESENTATION IN INDUSTRIAL POLICY

WEG contributes with suggestions for the implantation of public policies by participating in meetings and events related to the Brazilian government, its authorities, and Trade Associations.

The Brasil Maior Plan, which until then had been the country's Industrial Policy, ended on December 31 of 2014, and it was not renewed or replaced. However, in order to encourage exportations, the Government launched, in June 2015, the National Exportation Plan 2015 - 2018.

This plan was built in a partnership with the private sector by means of meetings and consultations to the trade associations, trade unions and companies. The Plan crated the following pillars:

- 1. ACCESS TO MARKETS;**
- 2. COMMERCIAL PROMOTION;**
- 3. FACILITATION OF COMMERCE;**
- 4. LOANS AND GUARANTEE FOR EXPORTATIONS;**
- 5. IMPROVEMENT OF THE TAX MECHANISM AND REGIME TO SUPPORT EXPORTATION.**

WEG contributions are based on the internal document “Industrial Policy for Products, Components and Services of High Added Value” with proposals to build policies oriented to the industry, considering products, components and services of high added and technological value, which seek to increase the industrial density in the country, including the intermediate links of the chain. This document is presented in committees and councils that discuss proposals of “industrial policies” such as: Economics Committee - COSEC/FIESP, Council of Industrial Policy and Technological Development - COPIN/CNI, Competitiveness Council of Abimaq and Abinee, Institute of Studies for Industrial Development - IEDI, among others.

REPRESENTATION IN TRADE ASSOCIATIONS

WEG participates in strategic meetings with trade associations and proposes actions to the political and economic bodies, aiming at strengthening and promoting the sustainable development of the national electronics and capital goods industry.

THE MOST PROMINENT TRADE ASSOCIATIONS ARE:

ABIMAQ – Brazilian Association of Machinery and Equipment Industry;
ABINEE – Brazilian Association of Electrical and Electronic Industry;
ABDIB – Brazilian Association of Infrastructure and Base Industry;
AEB – Brazilian Foreign Trade Association;
FIESP – Federation of Industries of São Paulo State;
FIESC – Federation of Industries of Santa Catarina State;
CNI – National Industry Council;
ABNT – Brazilian Association of Technical Standards;
ABENAV – Brazilian Association of the Companies of the Offshore Shipbuilding Sector;
ABEEOLICA – Brazilian Association of Wind Power;
ABSOLAR – Brazilian Association of Solar Photovoltaic Power;
ABRAFATI – Brazilian Association of Coating Manufacturers;
INMETRO – National Institute of Metrology, Quality and Technology;
ABESCO – Brazilian Association of Service and Energy Conservation Companies;
COGEN – Association of Power Cogeneration Industry;
ABVE – Brazilian Association of Electric Vehicle;
ANPEI – National Association of R&D in Innovative Companies;
ONIP – National Organization of the Oil Industry;
IEDI – Institute of Studies for Industrial Development.

WE DEFEND, TOGETHER WITH TRADE ASSOCIATIONS, MEASURES OF INDUSTRIAL POLICY AIMED AT:

- Increasing systemic and business competitiveness;
- Increasing productive investment, technological effort and innovation of domestic enterprises;
- Developing national strategies of public and private investments in infrastructure, connected to the country's aspirations of growth;
- Financing production and marketing;
- Productive and technological consolidation of value chains with expansion of the national added value;
- Increasing the exporting competitiveness and diversifying markets and exported products;
- Defending Brazilian industry and market;

- Requirement of compensation of local content whenever the supply has tax waiver;
- Sustainable development and environmental preservation;
- Energy efficiency and energy management;
- Restoring competitive equality of the domestic manufacturing industry;
- Increasing of the interaction between the industry and the Education Entities, seeking greater development in the Research, Development and Innovation actions;
- Developing partnerships between the different links of the chain (machine/equipment manufacturers, electrical/electronic items, part manufacturers, etc.) so that they take together actions of industrial policy.

TOGETHER WITH THE TRADE ASSOCIATIONS, THE FOLLOWING MEASURES ARE BEING DEVELOPED:

- Search for incentives to the development of the renewable energy chain (wind, solar, biomass), such as implantation of bids by generation source and local content in the bid specifications, dissemination of the distributed energy generation, investments in cogeneration;
- Discussion of an industrial political agenda for Oil and Gas, with new vectors of interest for the national machine and equipment industry, such as: improvement/revision of the special tax policies, national engineering project, resources for R&D, improvement of the methodology of local content;
- Monitoring, by means of meetings, of opportunities for the capital goods and electronics sectors due to the development of industries and projects in the scope of BRICS;
- Monitoring of the renewal of the US Preference General System, managing for Brazil to be always kept in the condition of beneficiary of the program;
- Energy efficiency: specific actions for the electrical/electronic equipment used in the industrial areas to meet the energy efficiency legislation, thus contributing to mitigating the energy/water crisis.

INTERNAL WORK GROUPS:

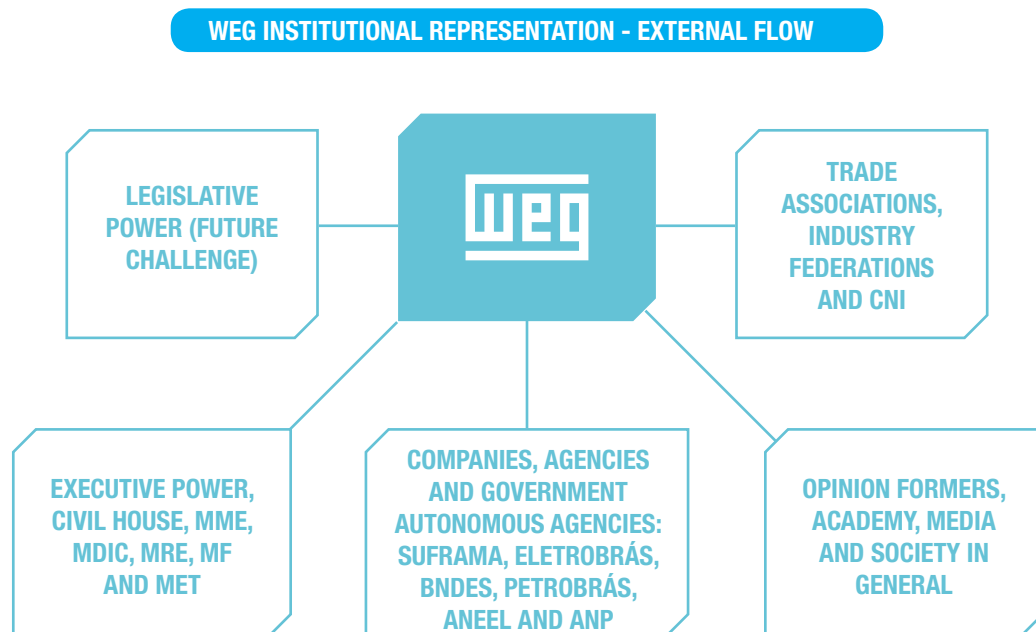
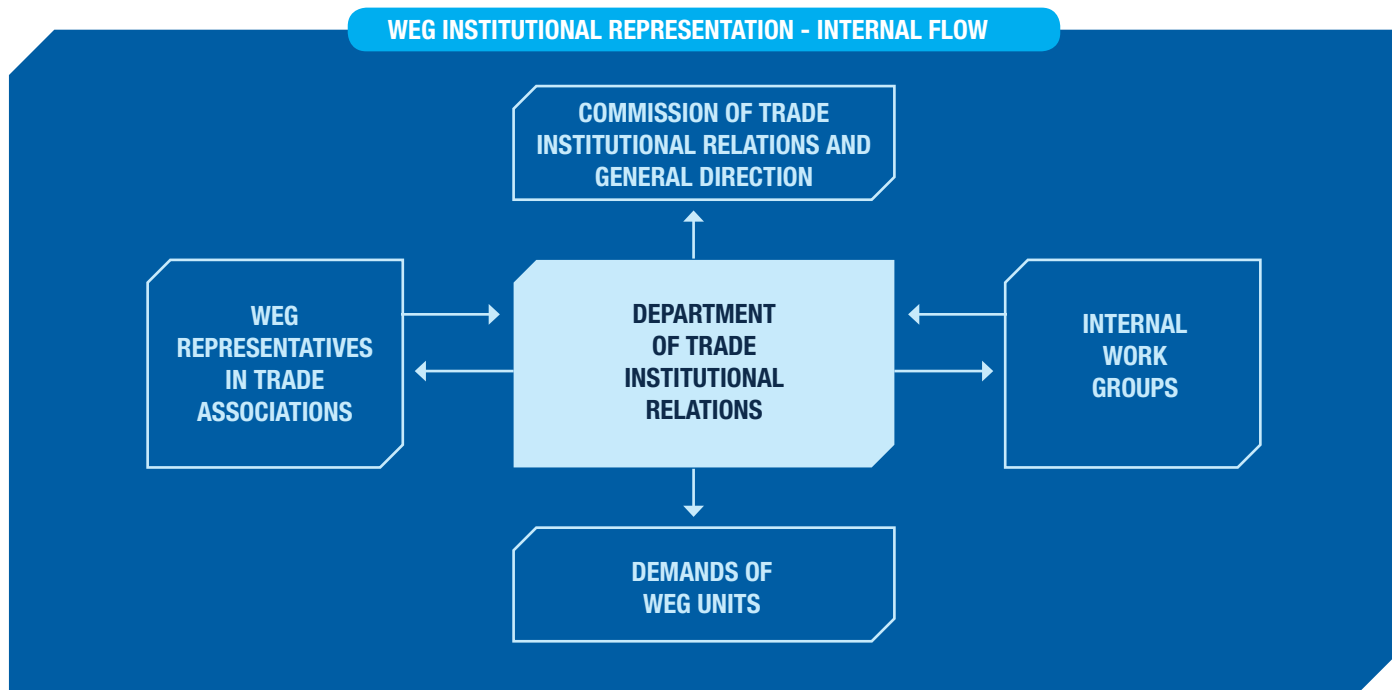
They are established with the objective of preparing issues for discussion in Trade Associations, or handling them within the company (internalization of issues). In this context we highlight:


- Development of topics related to commerce and formulation of Public Policies to support the domestic industry activity and business segments in which WEG operates, especially rail vehicles, wind power, solar power oil, gas, and marine;
- Equality of tax conditions of Brazilian suppliers compared with foreign suppliers;
- Relaxation and exemption of the taxes on raw materials which impact the competitiveness of domestic industry;
- Definition of Brazilian technical standards and increase of the Brazilian Labeling Program, helping reduce unfair competition of products that do not meet the legislations of Energy Efficiency, NR12, etc.;
- Take actions to defend the Internal Market, including the protection against unfair or predatory sales caused by imports and other mechanisms that cause imbalances on trade;
- Free Trade Agreements: necessity of Brazil to integrate new international goods and value chains, by means of commercial agreements.

COMMISSION OF TRADE INSTITUTIONAL RELATIONS

This committee has the primary responsibility to deliberate, in the first instance, and prepare for analysis subjects who rely on the decision of the General Direction of WEG, such as:

- Measured related to Industrial Policy;
- Performance of WEG Representatives in Trade Associations;
- Company Position regarding international trade agreements, special tax regimes, trade defense projects, among others.



An aerial photograph showing a large white wind turbine in the foreground on the left. To its right is a large solar park with many rows of solar panels. The background consists of green fields and distant hills under a cloudy sky.

Eolic Tower and Solar Park – Capivari de Baixo (Brazil)

ENVIRONMENT

THE INTEREST OF SOCIETY

and of great part of the job market in the environmental responsibility and performance of the companies has continuously grown.

The interest of society and of great part of the job market in the environmental responsibility and performance of the companies has continuously grown. A constant concern, since it is directly related to life quality of people now and of future generations.

Environmental issues are embedded in WEG's DNA and are part of its business strategies and commitments. The company promotes the conservation of the places where it operates, because it believes that only the companies that internalize that responsibility will be able to develop themselves in a sustainable manner.



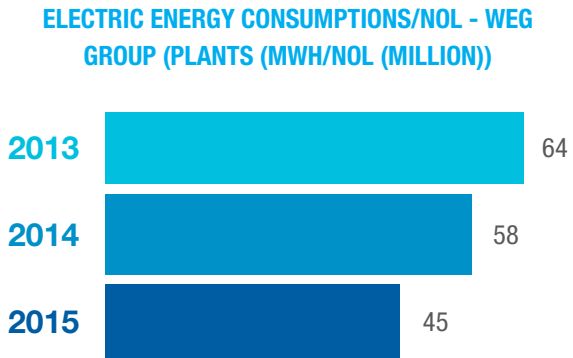
ENERGY



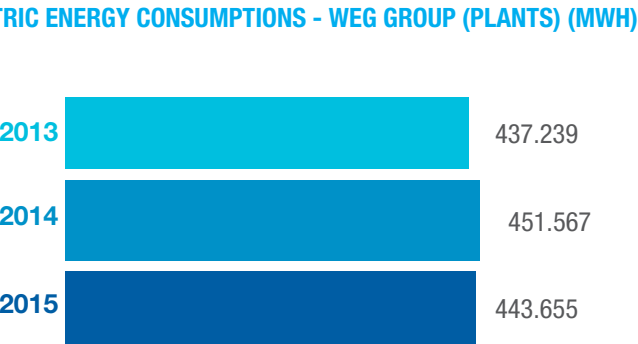
Reducing electric energy consumption is one of the great challenges of industry. In 2014, WEG implanted the energy efficiency program in units of WEG Motors (Jaraguá do Sul (SC) and Guaramirim (SC)), which is based on NBR ISO 50001 standard.

Due to the results obtained in the past years, in 2015 the program was extended to WEG Energy (Jaraguá do Sul (SC)).

The efficiency index of the WEG Group is measured by the ration between electric energy consumption and the Net Operating Income (NOI). In 2015, we reached a reduction of 21% in comparison to the performance in 2014. Such information shows that the program and its energy efficiency actions are producing results.



Regarding the absolute electric energy consumption of the manufacturing plants of the WEG Group, we obtained a reduction of 2% in relation to the previous year. It is worth of notice that, in 2015, we had an expansion of the units in Mexico and China, and we added the consumption of WEG Electric Corp. U.S. (WEC), Heidelberg unit in South Africa, Honberg unit in Germany and Medellin and Bogotá units in Colombia.



ACTIONS OF THE ENERGY EFFICIENCY PROGRAM

New actions were implanted in 2015 in order to improve the energy efficiency. In addition to the general indices, each department of WEG Motors (Jaraguá do Sul (SC) and Guaramirim (SC)) has individual indicators of energy efficiency. This year, those indices started being monitored by the Commissions of Quality and Socioenvironmental Sustainability Management Processes and by the Infrastructure and Facilities Commission, which are in charge of assessing the performance of the manufacturing plants and monitoring the actions proposed to reduce electric energy consumption and the index of compressed air leakage.

Below are the main improvement actions implanted along this year:

EQUIPMENT AND IMPROVEMENTS IN THE PROCESS

- Replacement of 2,019 standard motors by high-efficiency motors;
- Replacement of the thermal insulation of two stress relief furnaces;
- Adoption of procedures to use the illumination system and installation of presence sensor and LED lamps in recreational areas, hallways and stairs;
- Establishment of work procedures so as to improve the use of energy.



RETROFITTING OF INDUSTRIAL SYSTEMS



Industrial systems were retrofitted using a combination of WEG high-efficiency motors with VDS speed control, also manufactured by WEG, which considerably increases the energy savings of the set, since the motor just delivers the necessary force for the work, without waste.

ACCORDINGLY, THE FOLLOWING SOLUTIONS WERE EMPLOYED:

- Automation of the bag filters with flow control based on the needs of the process. Thus, the operations in the process are detected and the flow rate required by the system is automatically regulated. In 2015, this solution was applied to 18 exhaustion systems;
- Automation of the cooling towers with speed control of fans and pumps. The flow rate of the pumps is automatically adjusted according to the points of consumption, as well as the air flow in the ventilation. Two improvements are implanted in this system, one in the pumps and one in the fans, producing a gain in both machines. There is also the indirect gain of lower water consumption, since there is no unnecessary water evaporation, in addition to the lower consumption of chemicals for water treatment. In 2015, this solution was applied to 12 cooling towers.

Reduction of compressed air leaks equivalent to approximately 12,337,980 m³/year, resulting in savings of about 1,244 mWh.

ATMOSPHERIC EMISSIONS



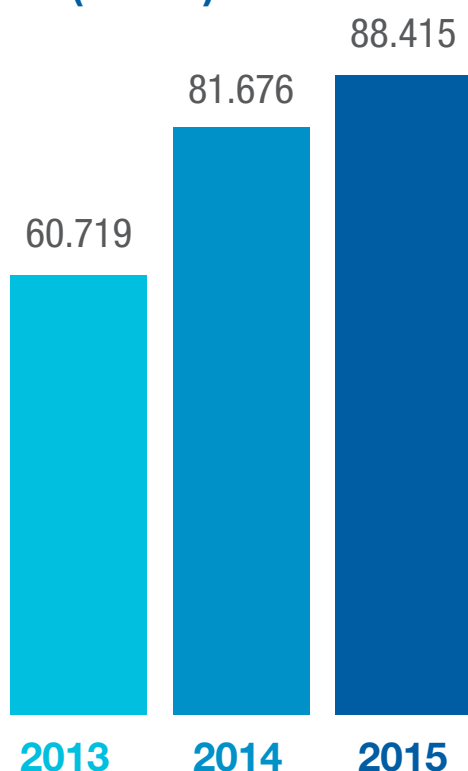
Since 2010, WEG has monitored the emission of the greenhouse gases, according to the methodology of the Brazilian Program GHG Protocol, gathering information so as to manage its emissions and define strategies related to the climate changes.

The performance of WEG emissions is public, informing the Corporate Sustainability Index (ISE), Dow Jones Sustainability Indices (DJSI), CDP Investor and Supply Chain Program and Exame Sustainability Guide.

Scope 2 is considered the most relevant for WEG, because the electric energy consumption is responsible for approximately 75% of the company's emissions of the greenhouse gases.

The chart below shows WEG performance of scope 2 in the past three years:

Scope 2 (tCO₂e)



Although WEG reduced the absolute electric energy consumption by 2% in comparison to 2014, the emission of the greenhouse gases of scope 2 increased by 8% due to the following factors:

- *Expansion of the units in China and Mexico, which present a high emission level and added 5,600 tCO₂ to scope 2 in comparison to 2014.*
- *Inclusion of new production units in the determination of emissions, which were responsible for the addition of 1.800 tCO₂ to scope 2, also due to the high emission level of the those countries.*

The industrial sector accounts for over 40% of the energy consumed in the country. Such fact encourages WEG to develop technologies intended to improving energy efficiency with short-term return of investment, generating renewable energies and reducing electric energy consumption, with strong work on projects of:

- Solar Power;
- Wind Power;
- Biomass;
- Hydro Plants;
- Retrofitting of industrial systems.

WATER

The water shortage is increasingly unsettling in the global scenario, thus making the companies seek to implant actions so as to reduce water consumption and help preserve this resource for future generations.

WATER RESOURCES MANAGEMENT

Nowadays, the water resources management of companies of the WEG Group is executed based on the Environmental Policy and on the corporate directives, and approved by the General Direction of the company. Based on the corporate directives, each unit is responsible for the definition of environmental goals, as well as for the execution of projects that enable to reach the goals.

POSITIONING

Due to the great importance of conserving water resource, the company is not only concerned about complying with the legislation, but also about the implantation of actions that go beyond the legal requirements. Today, WEG is concerned about purchasing equipment which present a better efficiency in water consumption or enable water reuse, in applications such as effluent treatment and washing machines.

Aiming at preserving the quality of water resources, the water quality of the water receiving bodies is monitored so as to evaluate whether the processes of the companies impact them. The monitoring is done in the points upstream and downstream of rivers close to the companies of the WEG Group which do not receive a great volume of wastewater from other companies.

INFORMATION MANAGEMENT

Most of the monitoring of water consumption is done by means of direct measurements, which are under the responsibility of each unit. Subsequently, those data are sent to the corporate area, where they are analyzed for the presence of unjustifiable outliers and then consolidated. That produces more reliable information, showing the actual situation of the company.

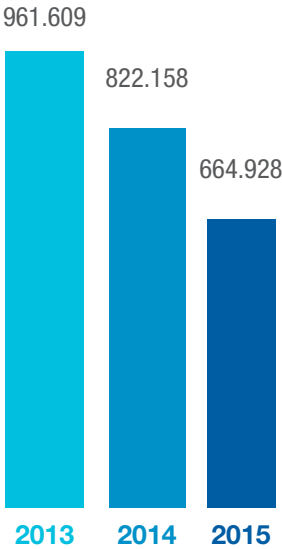
GENERAL WATER CONSUMPTION

The manufacturing plants of WEG units in Brazil have different water sources, each one working according to their reality, and it is not mandatory to use all the sources in the same unit. Among those sources, we may point out:

- **Purchased water (public utility company)** – for drinking and industrial use;
- **Surface water** – for industrial use;
- **Ground water** – for drinking and industrial use;
- **Reuse water** – Toilets, urinals, industrial processes and fertigation;
- **Rain water** – industrial use.

The water consumption of WEG units in Brazil, according to the figure below, changed decreased 822.158 m³ in 2014 to 664.927 m³ in 2015, which represents a reduction of 19,1%.

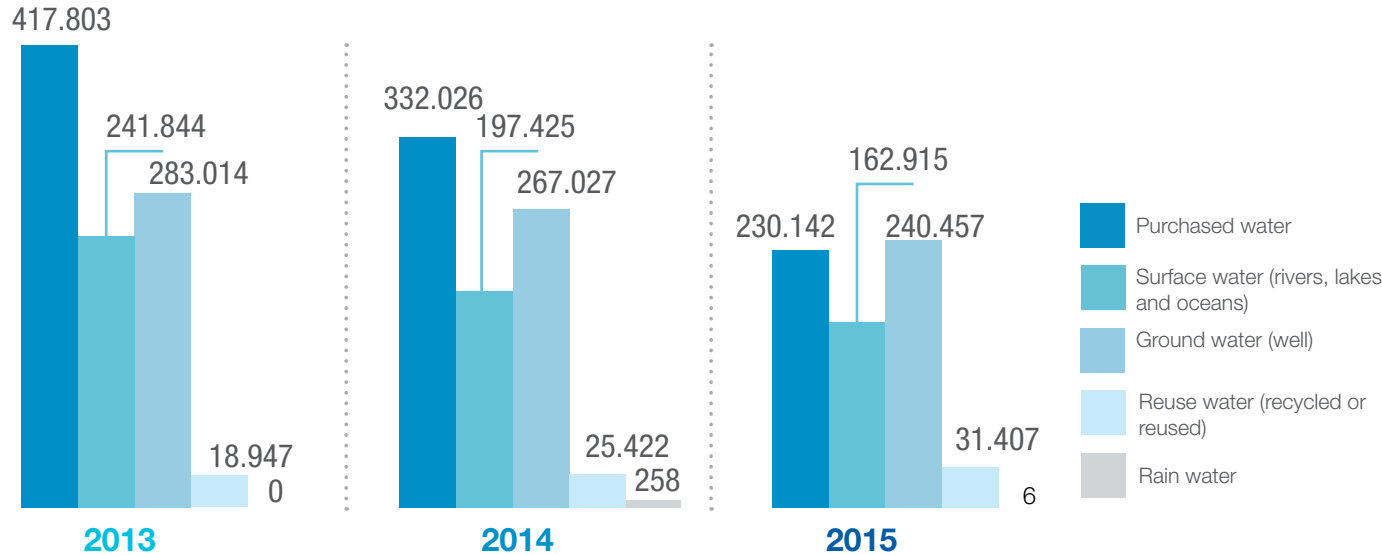
CONSUMPTION OF WATER IN WEG UNITS IN BRASIL



WATER COLLECTION BY SOURCE

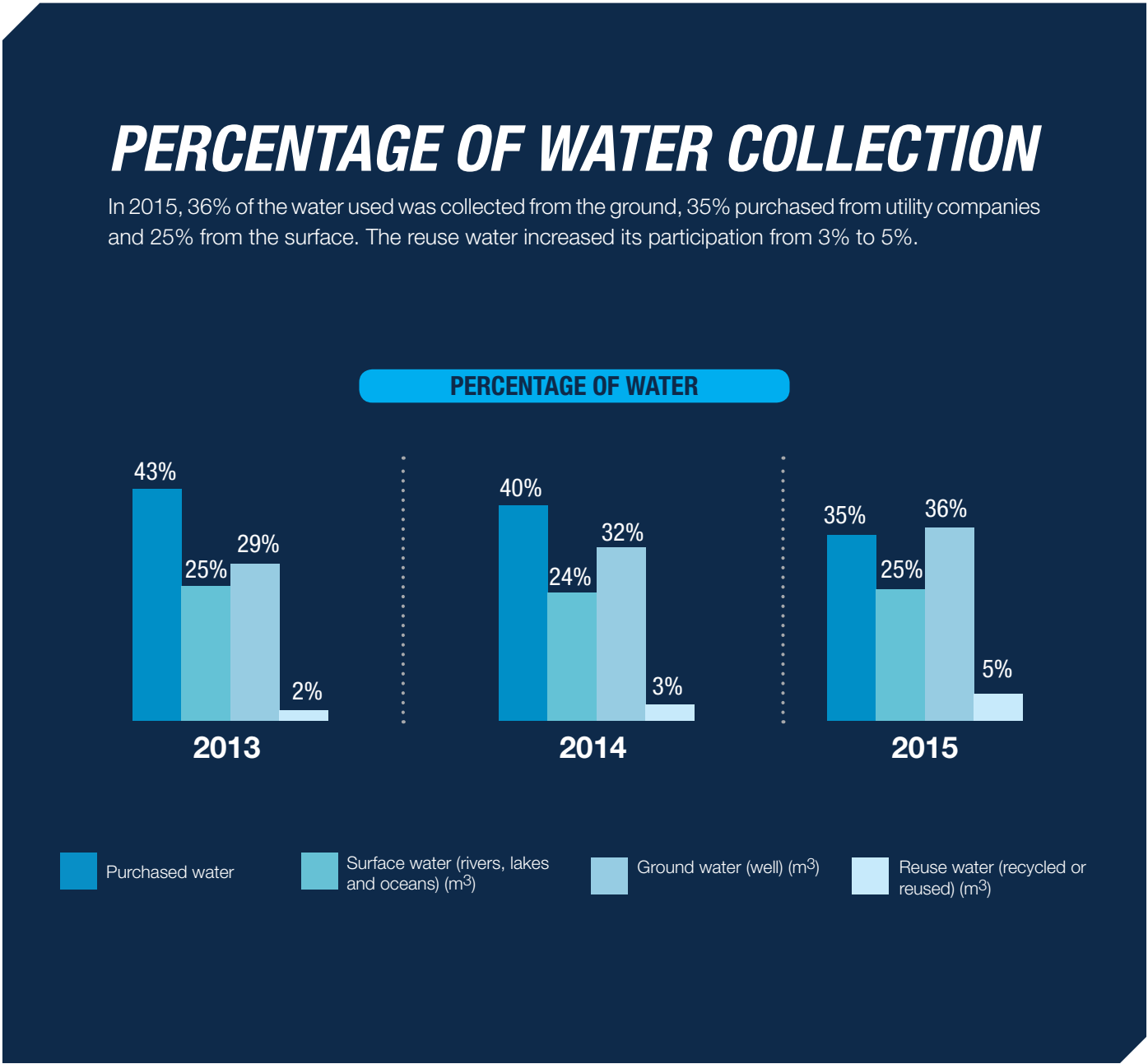
The chart below shows the water consumption separated by source. It demonstrates that the consumption of purchased water, surface water and ground water reduced in comparison to 2014. It also indicate that the consumption of reuse water increased in relation to 2014.

WATER COLLECTION BY SOURCE



The greatest reduction in the source consumption was “purchased water”, which decreased from 332.026 m³ to 230.142 m³ in 2015, a reduction of 30.7%. Other sources also presented relevant reductions, such as surface water, which reduced about 18.4%, and ground water, with values close to 10%.

The figure above shows that the volume of reuse water increased from 25,422 m3 in 2014 to 31,407 in 2015, an increase of 23.5%. It also shows that, in 2015, de consumption of rain water decreased from 258 m³ to 6 m³ (variations in the rainfall and maintenance on the system).



PROJECTS EXECUTED IN 2015

The table below presents the main projects executed in 2015 aiming at reducing the water consumption in the units of the WEG Group in Brazil.

PROJECTS SCHEDULED IN 2014 TO BE EXECUTED IN 2015	STATUS
Expansion of the sewage treatment system (MBR system), increasing the capacity to supply reuse water in up to 70,000 liters a day (Linhares (ES)).	Concluded. Station implanted together with the reuse system.
Implantation of improvements in the wastewater treatment plant – metal workshop so that its wastewater can be reused (Jaraguá do Sul (SC)).	Concluded. The reuse process will be reactivated in 2016.
Study to evaluate new technologies for leak detection in water distribution lines (Jaraguá do Sul (SC)).	Concluded. As the process presented a high cost, it will be done in 2016 in the validation of the evidences of leaks.

OTHER PROJECTS EXECUTED IN 2015	STATUS
Installation of WEG solution to reduce energy and water consumption in ten cooling towers (Jaraguá do Sul (SC)).	Concluded. The system reduces 21.7% of water consumption in conventional towers.
Daily control system for water consumption was created to indicate leaks (Jaraguá do Sul (SC) and Cestari).	Concluded.
System to prioritize leak repairs on the water distribution line was created (Jaraguá do Sul (SC))	Concluded.
Reuse of effluent of the wastewater treatment plant (Jaraguá do Sul (SC)).	Concluded. Process was improved and reuse was reactivated.
Reuse of the concentrating element of the reverse osmosis process (Itajaí (SC)).	Concluded.
Replacement of wet urinals by dry urinals (Jaraguá do Sul (SC)).	Concluded. Project was not implanted, because it did not produce return.
Reuse of the purge of the cooling towers (Jaraguá do Sul (SC)).	Concluded. Project was not implanted, because it did not produce return.
Replacement of the current toilet bowls by lower consumption toilet bowls (Jaraguá do Sul (SC)).	Concluded. Project was not implanted, because it did not produce return.
Reuse of the water used in the fire brigade training (Jaraguá do Sul (SC)).	Concluded. Project was not implanted, because it did not produce return.

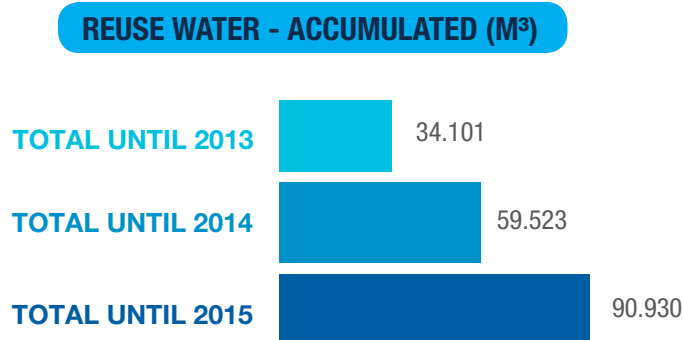
PROJECTS SCHEDULED FOR 2016

Below are the projects to be evaluated in 2016, aiming at reducing water consumption:

- Create the profile of water consumption of the largest consumers of the manufacturing plant in Jaraguá do Sul (SC), searching for unauthorized supplies and leaks;
- Start collection of rain water in the Manufacturing Plant I in Jaraguá do Sul (SC);
- Install reuse water in the washing of forklifts in Jaraguá do Sul;
- Assess the possibility to expand the points that use reuse water in the Metal Workshop
- in Jaraguá do Sul;
- Start to reuse the waste of reverse osmosis in Jaraguá do Sul;
- Start to reuse treated effluent from the Wastewater Treatment Plant – Guaramirim Landfill.

VOLUME OF REUSE WATER

The chart below shows the volume of water already reused in WEG units in Brazil, accumulated for 2013, 2014 and 2015. **Until 2015, the units of the WEG Group had already saved by using reuse water 90,930 m³ (90,930,000 liters), which would be enough to supply 311 families for a year.**



SOLID WASTE



The concern about the destination of solid waste is a current issue. Not only for the environmental damages caused by such activity (contamination because of improper disposal), but also for the lack of areas to install landfills and treatment units.

Another point is that many kinds of waste are recyclable, becoming raw material and reducing the pressure to take natural resources from the environment.

Therefore, we should see the waste as an essential part of the production cycle, encompassing different aspects: economic (return of capital by recycling), environmental (disposal with lower environmental impact) and social (employment generated by the process of waste disposal).

WEG, since the beginning, has managed the waste generation in a responsible way, understanding that reducing generation means increasing industrial efficiency, improving processes and improving the environment for society.

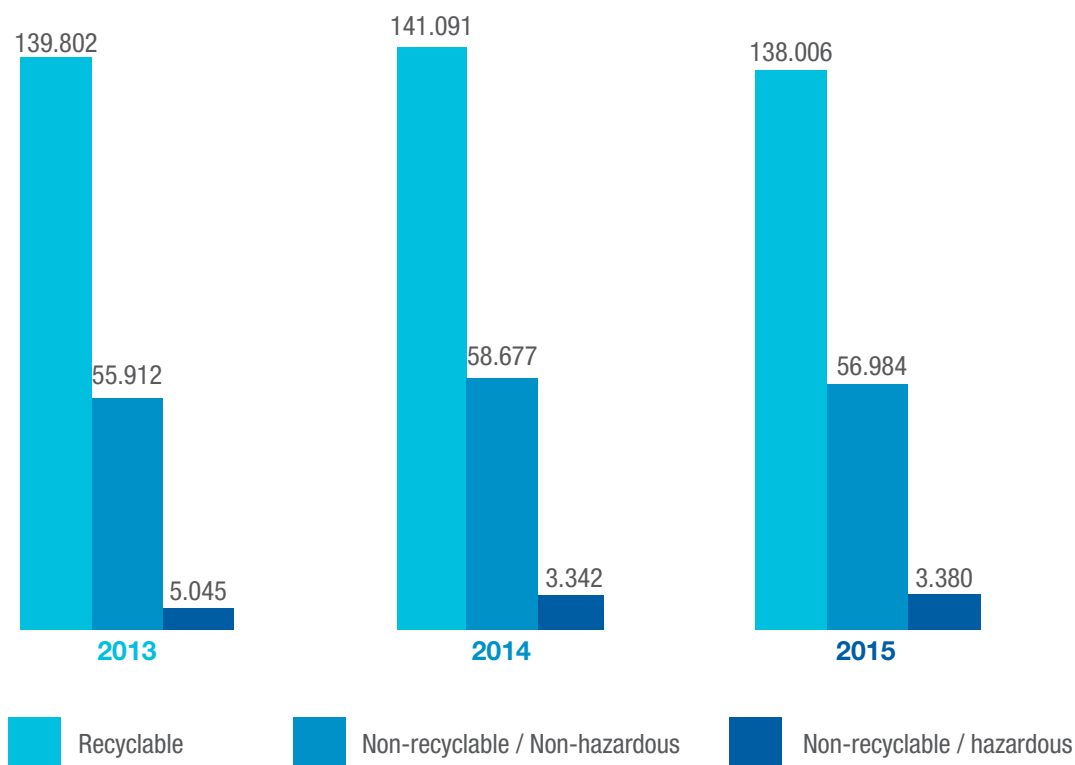
In order to reach such objective, WEG takes measures to improve its production processes, always aiming at the best form to manage solid waste, using indicators to monitor the generations and identify opportunities for improvement, complying with the applicable environmental legislation.

Highlights in 2015

- Implantation of the electronic waste transportation manifest;
- Actions to reduce waste generation.

We can see that 98.3% of the waste generated in 2015 is non-hazardous (Class 2^a or 2B).

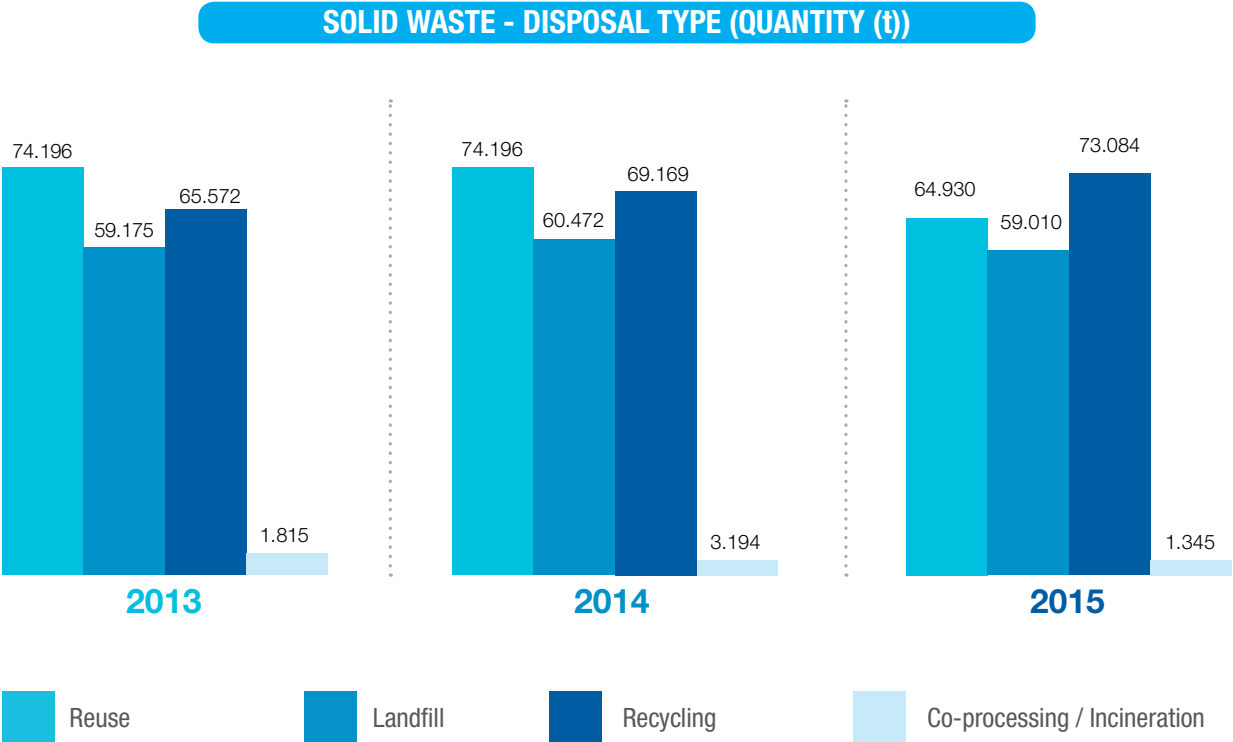
SOLID WASTE - GENERATION BY TYPE (QUANTITY (T))



The quantities of waste in 2015 in comparison to 2014 reduced as follows:

TIPO DE RESÍDUO	% DE REDUÇÃO
Recyclable	2,1%
non-recyclable / hazardous	-1,1%
non-recyclable / non-hazardous	2,8%
Total	2,3%

The graph below shows that 32,8% of the waste is reused internally, 36.8% is sent to recycling companies, while 29.7% is sent to industrial landfills, and 0.68% to other destinations for co-processing:



Projection for 2016

The expansion of the goals and actions to reduce generation.

ENVIRONMENTAL INVESTMENT

The environmental investments/expenses made by WEG units in Brazil in 2015 are presented in the table below.

ENVIRONMENTAL INVESTMENT/EXPENSES - 2015 (THOUSAND OF R\$)

Investments/expenses	Value	%
Environmental ¹	3.523,00	31,4
Control Equipment ²	4.615,00	41,2
Management ³	3.074,00	27,4
Total	11.212,00	100

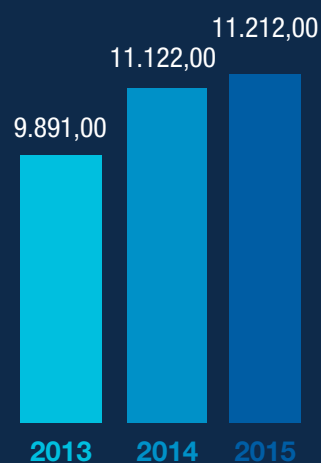
1) Related to treatment/disposal of waste, treatment of atmospheric and liquid emissions, environmental liability insurance and depreciation of devices and expenses with materials and maintenance, in addition to their operation

2) Related to the purchase of equipment for environmental control

3) Related to the remuneration of training personnel who act in environmental management, research and development, certification of environmental management systems

ENVIRONMENTAL INVESTMENTS/EXPENSES

The investments/expenses with environmental control grew 0.8% in 2015 in comparison to 2014.



OTHER ENVIRONMENTAL INFORMATION

BIODIVERSITY

Areas

Reforestation	6.026,09 ha
Natural Forests	2.810,78 ha
Legal Reserve	2.445,54 ha*
Areas of permanent protection - APPs	818,43 ha**

* Area of Legal Forest Reserve not considered in item "Natural Forests"

** Areas of Permanent Protection not considered in item "Natural Forests"

CERTIFICATIONS

ISO 14001 certification in the following units:

ISO 14001:2004

AUTOMATION

- WEG Equipamentos Elétricos S.A. - Automation
- WEG Drives & Controls - Automation Ltda.

ENERGY

- WEG Equipamentos Elétricos S.A. - Energy
- WEG Industries (INDIA) Private Limited

MOTORS

- WEG Equipamentos Elétricos S.A. – Motors
- WEG Linhares Equipamentos Elétricos Ltda.

TRANSMISSION & DISTRIBUTION

- WEG Equipamentos Elétricos S.A. – Transmission and Distribution

COATINGS

- WEG Tintas Ltda.

ISO 50001 certification in the following units (Plant VII - Jaraguá do Sul (SC)):

ISO 50001:2011

WEG Equipamentos Elétricos S.A. - Motors.



Area of the Manufacturing Plant of Jaraguá do Sul (SC) unit (headquarters)



SOCIAL RESPONSIBILIT

THE COMMUNITY IN WHICH THE COMPANY

is inserted provides the infrastructure and the human capital, represented by its employees and partners, which decisively contribute to the feasibility and success of the business.

The social responsibility works with the community are aligned with the Principles of the Global Pact of the United Nations. The principles are derived from the Universal Declaration of Human Rights, from the Declaration on Fundamental Principles and Rights at Work, from the Declaration of Rio on Environment and Development and from the United Nations Convention against Corruption.

In order to manage the relationship with the community, WEG has the Social Investment Group with representatives in all the cities where WEG keeps industrial operations in Brazil. This group receives and evaluates projects according to the Social Investment Policy. Check out our work:

The projects will be sponsored by WEG provided that they:

- 1** - Occur in cities where WEG keeps industrial operations;
- 2** - Bring social improvement and life quality for the population;
- 3** - Have a positive impact on WEG's employees and/or family;
- 4** - Are from entities of the third sector, non-profit, in good business standing and with recognized reputation;
- 5** - Keep at least one more sponsor so as not to depend exclusively on WEG's resources;
- 6** - Have synergy with the interests of the community;
- 7** - Contribute to the sustainable development;
- 8** - Promote the positive image of WEG;
- 9** - Are aligned with the principles of WEG's Code of Ethics.



IN 2015

- We operate in 15 cities in Brazil, namely? Jaraguá do Sul (SC), Guaramirim (SC), Blumenau (SC), Linhares (ES), Itajaí (SC), Gravataí (RS), São Bernardo do Campo (SP), Manaus (AM), Joaçaba (SC), Araquari (SC), Schroeder (SC), Corupá (SC), Massaranduba (SC), Monte Alto (SC) and Mauá (SP).
- A specific communication channel was created for the community. Currently we have a link on WEG website specially dedicated to that public. This area contains an exclusive email address for the people from community. They can use this channel to approach subjects relevant for the community and also to submit projects for the analysis of the Company's Social Investment Group.

CLIQUE HERE AND LEARN MORE ABOUT THE COMMUNITY CHANNEL

- We held the 6th Community Sustainable Growth Meeting, whose subject was "Energy Efficiency".

As the energy cost has risen, we orient the entities of the community that work with us to seek alternative for saving energy and consequently reducing the environmental impact.

Gilberto Amaro, an illumination and sound technician at SCAR (Sociedade Cultura Artística de Jaraguá do Sul (SC)), reported how the meeting made the participants think of simple improvements in the daily routine.

"It was very productive. The subject was perfect for us from SCAR. We could listen to people with the same concerns regarding energy efficiency and also exchange ideas with other institutions", he says.

18 entities and associations from the region took part in the event, about 23 people. In the event, a form was launched to submit projects related to social investment.



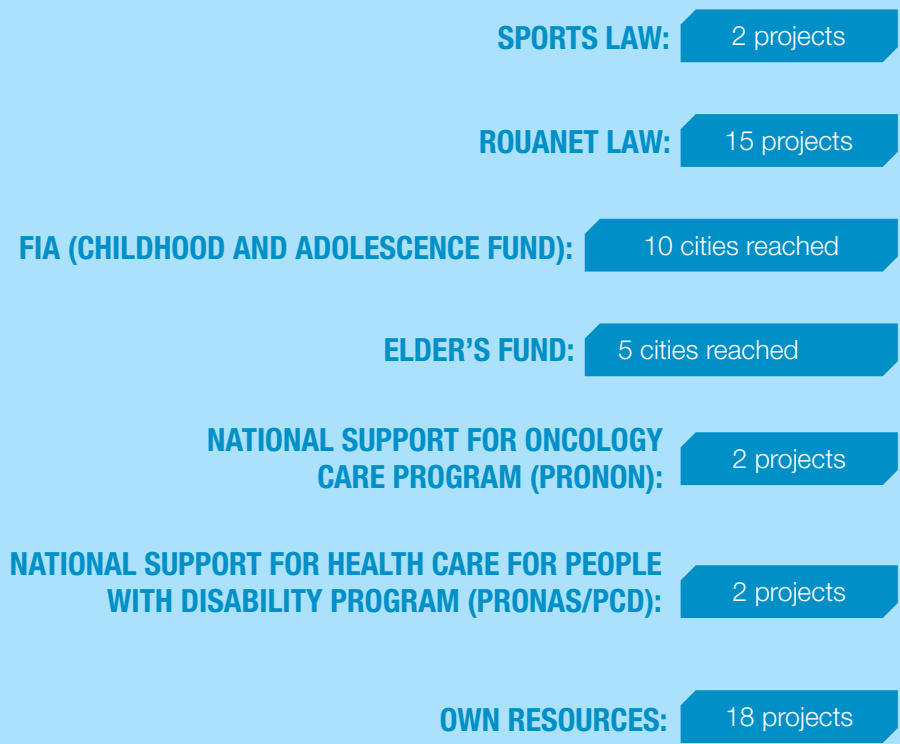
CHECK ON THE WEBSITE

SOCIAL PROJECTS

WEG sponsors several projects based on incentive laws and also with its own resources. In addition to passing funds using part of the income tax, the company monitors all the projects by means of a Social Investment Group composed of employees from different units in Brazil.

Annually, WEG receives more than 500 projects from different areas of society. Those presenting the best potential and complying with the company's directives are selected.

In 2015 WEG sponsored 54 projects, namely:



OVER R\$ 11.9 MILLIONS WERE INVESTED IN SOCIAL PROJECTS IN 2015

SOME OF THE SUPPORTED PROJECTS:



SANTA CATARINA MUSIC FESTIVAL (FEMUSC)

- Femusc is the largest festival of its kind in Latin America, a non-competitive school festival.
- Over 165 hours of classes during the festival, certified by the teachers, and in a partnership with music schools.
- It offers three programs: professional, advanced and intermediate, in which the beginners are also accepted.
- 80 children also take part by means of Femusckinho, a musical holiday camp with classes of string instruments, recorder and choir. Young FEMUSC is also part of the festival, where 80 adolescents age 13 to 17 study orchestra instruments, resulting in the Young FEMUSC Orchestra.
- Over 200 shows are performed, many of the presented in public places such as squares, shopping malls, almshouses, churches, social entities, all of them for free.

PROPONENT: FEMUSC Institute
TARGET: Community in general
Nº OF BENEFICIARIES:
560 students and 65 teachers

CITY: Jaraguá do Sul (SC)
VALUE: R\$ 600.000,00
AREA: Culture
INVESTMENT: Rouanet Law

LIFE STAGE

Interventions to prevent the use and abuse of psychoactive substances by students of public schools in risky situations in Blumenau (SC) by means of theater. Contributing to keeping students at school, improving their family relationship, avoiding improper conducts and promoting drug prevention factors.



PROPONENT: Cruz Azul
TARGET: Adolescents
Nº OF BENEFICIARIES: 120
CITY: Blumenau (SC)
VALUE: R\$ 50.000,00
AREA: Culture
INVESTMENT: FIA

WEG MUSEUM OF SCIENCE AND TECHNOLOGY

WEG Museum was inaugurated in 2003 in order to preserve WEG's history, the culture of Jaraguá do Sul (SC) and to be a center of education oriented to science and technology. Since its opening, it has become important part of cultural events of the region. The building is on Getúlio Vargas Avenue (Downtown), location of WEG's first company, founded in 1961.

The focus of this project is to preserve, manage and exhibit its collection and its long term exhibit, making it a cultural and research center, promoting multidisciplinary and free educational actions for children and adolescents from elementary and technical schools.



PROPONENT: ARWEG
TARGET: Community in general
Nº OF BENEFICIARIES: 14.912
CITY: Jaraguá do Sul (SC)
VALUE: R\$ 475.000,00
AREA: Culture
INVESTMENT: Own Resources and Rouanet Law

MUSIC FOR ALL

The project aims at continuing the musical education of about 220 children, youngsters and adults in 19 musical modalities, extending the experiences already initiated in the social inclusion project, added to the opportunity to access art and musical culture. Groups are formed for classes on musical education, musicalization, choir and band practice, in addition to musical groups.



PROPONENT: SCAR
TARGET: Community in general
Nº OF BENEFICIARIES: 220
CITY: Jaraguá do Sul (SC)

VALUE: R\$ 334.000,00
AREA: Culture
INVESTIMENT: Rouanet Law

EDUCATION LIDE

Created in 1994 to make a dream of the F1 champion come true, the Ayrton Senna Institute is a non-profit organization that works to increase the opportunities for children and youngsters by means of education. In 2003, the Education LIDE was launched, a social branch of LIDE© that invests exclusively in the Ayrton Senna Institute as a way to work for the education strategically.

A business mobilization group, Education LIDE is formed by companies and executives who believe in education as key for children and youngsters in Brazil to have success in school and in life, becoming qualified professionals.

WEG, together with the partners of Education LIDE, is contributing to the development of educational solutions of Ayrton Senna Institute. Together, the companies of Education LIDE contribute to impact the national territory.



“My grandma, who I call mom, put me in school. The teachers tried to teach me. I could not write. My handwriting was terrible. That was when “Se Liga” arrived, and I started to write. [...] I made it, thank God, thanks to “Se Liga”, which helped me a lot. I thank God for being at school studying. “Se Liga” helped me a great deal, because I could neither read nor write and then I became happy. I felt down; I did not feel well. I thought I was a loser, I could not read. Then everyone said, “she cannot read, she is dumb”. That was when I learned to read and write. I feel happy.”

(Ana Karla Bentes, 11 years old,
student of “Se Liga” in Manaus, AM)



PROPONENT: Instituto Ayrton Senna

TARGET: Children and Adolescents

Nº OF BENEFICIARIES: 65.000

CITY: Project held in several cities in Brazil

VALUE: R\$ 42.000,00

AREA: Education

INVESTMENT: Own resources



EDUCATIONAL PROGRAM FOR RESISTANCE TO DRUGS AND VIOLENCE (PROERD) - MILITARY POLICE OF THE STATE OF SANTA CATARINA

Oriented to the school community, the Educational Program for Resistance to Drugs and Violence (Proerd) aims to reducing / eliminating the use of alcohol, tobacco and other drugs by young people, as well as violent behavior. WEG has been a partner of the program since 1999, enabling its maintenance and providing the students with part of the uniform.

PROponent: Military Police

TARGET: Children

NO. OF BENEFICIARIES: 4,500

CITY: Jaraguá do Sul (SC) and micro region

VALUE: R\$ 13,900.00

AREA: Education

INVESTMENT: Own resources

JUNIOR ACHIEVEMENT PROGRAM

The Junior Achievement is a non-profit, educational organization. Created in 1919, it now benefits over 10 million youngsters in 121 countries. It is a private, non-profit education association maintained by private companies, whose objective is to encourage entrepreneurship of youngsters still at school, providing a clear view of the business world and facilitating access to the job market.



The program is oriented to children and adolescents from public schools to encourage volunteering. There are four pillars that support this important project: the Junior Achievement entity, offering pedagogical support, WEG, providing financial support and incentives to volunteers, the school, providing opportunities to practice, and the volunteers, with their talent.

Volunteers go to the classroom, where, through lectures, they explain the concept of corporate entrepreneurship.

PROPONENT: Junior Achievement

TARGET: Children and Adolescents

NO. OF BENEFICIARIES: 1,122

CITY: Jaraguá do Sul (SC)

VALUE: R\$ 14,400.00

AREA: Education

INVESTMENT: Own resources

FISHING PROJECT



The Fishing Project began in 1976, celebrating 39 years in 2015. It provides citizenship and professional education for young people, enabling access to the job market. The course offered by WEG counts on a team of volunteers employees. The classes are divided into “Personal Development”, “Citizenship” and “Professional Qualification”. The action serves young people between age 17 and 18 who are studying or have completed high school.

WEG Unit in Gravataí (RS) has had a partnership with the Fishing Project Foundation since 1998.

PROPONENT: Fishing Foundation
TARGET: Adolescents
NO. OF BENEFICIARIES: 15
CITY: Gravataí (RS)

VALUE: R\$ 219,773.00
AREA: Education
INVESTMENT: Own resources

A BOLA DA VEZ



Project supported by WEG by means of the Sports Law since 2002, initially with own resources, and as of 2010 supported by the Incentive Law. It aims at: offering proper conditions for quality educational sports practice using basketball as facilitator; encouraging sports practice; developing social values. The “Bola da Vez” project has the school as practice, interacting with the educational subsidy. It occurs after/before school.

PROPONENT: Associação Jaraguense de Basquete – AJAB

TARGET: Children and Adolescents

NO. OF BENEFICIARIES: 1,300

CITY: Jaraguá do Sul (SC)

VALUE: R\$ 178,800.00

AREA: Sports

INVESTMENT: Sports Law

COMMUNITY ACTION



WEG Community Action occurs on a Sunday every two years, providing the community with health services, such as: glucose, cholesterol, lungs, syphilis, hepatitis and AIDS tests; blood pressure measurement; audiometry; nutritional and health orientation; physical and postural examination; breast cancer and prostate cancer prevention examination; orientation on autism, blindness and women's health. In addition to leisure for kids and also other services requested by the community.

In 2015, over 27 thousand procedures were executed, including: 1,680 health tests and examinations, approximately 1,100 documentation services (Tax ID and ID card, application for "cartão cidadão" and registration and statement of FGTS), and 355 haircuts. In 2015, the event involved over 70 partners, 50 activities and 900 volunteers (300 WEG employees).

PROPONENT: WEG

TARGET: Community in General

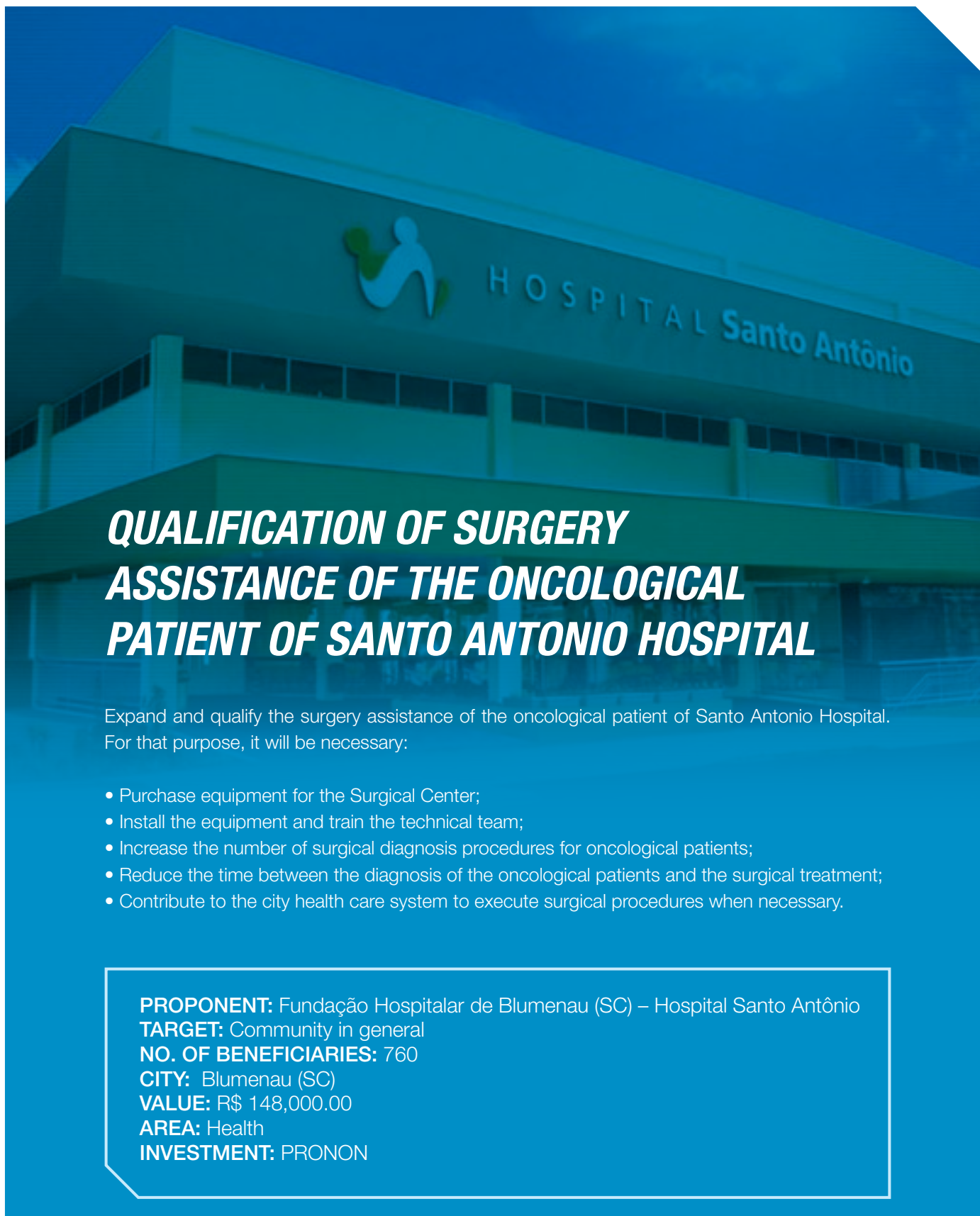
NO. OF BENEFICIARIES: 27,000

CITY: Jaraguá do Sul (SC)

VALUE: R\$ 172,266.00

AREA: Health

INVESTMENT: Own resources



QUALIFICATION OF SURGERY ASSISTANCE OF THE ONCOLOGICAL PATIENT OF SANTO ANTONIO HOSPITAL

Expand and qualify the surgery assistance of the oncological patient of Santo Antonio Hospital. For that purpose, it will be necessary:

- Purchase equipment for the Surgical Center;
- Install the equipment and train the technical team;
- Increase the number of surgical diagnosis procedures for oncological patients;
- Reduce the time between the diagnosis of the oncological patients and the surgical treatment;
- Contribute to the city health care system to execute surgical procedures when necessary.

PROPONENT: Fundação Hospitalar de Blumenau (SC) – Hospital Santo Antônio
TARGET: Community in general
NO. OF BENEFICIARIES: 760
CITY: Blumenau (SC)
VALUE: R\$ 148,000.00
AREA: Health
INVESTMENT: PRONON

INTERNATIONAL HEALTH CAMPAIGN

Pink October:

Campaign to raise the awareness of women and society for the importance of prevention. The campaign intensifies its action in October and its symbol is the pink ribbon.



Atlanta (EUA)



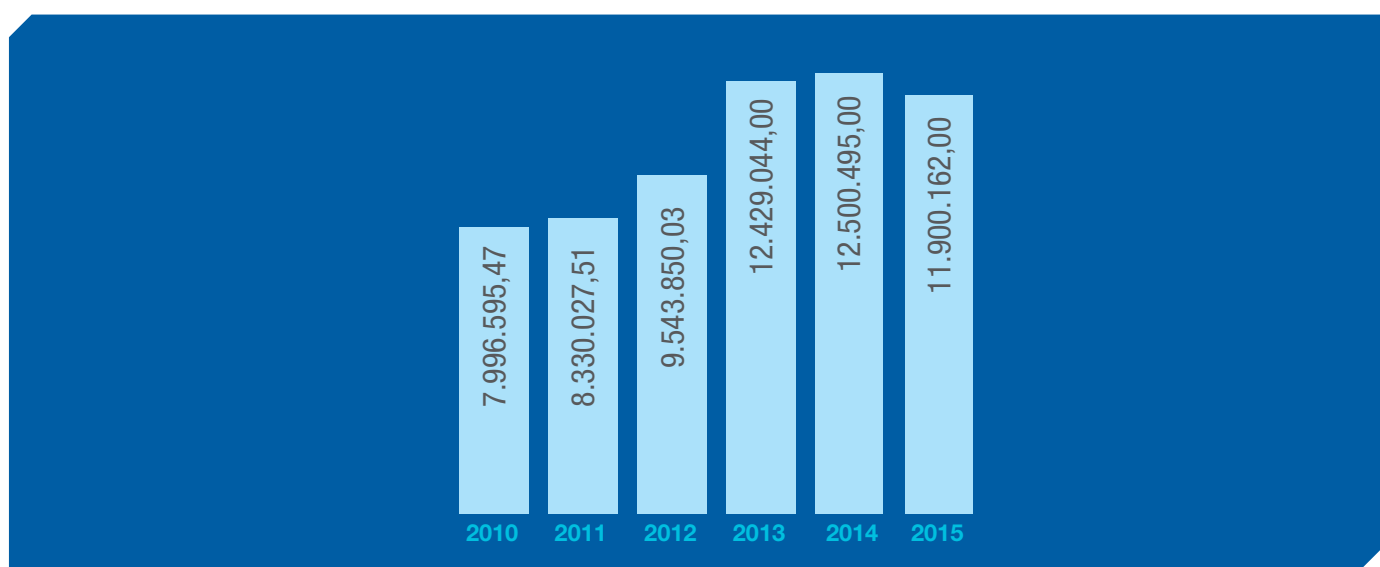
Gravataí (RS)

Blue November:

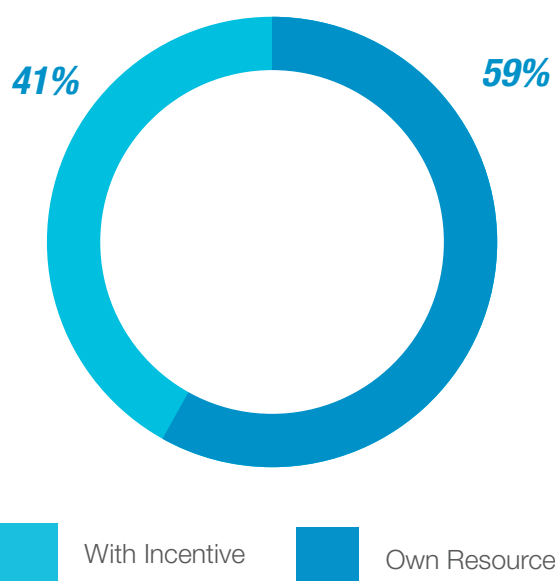
Campaign promoted by several entities, in November, to raise the awareness of society and men for the importance of the prevention and early diagnosis of prostate cancer and other men's illnesses.

WEG SOCIAL INVESTMENT HISTORY

In 2015, the investments in social projects was of nearly R\$ 12 million (R\$11,900,162.00), considering own resources and incentive laws. Those resources were divided into the 15 cities where WEG has operations. See below indicators related to WEG social investments.



ORIGIN OF THE FUNDS

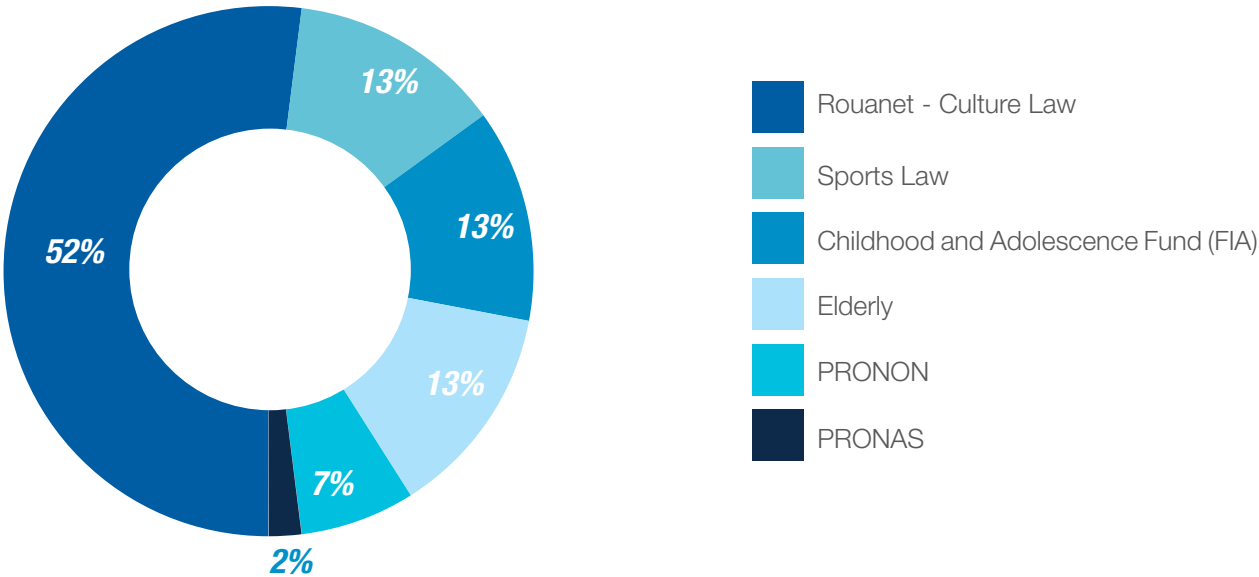


With Incentive

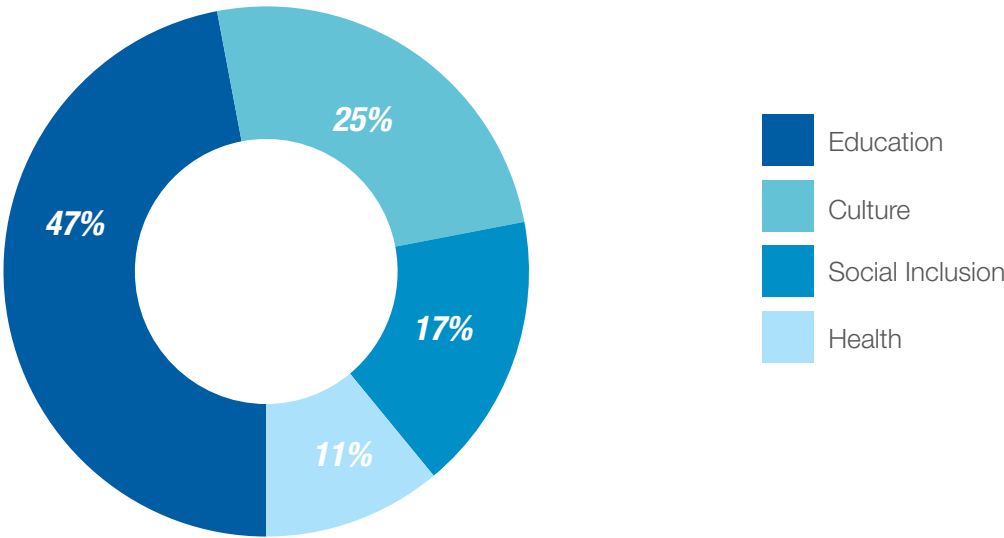


Own Resources

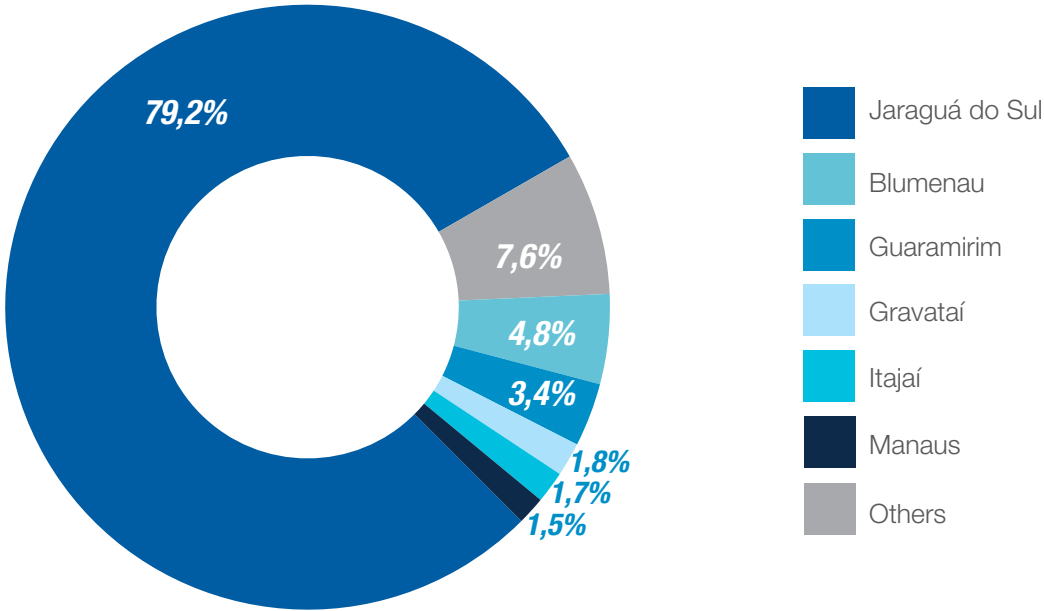
INCENTIVE LAWS



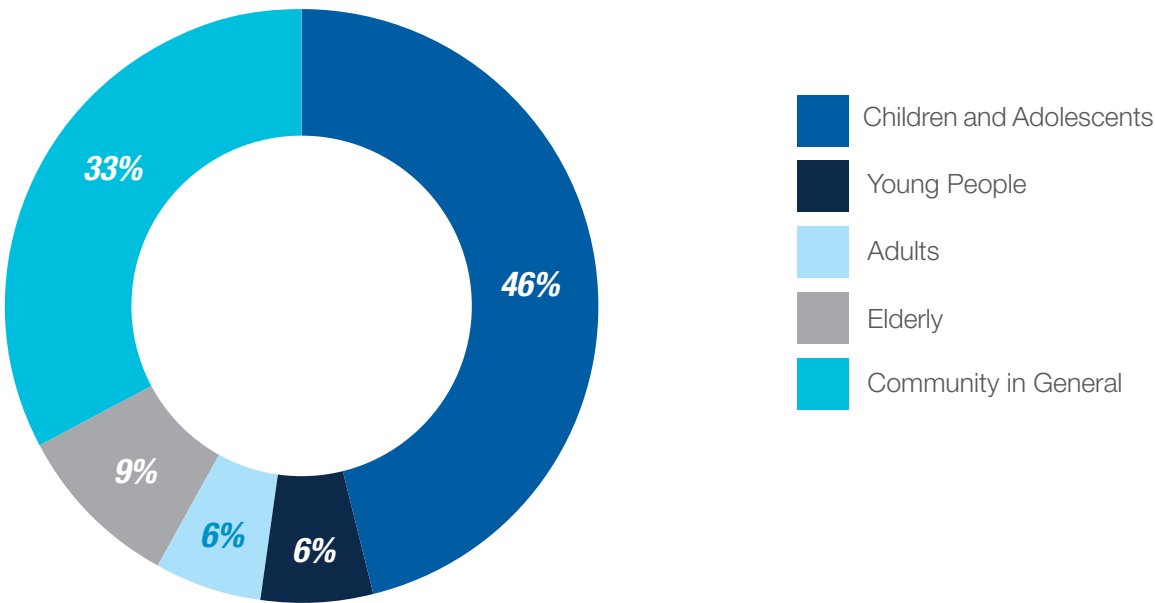
APPLICATION OF RESOURCES BY AREA



INVESTMENT PER CITY



APPLICATION OF PROJECTS BY TARGET





FINANCIAL **STATEMENTS**

December 31, 2015 and 2014



SCENARIO

- The latest projections from the International Monetary Fund released in World Economic Outlook 2015 indicate growth of 3.1% of world output in the year, slightly below the 3.3% observed in 2014. The contribution of developed economies for this growth will be more important with the growth from 1.8% to 2%. On the other hand, the expectation is that emerging economies should expand by 4% on average in 2015, with realignment of growth in China, which seeks to replace exports and investment by domestic consumption motors as its growth. This process has an impact on other emerging economies, good export of commodities, whose prices continued to show a downward trend, which hinders the process of fiscal adjustment and exacerbates the political difficulties in many cases.
- In Brazil, the economic performance was weak again. There was rapid deterioration of the fiscal situation, the inflation and weakening of the exchange rate, resulting in severe recession, with GDP falling close to 4%. The performance of the industrial sector was even worse with the Brazilian industrial production, measured by the IBGE, ending the year down 8.3%. The production of capital goods accumulated consecutive decline for more than 20 months between 2014 and 2015 and ended the year down 25.5%. Although part of this decline can be attributed to low production of heavy vehicles, the environment for the industry is generally unfavorable.

ECONOMIC AND FINANCIAL ASPECTS

OPERATING REVENUE

In 2015 the **Net Operating Revenue (NOR)** consolidated grew 24.5% over the previous year, reaching R\$ 9,760.3 million. If adjusted for acquisitions in the period, the growth would be 21.1%.

Given the business context in which we operate in 2015, the results can be considered positive in all business areas. Highlights in revenue growth were again the areas of **GTD**, with strong growth in Brazil, thanks to the successful launch of the new product for wind energy, and the **motors area for domestic use**, which had strong growth in external markets after the China acquisition also completed in 2014. The area of **industrial electronics equipment** grew close to 10% in the year, with good performance in external markets. Only in the area of **paints and varnishes**, more exposed to the Brazilian industrial sector, we observed slight decrease in net revenue.

We highlight the following aspects in each of these business areas:

- a) Industrial electro-electronic equipment. The consolidated growth of 10.6% in net operating income compared to 2014 was made up of very different performances in domestic and external markets. In Brazil, the fiscal deterioration of the country framework led to withdrawal of tax incentives and credit to the expansion of industrial production. In this context of low investment in capacity expansion and strong decline in industrial production we note that our industrial customers have performed only the necessary investments to maintain capacity.

In external markets we continue to execute our capacity expansion plan. The new units for the production of electric motors in Mexico and China have started to produce and should, over the next few years, continue to expand modularly and gradually adopting the vertical integration system, which will allow us to increase the scope of our supply of goods and services and offer increasingly integrated systems. The market for industrial electronic equipment is highly technical and consolidation of WEG as one of the strongest global brands in this segment is a long-term work, which continued to advance.

b) Energy generation, transmission and distribution (GTD). Showed growth above 60% of net operating revenue over the previous year, with a strong contribution of wind power generation systems, which we will deliver from the end of 2014. This is a new product for WEG, which joins our already traditional products of hydraulic and thermal generation of biomass and complements our offering of energy from renewable sources, which have a prominent position in the Brazilian market. We continue to believe that these energies have a key role in the solution of one of the most serious limiting economic growth in Brazil, as they allow the rapid expansion of electricity supply on competitive and sustainable conditions.

In the transmission and distribution business (T&D), which were showing favorable conditions until recently, we began to notice, from mid-year slowdown in domestic demand, reflecting the slowdown in economic activity and consequent decline in consumption. Our efforts turn, in this case, increasingly to external markets, mainly in the Americas and Africa, where we have very competitive and productive structures.

c) Motors for domestic use. Again this segment showed strong growth in net operating revenue over the previous year to expand 37%. And, just as in 2014, this growth was mainly due to growth in external markets, while the Brazilian market continued to decline, with the removal of incentives for consumption based on credit expansion and the decline in disposable income. The acquisition of Sinya Group / CMM in China was an important step towards the internationalization of this business area, which until then had a regional focus, introducing more a vector of revenue diversification for the WEG. Our product portfolio in this business, ranging from entry-level products to the most technologically sophisticated electric motors market is able to meet the demand of our global customers.

d) Paints and varnishes. This was the business area in which the worse performance of the Brazilian industry caused the negative impact a decline of 2.9% in net operating revenue over the previous year. Management has sought to find new applications and markets to mitigate weak demand in its main markets. Expectations are best in the Argentina market in which we have a prominent position and that it should become more representative in the near future.

DOMESTIC MARKET

In the domestic market, the net operating revenue totaled R\$ 4,227.3 million, growth of 9% over the previous year and representing 43% of total net operating revenues. This growth is particularly noteworthy is considered extremely challenging context in which we operate in Brazil in 2015, with strong economic downturn in industrial production and investment, worsening an environment that was not already positive in 2014. Also important to note that this growth was achieved in practically organic medium without substantial and the successful introduction of new products for wind energy acquisitions, as mentioned previously.

EXTERNAL MARKET

The increase in net operating revenue from the external market was 39.6%, with organic growth, adjusted for acquisitions, of 33.1%. Net operating revenue totaled R\$ 5,533.0 million and accounted for 57% of total net operating revenues because of continuing expansion of stock markets and product lines, which continued to be applied aggressively in 2015.

Another striking fact throughout 2015 was the recovery movement of the US dollar against all other relevant currencies. Thus, although we observed growth in local currencies in virtually all markets, net operating revenue in external markets expressed in average US dollar decreased by 1.8% and reached US\$ 1,654.3 million in 2015. All business areas showed growth revenue in reais in external markets, and in GTD, motors for domestic use, paints, and varnishes these increases were more than 50% over the previous year.

COST OF GOODS SOLD

The Cost of Goods Sold (COGS) of R\$ 6,994.7 million, representing 71.7% of net operating revenue (68.3% in 2014), the gross margin reached 28.3% (31.7% in 2014), down 3.4 points percentage compared to 2014. This decrease in gross margin is explained by the following factors:

- (i)** Adverse conditions in the domestic market, which increases in raw materials costs quoted in US dollars or he referenced, influenced by the devaluation of the Real, are passed at the speed necessary to sales prices in the domestic market;
- (ii)** (ii) The establishment of additional provisions for labor and inventory losses low turnover abroad;
- (iii)** The impact of wind power generation systems, a new product, they still hope to achieve efficiency gains in the production process and, in addition, has lower operating margins than the average because incorporate subsystems that are not manufactured by WEG;
- (iv)** The effect of business revenues recently acquired, such as the Group Sinya / CMM, with effect on the product mix.

We have sought to offset these negative effects while we preserve our competitive capacity in the market. An important part of this effort is the search for improvements in production processes and the introduction of new products, performance and different costs, results of consistency of technological innovation program. These efforts minimize, but are not able to fully offset the negative context in which we operate in Brazil throughout 2015.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The Expenses Selling, General and consolidated Administrative totaled R\$ 1,409.2 million, an increase of 16.8% compared to 2014, and representing 14.4% of net operating revenue in 2015, 1.1 percentage point lower compared to 15.5% of net operating revenue 2014 showing scale increase efforts of productivity and economies.

EBITDA

The EBITDA (earnings before interest, taxes, depreciation and amortization), calculated according to the methodology established by CVM Instruction 527/2012, reached R\$ 1,477.6 million, a 10% increase over the previous year. The EBITDA margin reached 15.1%, 2.1 percentage points below that observed in the previous year.

NET FINANCIAL RESULTS

The net financial result is positive R\$ 145.5 million (R\$ 133.6 million in 2014). The growth in net interest income was due to the combination of better remuneration of liquidity resources and competitive costs obtained in financing lines. Given the large exchange rate volatility and other financial instruments during the year, including those used to hedge our results (currency hedge), financial revenues in 2015 were positive by R\$ 1,345.6 million (positive by R\$ 785.5 million in 2014), while financial expenses were negative by R\$ 1,200.2 million (negative R\$ 651.9 million in 2014).

NET INCOME

As a result of the effects mentioned above, the consolidated net income attributable to shareholders of WEG SA reached R\$ 1,156.1 million, 21.1% above the R\$ 954.7 million recorded in 2014. The return on equity was 22.9% in 2015 (20.9% in 2014) and net margin reached 11.8% (12.2% in 2014).

CAPITALIZATION

The ability to identify and seize investment opportunities with attractive returns to capital is one of the main reasons for the success of a company in the long term. Thus, the WEG business model focuses on financial flexibility, allowing us to take advantage of investment opportunities when they present themselves and that is evidenced by solid capital structure and maintaining preferential access to resources and sources of competitive financing, both to private financial institutions in Brazil and abroad, as with public financing agents such as BNDES and the FINEP.

In 2015, we continue taking advantage of the funding opportunities, extending the profile of our debt on attractive terms. Part of this stretch was done in lines referenced in foreign currency without this implying a significant increase in our exposure to exchange rate or actual cost variations.

On 31 December 2015 the cash and equivalents totaled R\$ 4,813.7 million, invested in first-tier banks and mostly in local currency, while the gross debt totaled R\$ 5,170.7 million, of which 25% in short-term operations and 75% in long-term operations, resulting in net debt of R\$ 357.0 million.

(R\$ Thousands)

	DECEMBER 2015		DECEMBER 2014		DECEMBER 2013	
CASH AND FINANCIAL INVESTMENTS	4.813.700		4.194.224		3.376.029	
- Short term	4.442.278		4.158.203		3.373.293	
- Long term	371.422		36.021		2.736	
FINANCING	5.170.654	100%	4.092.150	100%	3.209.004	100%
- Short term	1.286.071	25%	1.464.954	36%	912.796	28%
- In real	638.990		777.348		462.336	
- In others currencies	647.081		687.606		450.460	
- Long term	3.884.583	75%	2.627.196	64%	2.296.208	72%
- In real	1.751.352		1.703.206		2.048.766	
- In others currencies	2.133.231		923.990		247.442	
Cash (debt) Net	(356.954)		102.074		167.025	

INVESTMENTS

Highlights of the program of investment in fixed assets for expansion and modernization of production capacity were the new production units of electric motors in Mexico and China. At the end of 2015 both units had already begun production will be expanded in a modular fashion over the coming years.

In 2015, we invested R\$ 468.1 million in expansion and modernization of production capacity, with 43% allocated to industrial parks and other facilities in Brazil and 57% for the production units and other subsidiaries abroad. In addition, we have incorporated R\$ 21.6 million in fixed assets resulting from the acquisitions made during the year. This total amount was in line with the initial estimate of investments in fixed assets at the beginning of the year to R\$ 477.0 million, despite adjustments carried out under the program's implementation, particularly in units in Brazil. This is possible by the modular characteristic of capacity increases, always carried out according to effective demand and seeking to maximize the return on capital invested.

INVESTMENTS IN RESEARCH, DEVELOPMENT AND INOVATION (RD&I)

Investments in research, development and innovation (RD&I) totaled R\$ 284.0 million in 2015, remaining at 2.9% of net operating revenue.

The continuous effort of technological development is one of the main reasons for our competitiveness and long-term success and other important pillar of WEG's business model.

In 2015 we were again recognized as one of the 1,000 companies that invest in RD&I in the world, according to Strategy & consulting, repeating the previous year's

performance. Moreover, it has been consistently recognized by FINEP as one of the three highlights in RD&I among the large Brazilian companies.

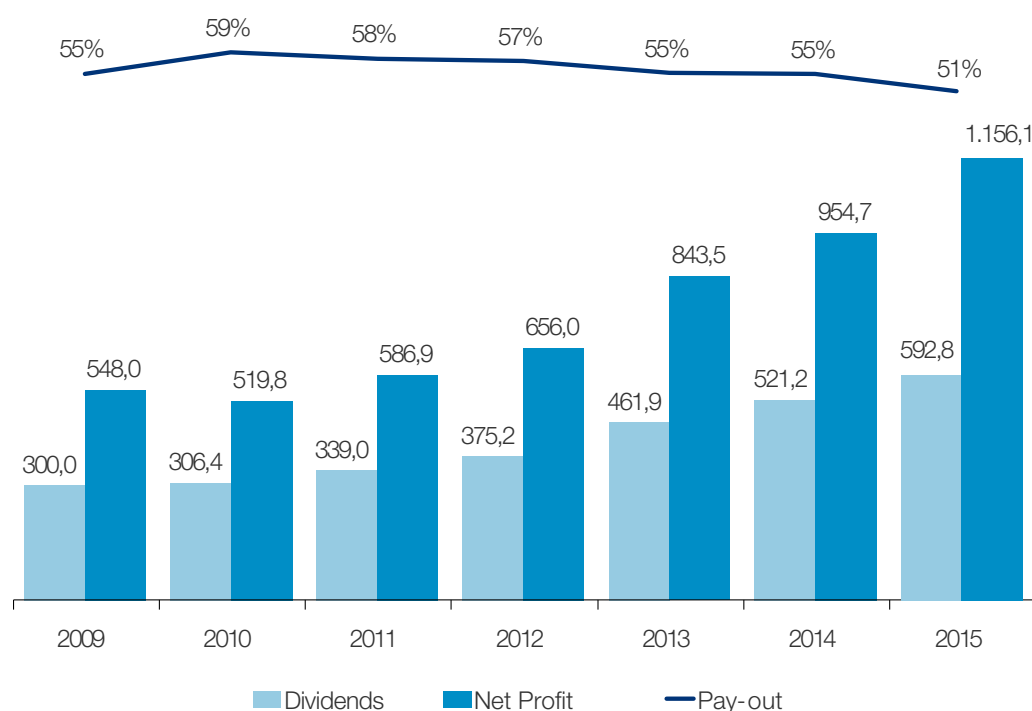
Our RD&I program has a clear focus on the development and rapid introduction into the market of new products, the continuous improvement of products already available, the engineering application and adaptation of products and systems, and the improvement of industrial processes. We believe that many of our solutions provide efficient and effective responses to various competitiveness problems faced by Brazilian industry.

DIVIDENDS

The Board proposes to the Annual General Meeting the allocation of R\$ 592.8 million for payment of dividends and interest on equity, as compensation to shareholders on the 2015 income statement, representing 51.3% of net profit before statutory adjustments.

From 12 August 2015 we carried out the payment of dividends relating to shareholder remuneration that were declared during the first semester of the year (interim dividends), totaling R\$ 280.1 million. The payment of dividends for the second half (complementary) of R\$ 312.7 million, will take place from March 16, 2016.

NET INCOME, DIVIDENDS AND PAY-OUT (%)



HIGHLIGHTS

TRANSFORMADORES SUNTEC ACQUISITION, IN COLOMBIA

On May 7, WEG S.A. announced the acquisition of Transformadores Suntec S.A.S. ("Suntec"), a company founded in 1979 with extensive experience in the manufacture of transformer oil and dry. The company occupies an area of 5,000 square meters and has 140 employees. In 2014, the last year of autonomous operation, Suntec reached revenues of approximately US\$ 18 million.

TSS ACQUISITION OF TRANSFORMERS BUSINESS, IN SOUTH AFRICA

On April 22, WEG S.A. announced the acquisition of the manufacturing of high-voltage transformers business, molded circuit breakers and related services pertaining to TSS Transformers (Pty) Ltd. ("TSS"), a manufacturer based in Heidelberg (Gauteng), South Africa. Established in 1994, initially as a company to provide maintenance services and repair of transformers, the TSS evolved after for the manufacture of power transformers up to 40 MVA - 145 kV, and molded circuit breakers. The company's assets are located close to Johannesburg, in an area of 45,000 square meters.

This is the second acquisition in the transformer market held by WEG in South Africa. In 2013, WEG had already acquired the business of manufacturing transformers belonging to Hawker Siddeley Electric Africa (Pty) Ltd. ("HST"), forming WEG subsidiary Transformers Africa (Pty) Ltd..

AUTRIAL S.L. ACQUISITION, IN SPAIN

On September 17, WEG S.A. announced the acquisition of Autrial S.L., a manufacturer of electrical panels for industrial equipment and plants, headquartered in Valencia, Spain.

Autrial was founded in 1977, and has extensive experience in manufacturing of electrical panels for switch, control and protection of electric motors, distribution panels, panels for generator sets, panels for photovoltaic systems, among others. The manufacturing plant occupies an area of 10,000 square meters, employing around 130 people. Net revenues in 2014 were of approximately €14 million.

WEG SELECTED FOR DOW JONES SUSTAINABILITY INDICES

On September 10, we were selected again to compose the Dow Jones Sustainability Indices (DJSI). The WEGE3 shares continued to integrate the Dow Jones Sustainability Emerging Markets Index portfolio (DJSI-EM) which became effective from September 2015.

DJSI, developed by Dow Jones and the RobecoSAM Group, was the first global index to assess corporate sustainability considering the economic, environmental and social development aspects. In 2015, DJSI considered a universe of 3,400 companies worldwide, including the 800 largest companies in Emerging Markets, among which 82 companies with more sustainable practices were selected. On November 26, we were again selected to join the Corporate Sustainability Index (ISE) of BM&FBOVESPA. The new ISE portfolio is valid from January 2016 to January 2017. The company is the sole representative of the machinery and equipment segment.

The inclusion of WEGE3 shares in the ISE, which has been happening consistently for several years, demonstrates the Company's commitment to good corporate governance, social responsibility and sustainable development. WEG once again authorized the publication of the selection questionnaire responses.

WEG'S SHARES HAVE BEEN INCLUDED IN IBOVESPA AND IBX-50

On January 4, 2016 were announced the new portfolios of the two major stock indices that guide the performance of the stock market in Brazil, the Bovespa Index (Ibovespa) and the IBX-50. The WEGE3 action was selected for the first time, to be part of the portfolios of the two indexes. The selection process considers the liquidity of the shares and their representation to the stock market, evaluating both the trading volume as the amount of transactions made.

OUTLOOK

We face a challenging 2016. Some of our most important markets are undergoing adjustments and the search for alternatives will be even more important for us to maintain continuous and sustainable growth of our activities. Thus, we will continue to execute our WEG strategic planning, expanding our presence in new markets and expanding the product line, both organically by investing in research, development and innovation, as with acquisitions and strategic partnerships. In Brazil, macroeconomic adjustments are expected to put the country back on the road to recovery of economic growth. Meanwhile, we continue to invest in generation, transmission and distribution, particularly with renewable sources.

In 2016, the Company's capital budget provides the following investments:

(R\$ million)	
Investments	2016
Property, plant and equipment (plant expansion/modernization)	455,4
Intangible (software)	14,6
Working capital	162,4
Total of Investments	632,4

These investments will be supported by the use of the Reserve for Capital and resources to be raised with financial institutions in Brazil and abroad.

AUDIT SERVICES

In accordance with the instruction CVM nº 381/03, the Company and its subsidiaries have a formal procedure to consult the independent auditors, KPMG Auditores Independentes (“KPMG”), to ensure that realization the other services will not affect the independence and objectivity required to perform independent audit services. In this sense, the KPMG annually issues a declaration of independence, in accordance with NBC TA 260 of the Federal Accounting Council, in which they state that, as provided by the independence rules adopted by the CVM, there is no relationship between KPMG, its associates and affiliates and the Company that may affect independence. This statement is submitted to the Board of Directors of WEG. The Company’s policy and its subsidiaries for the engagement of independent auditors ensures that there is no conflict of interest, loss of independence or objectivity.

During the year 2015, the KPMG provided in addition to the audit service of the financial statements, specific services, consulting and translation of financial statements into English, as follows:

	(R\$ thousands)	
	2015	
Audit financial statements	1.160,7	87,8%
Legal Advisory	160,7	12,2%
Total	1.321,4	100%

ARBITRATION CHAMBER

The Company is bound to arbitration by the Market Arbitration Chamber, pursuant to the arbitration clause provided for in its articles of incorporation.

Jaraguá do Sul (SC), February, 2016.

The Management

WEG S.A.
BALANCE SHEET

At december 31, 2015 and 2014

In thousands of reais

	Notes	COMPANY		CONSOLIDATED	
		31/12/15	31/12/14	31/12/15	31/12/14
Assets					
Currents assets					
Cash and cash equivalents	4	1,023,357	886,700	3,277,115	3,284,275
Short-term investments	5	-	57,699	1,157,644	865,162
Derivative financial instruments	26	-	-	7,519	8,766
Clients	6	-	-	2,545,927	1,867,864
Inventories	7	-	-	2,009,254	1,704,919
Taxes recoverable	8	17,926	8,948	266,944	159,446
Dividends and interest on equity receivable		113,826	70,577	-	-
Other current assets		-	-	324,941	172,781
		1,155,109	1,023,924	9,589,344	8,063,213
Noncurrent assets					
Short term investment	5	-	-	214	1,047
Derivative financial instruments	26	-	-	371,208	34,974
Judicial deposits	15.d	8,240	3,430	55,810	44,394
Related parties	9	10	-	-	-
Deferred taxes	10	781	557	131,327	55,864
Taxes recoverable	8	-	-	16,640	19,221
Other noncurrent assets		-	-	44,007	6,144
Investments	11	5,046,381	4,147,413	1,379	8,224
Property, plant and equipment	12	4,596	4,713	3,264,898	2,877,942
Intangible assets	13	-	-	786,714	671,607
		5,060,008	4,156,113	4,672,197	3,719,417
Total Assets		6,215,117	5,180,037	14,261,541	11,782,630

The accompanying notes are an integral part of these financial statements.

WEG S.A.
BALANCE SHEET

At december 31, 2015 and 2014

In thousands of reais

	Notes	COMPANY		CONSOLIDADO	
		31/12/15	31/12/14	31/12/15	31/12/14
Liabilities					
Current Liabilities					
Trade accounts payable		-	-	566,796	445,557
Loans and financing	14	-	-	1,284,633	1,462,493
Derivative financial instruments	26	-	-	1,438	2,461
Labor and social charges and tax obligation		21,421	13,331	284,378	237,003
Income and social contribution taxes payable		145	95	28,160	84,714
Dividends and interest on equity capital payable		158,209	104,174	172,484	111,707
Advance from clients		-	-	486,225	590,815
Profit sharing		-	-	143,897	111,173
Payables - subsidiaries abroad		-	-	209,867	86,384
Other current liabilities		1,442	1,193	316,999	246,690
		181,217	118,793	3,494,850	3,379,017
Noncurrent liabilities					
Loans and financing	14	-	-	3,868,335	2,615,049
Derivative financial instruments	26	-	-	16,248	12,147
Tax obligations		-	-	783	9,011
Related parties	9	-	873	-	-
Provisions for contingencies	15	4,520	3,986	339,968	258,849
Deferred taxes	10	-	-	242,696	282,989
Other noncurrent liabilities		-	-	142,601	86,305
		4,520	4,859	4,610,631	3,264,350
Total liabilities		185,737	123,652	8,105,481	6,643,367
Equity					
Company's shareholders					
Paid-in capital	17.a	3,533,973	3,533,973	3,533,973	3,533,973
Capital reserves		(55,888)	(57,298)	(55,888)	(57,298)
Options granted	18	2,474	1,817	2,474	1,817
Treasury stock	17.d	(17,069)	(8,418)	(17,069)	(8,418)
Profit Reserves		1,299,868	678,665	1,299,868	678,665
Equity valuation adjustments		493,106	548,750	493,106	548,750
Other comprehensive incomes		642,362	191,402	642,362	191,402
Additional proposed dividends		130,554	167,494	130,554	167,494
		6,029,380	5,056,385	6,029,380	5,056,385
Non-controlling shareholders		-	-	126,680	82,878
Total Equity		6,029,380	5,056,385	6,156,060	5,139,263
Total Liabilities and Equity		6,215,117	5,180,037	14,261,541	11,782,630

The accompanying notes are an integral part of these financial statements.

WEG S.A.
INCOME STATEMENT

Years ended December 31, 2015 and 2014

In thousands of reais, except when indicated otherwise

	Notes	COMPANY		CONSOLIDATED	
		31/12/15	31/12/14	31/12/15	31/12/14
Net revenue	19	-	-	9,760,323	7,840,757
Cost of goods and services sold	21	-	-	(6,994,735)	(5,356,260)
Gross profit		-	-	2,765,588	2,484,497
Selling expenses	21	-	-	(950,252)	(820,471)
Administrative expenses	21	(1,658)	(1,317)	(436,759)	(356,964)
Management fees	9	(2,225)	(1,915)	(22,194)	(20,148)
Other operation results	22	(3,978)	(3,892)	(198,138)	(183,562)
Equity pickup	11	1,065,058	876,188	-	-
Income before financial results		1,057,197	876,848	1,158,245	1,094,352
Financial income	23	99,855	81,543	1,345,633	785,503
Financial expenses	23	(209)	(134)	(1,200,150)	(651,926)
Income before taxes		1,156,843	958,257	1,303,728	1,227,929
Current taxes	24	(1,003)	(1,111)	(234,116)	(271,583)
Deferred taxes	24	225	(2,420)	96,198	5,970
Net income for the year		1,156,065	954,726	1,165,810	962,316
Attributable to:					
Company shareholders				1,156,065	954,726
Non-controlling shareholders				9,745	7,590
Earnings per share attributable to company shareholders					
Earnings basic per share (in R\$)				0.71669	0.59183
Earnings diluted per share (in R\$)				0.71615	0.59137

The accompanying notes are an integral part of these financial statements.

WEG S.A.**STATEMENT OF COMPREHENSIVE INCOME**

Years ended December 31, 2015 and 2014

In thousands of reais

	Notas	COMPANY		CONSOLIDATED	
		31/12/15	31/12/14	31/12/15	31/12/14
Net income		1,156,065	954,726	1,165,810	962,316
Hedge accounting	30	5,774	-	5,774	-
Cumulative translation adjustments Currency conversion	30	445,186	60,636	459,681	60,348
Total of comprehensive income attributable to:		1,607,025	1,015,362	1,631,265	1,022,664
Company shareholders				1,607,025	1,015,362
Non-controlling shareholders				24,240	7,302

The accompanying notes are an integral part of these financial statements.

WEG S.A.

STATEMENT OF CHANGES IN
SHAREHOLDERS 'EQUITY

Years ended December 31, 2015 and 2014

In thousands of reais

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Capital	Capital reserve		Stock option plan	Treasury stock	Income reserve		Equity valuation adjustment	Proposed additional dividends	Retained earnings	Other comprehensive income		Equity		
		Goodwill reserve	Revaluation reserve of assets of subsidiaries			Legal reserve	Capital Bugde reserve	Deemed cost			Translation adjustment	Hedge Accounting	Company's shareholders	Non-controlling shareholders	Total
At January 1, 2014	2,718,440	(59,049)	3,712	1,325	(9,522)	74,972	940,453	593,501	163,174	-	130,766	-	4,557,772	84,495	4,642,267
Dividends paid	-	-	-	-	-	-	-	-	(163,174)	-	-	-	(163,174)	-	(163,174)
Treasury stock	-	792	-	-	1,104	-	-	-	-	-	-	-	1,896	-	1,896
Capital transactions	-	(2,699)	-	-	-	-	-	-	-	-	-	-	(2,699)	(6,708)	(9,407)
Pricing of options granted (Note 18)	-	-	-	492	-	-	-	-	-	(206)	-	-	286	-	286
Realization of revaluation reserves	-	-	(53)	-	-	-	-	-	-	53	-	-	-	-	-
Reversal of dividends of previous years	-	-	-	-	-	-	-	-	-	608	-	-	608	-	608
Capital Increase	815,533	-	-	-	-	(74,972)	(740,560)	-	-	-	-	-	-	-	-
Equity valuation adjustment:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated translation adjustments:	-	-	-	-	-	-	-	-	-	-	60,636	-	60,636	(288)	60,348
Realization of deemed cost net of taxes	-	-	-	-	-	-	-	(44,751)	-	44,751	-	-	-	-	-
Net income for the year	-	-	-	-	-	-	-	-	-	954,726	-	-	954,726	7,590	962,316
Proposed allocations:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve (Note 17.c)	-	-	-	-	-	47,736	-	-	-	(47,736)	-	-	-	-	-
Dividends (Note 17.b)	-	-	-	-	-	-	-	-	167,494	(292,829)	-	-	(125,335)	(1,495)	(126,830)
Interest on equity (Note 17.b)	-	-	-	-	-	-	-	-	-	(228,331)	-	-	(228,331)	(716)	(229,047)
Capital budget reserve	-	-	-	-	-	-	431,036	-	-	(431,036)	-	-	-	-	-
At december 31, 2014	3,533,973	(60,956)	3,658	1,817	(8,418)	47,736	630,929	548,750	167,494	-	191,402	-	5,056,385	82,878	5,139,263
Dividends paid	-	-	-	-	-	-	-	-	(167,494)	-	-	-	(167,494)	-	(163,494)
Treasury shares sold	-	1,438	-	-	1,572	-	-	-	-	-	-	-	3,010	-	3,010
Treasury shares acquired	-	-	-	-	(10,223)	-	-	-	-	-	-	-	(10,223)	-	(10,223)
Pricing of options granted (Note 18)	-	-	-	657	-	-	-	-	-	(628)	-	-	29	-	29
Capital transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	21,267	21,267
Realization of revaluation reserves	-	-	(28)	-	-	-	-	-	-	28	-	-	-	-	-
Reversal of dividends of previous years	-	-	-	-	-	-	-	-	-	565	-	-	565	-	565
Equity valuation adjustment:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deemed Cost Net of Taxes	-	-	-	-	-	-	-	2,296	-	-	-	-	2,296	-	2,296
Realization of Deemed Cost Net Taxes	-	-	-	-	-	-	-	(57,940)	-	57,940	-	-	-	-	-
Accumulated translation adjustments:	-	-	-	-	-	-	-	-	-	-	445,186	-	445,186	14,495	459,681
Hedge Accounting - Cash Flow	-	-	-	-	-	-	-	-	-	-	-	5,774	5,774	-	5,774
Net income for the year	-	-	-	-	-	-	-	-	-	1,156,065	-	-	1,156,065	9,745	1,165,810
Proposed allocations:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve (Note 17.c)	-	-	-	-	-	57,803	-	-	-	(57,803)	-	-	-	-	-
Dividends (Note 17.b)	-	-	-	-	-	-	-	-	130,554	(264,458)	-	-	(133,904)	(1,705)	(135,609)
Interest on equity (Note 17.b)	-	-	-	-	-	-	-	-	-	(328,309)	-	-	(328,309)	-	(328,309)
Capital budget reserve	-	-	-	-	-	-	563,400	-	-	(563,400)	-	-	-	-	-
At december 31, 2015	3,533,973	(59,518)	3,658	1,817	(17,069)	105,539	1,194,329	493,106	130,554	-	636,588	5,774	6,029,380	126,680	6,156,060

The accompanying notes are an integral part of these financial statements.

WEG S.A.**STATEMENT OF CASH FLOWS - INDIRECT METHOD**

Years ended December 31, 2015 and 2014

In thousands of reals

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
Operating activities				
Income before taxes	1,156,843	958,257	1,303,728	1,227,929
Depreciation and amortization	117	117	319,358	250,477
Stock option plan expenses	1,215	919	1,215	919
Equity pickup	(1,065,058)	(876,188)	-	-
Provision for risk credits	-	-	16,203	11,723
Provision for tax, civil and labor liabilities	-	-	81,119	23,515
Provision for inventories losses	-	-	48,884	5,537
Provision for product warranty	-	-	19,187	23,577
Write off for noncurrent assets	-	-	5,655	2,541
Provision for interest on loan and financing	-	-	149,774	146,296
Employees profit sharing	-	-	194,959	168,138
	93,117	83,105	2,140,082	1,860,652
Decrease (Increase) in accounts receivable	(26,672)	(9,353)	(651,516)	(155,402)
Decrease (Increase) in inventories	-	-	(67,035)	(227,238)
Increase (decrease) in accounts payable	5,772	(5,628)	(23,697)	129,357
Increase (decrease) in other accounts payable	2,229	1,765	44,477	54,013
Income and social contribution taxes paid	(954)	(1,032)	(298,415)	(290,872)
Payment of employees' profit sharing	-	-	(161,454)	(154,518)
Net cash flow from operating activities	73,492	68,857	982,442	1,215,992
Investing activities				
Goodwill in capital transactions	-	-	-	(2,699)
Acquisition of property, plant and equipment	-	-	(468,146)	(427,652)
Acquisition of intangible assets	-	-	(38,922)	(40,943)
Acquisition of subsidiary	-	-	(129,678)	(136,523)
Cash acquired of subsidiary	-	-	6,260	14,922
Acquisition of noncontrolling	-	-	-	(5,947)
Financial investments	57,699	(57,699)	(291,650)	(863,979)
Receiving of property, plant and equipment	-	-	18,170	12,355
Receiving of dividends/interest on equity	540,755	469,092	-	-
Net cash flow (applied in) from investing activities	598,454	411,393	(903,966)	(1,450,466)
Financing activities				
Loans and financing obtained	-	-	2,598,115	1,459,291
Payment of loans and financing	-	-	(1,961,274)	(677,016)
Interest paid on loan and financing	-	-	(265,876)	(185,807)
Treasury stock	(8,651)	1,104	(8,651)	1,104
Dividends/interest on equity paid	(526,638)	(465,560)	(519,895)	(459,516)
Net cash flow applied in (from) financing activities	(535,289)	(464,456)	(157,581)	138,056
Cash and equivalents at January 1°	-	-	71,945	8,563
Increase (decrease) net cash and cash equivalent	136,657	15,794	(7,160)	(87,855)
Cash and equivalents at January 1°	886,700	870,906	3,284,275	3,372,130
Cash and cash equivalents at December 31	1,023,357	886,700	3,277,115	3,284,275

The accompanying notes are an integral part of these financial statements.

WEG S.A.**STATEMENT OF CASH FLOWS - INDIRECT METHOD**

Years ended December 31, 2015 and 2014

In thousands of reals

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
Revenues	-	-	10,998,900	9,007,703
Sale of goods, products and services	-	-	10,963,589	9,016,759
Other revenues	-	-	51,514	5,399
Provision for losses on trade receivables	-	-	(16,203)	(14,455)
Inputs acquired from third parties	(2,199)	5,266	(6,317,427)	(4,934,805)
Material, energy, third party services and other	(446)	(392)	(6,282,110)	(4,928,949)
Others	(1,753)	5,658	(35,317)	(5,856)
Gross value added	(2,199)	5,266	4,681,473	4,072,898
Depreciation, amortization and depletion	(117)	(117)	(319,358)	(250,477)
Net value added generated by the entity	(2,316)	5,149	4,362,115	3,822,421
Value added received in transfers	1,164,913	957,731	1,345,633	785,503
Equity pickup	1,065,058	876,188	-	-
Financial income	99,855	81,543	1,345,633	785,503
Total value added to be distributed	1,162,597	962,880	5,707,748	4,607,924
Distribution of value added	1,162,597	962,880	5,707,748	4,607,924
Personel	4,990	4,026	2,050,734	1,743,761
Direct remuneration	4,815	3,878	1,775,473	1,504,548
Benefits	71	71	197,526	166,736
F.G.T.S.	104	77	77,735	72,477
Taxes, charges and contributions	1,340	4,004	1,251,098	1,213,743
Federal	1,340	4,004	1,152,138	1,097,306
State	-	-	88,138	106,178
Municipal	-	-	10,822	10,259
Remuneration of third party capital	202	124	1,240,106	688,104
Interest	202	124	1,197,468	649,430
Rents	-	-	42,638	38,674
Remuneration of own capital	1,156,065	954,726	1,165,810	962,316
Dividends	264,458	292,829	264,458	292,829
Interest on equity	328,309	228,331	328,309	228,331
Retained profit for the year	563,298	433,566	563,298	433,566
Retained profit for the year – non controlling	-	-	9,745	7,590

The Statement of Value added is not part of the consolidated IFRS financial statements.

The accompanying notes are an integral part of these financial statements.

WEG S.A.

NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

(Amounts in thousands of Reais, except otherwise stated)

1. COMPANY INFORMATION

WEG S.A. ("Company") is a publicly-held limited liability corporation headquartered at Avenida Prefeito Waldemar Grubba, 3300, in Jaraguá do Sul (SC), Brazil, holding company comprising the WEG Group ("Group"), whose main activity is the production and trade of capital goods such as electric motors, generators and transformers; gear units and geared motors; frequency converters; motor starters and maneuver devices (circuit breakers); control and protection of electric circuits and industrial automation; electric traction solutions (land and sea); solutions for the generation of renewable and distributed energy, exploring all opportunities in small hydro, thermal biomass, wind and solar energy powerplants; no-breaks and alternators for groups of generators; electric substations; industrial electrical and electronic equipment systems; and industrial paint & varnish. **The operations are performed through manufacturing facilities located in Brazil, Argentina, Colombia, Mexico, United States, Portugal, Austria, Germany, South Africa, India, and China.**

The Company has shares traded on BM&F Bovespa under the code "WEGE3" and has been listed since June 2007 in the special segment of corporate governance called Novo Mercado.

The Company has American Depositary Receipts (ADRs) - Level 1 that are traded on the over-the-counter (OTC) market in the United States under the symbol WEGZY.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The consolidated and company interim financial statements (“interim financial statements”) have been prepared taking into consideration all the Company’s significant information prepared in accordance with the International Financial Reporting Standards - “IFRS”, which have been implemented in Brazil by the Committee for Accounting Pronouncements (“CPC”), approved by the Brazilian Securities and Exchange Commission (“CVM”) and the Brazilian Federal Accounting Council (“CFC”).

The Technical Pronouncements Review 7 (approved in December 2014) amended CPC 35, CPC 37 and CPC 18 and permitted the use of share of profit of equity-accounted investees in the individual Financial Statements in IFRS, thus eliminating the difference between BR GAAP and IFRS.

The financial statements have been prepared on the historical cost basis, except for the assessment at fair value of certain assets and liabilities and adjusted, when required by the standard.

Authorization to issue this Financial Statement was granted at the executive board’s meeting held on February 05, 2016.

2.1 CONSOLIDATION BASIS

The financial statements consolidated are prepared in the same reporting period as the parent company, using consistent accounting policies, and are represented by the financial statements of the subsidiaries.

Are eliminated all balances, revenues, expenses, gains and unrealized losses, arising from transactions between Group companies included in the consolidation.

A change in interest equity on a subsidiary that does not result in loss of control is accounted for a transaction between shareholders under equity.

The profit and loss for the year and comprehensive

income are attributed to the company’s shareholders and the non-controlling shareholders of consolidated companies. Losses are attributed to noncontrolling interest, even if these result in negative balance.

The subsidiaries that compose the consolidated financial statements are presented in Note 11.

2.2 BUSINESS COMBINATION

Upon acquiring a business, the Company assesses financial assets and liabilities assumed so as to classify them and allocate them in accordance with contractual terms, economical circumstances and relevant conditions within no longer than one year from acquisition date. In the event of a business combination in stages, fair value on acquisition date of interests previously held in the acquired company's capital is reassessed at fair value on the acquisition date, and any impacts are recognized in income statements.

Goodwill is initially measured as transferred payment exceeding amount in relation to acquired net assets (identifiable net assets acquired and liabilities assumed). If payment is lower than fair value of acquired net assets, difference should be recognized as gain in income statements.

After initial recognition, goodwill is measured at cost, net of any accumulated impairment losses. For impairment test purposes, goodwill acquired in a business combination is, as from acquisition date, allocated to each Company's cash generating unit, which are expected to benefit from such combination synergy, regardless of other assets or liabilities of the acquired company being attributed to these units.

When goodwill is part of a cash generating unit and a portion thereof is disposed of, goodwill related to the portion sold is to be included in the cost of operations upon computing gains or losses from disposal. Goodwill of this transaction is computed based on amounts proportional to the portion sold in relation to the cash generation unit.

In the individual financial statements of the parent company financial information of subsidiaries are recognized under the equity accounting method.

2.3 FOREIGN CURRENCY TRANSLATION

a) Functional currency of companies of the Group

Consolidated financial statements are presented in reais (R\$), which is the functional currency of the Company and its subsidiaries located in Brazil.

The functional currency of the foreign subsidiaries is determined based on the primary economic environment in which it operates, and when the currency differs from the financial statements currency and presentation, this shall be translated into reais (R\$) on the date of the financial statements.

b) Transactions and balances

Transactions in foreign currencies are initially recorded based on the functional exchange rate effective at the date of the transaction. Monetary assets and liabilities stated in foreign currency are then retranslated at the functional currency exchange rate in force as of balance sheet date. All currency translation differences are recognized in P&L. Nonmonetary items are measured at historical cost in foreign currency are translated into foreign currency by using the exchange rate prevailing on dates of initial transactions. Nonmonetary items that are measured at fair value in a foreign currency are translated using the exchange rates prevailing upon the fair value determination.

c) Translation of balances of the Group's company overseas

Assets and liabilities of foreign subsidiaries are translated into reais by the exchange rate effective on the date of financial statements, and the corresponding financial statements are translated by the monthly average exchange rate. Exchange rate differences resulting from such translation shall be individually accounted for in equity. Whereupon the sale of a subsidiary abroad, the cumulative deferred value recognized in equity, related to this subsidiary abroad, shall be recognized in the income statement.

2.4 CASH AND CASH EQUIVALENTS

Include cash, credit balances in current accounts, investments redeemable in the short term, which are registered at cost plus interest earned up to the year closing date, in accordance with rates agreed with financial institutions and do not exceed its market or realization value.

2.5 SHORT-TERM INVESTMENTS

Are investments classified as held to maturity, which are recorded at cost values plus income earned up to the date of the balance sheet, according to the rates agreed with financial institutions and do not exceed the market value and achievement.

2.6 CUSTOMERS

Correspond to trade accounts receivable for the sale of goods or rendering of services in the normal course of activities, presented at present and realization value. Allowance for doubtful accounts is calculated based on credit risk analysis, which considers the percentage trade acceptance bill, market liquidity and the credit level, being sufficient to cover losses on amounts receivable.

2.7 INVENTORIES

Inventories are evaluated and stated at average acquisition or production cost, considering the present value, when applicable. The Company and its subsidiaries inventory costing is carried out by means of absorption, by using the weighted moving average.

Provisions for (i) realization; (ii) slow-moving; and (iii) obsolete inventories are recognized in accordance with Company policy. Imports in transit are stated at accumulated cost of each import.

2.8 PROPERTY, PLANT AND EQUIPMENT

The fixed assets are stated at cost of acquisition and / or construction, less depreciation, except for land, which is not depreciated.

Expenses with repair and maintenance that do not increase the useful life of assets are recognized as expenses, when incurred. Gains and losses from disposals are assessed by comparing the sale's product with the net book value and are recognized in the income statement.

Depreciation is calculated by the straight line method considers the asset's useful life, and reviewed periodically with the purpose of adjusting depreciation rates in according to the necessity.

The accounting values of fixed assets are reviewed at each balance date to determine if there is indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

2.9 INTANGIBLE ASSETS

These are assessed at acquisition cost, deducted of amortization. Intangible assets with finite useful lives are amortized based on the estimated period for the generation of future economic benefits. Goodwill based on estimated future profitability, has no defined useful lives, was amortized up to December 31, 2008. As of 2009, goodwill is subject to impairment test annually or whenever there are indications of loss of economic value.

2.10 RESEARCH, DEVELOPMENT AND INNOVATION

Expenditures on research, development and innovation undertaken with the opportunity to gain knowledge, scientific and technological understanding and care projects customized products activities are recognized in income as incurred.

2.11 PROVISION FOR CONTINGENCIES

Provisions are recognized when the Company and its subsidiaries have a current obligation arising from past events, with probable need for an outflow of resources to offset the obligation and allowing for the amount to be reliably estimated. Provision are periodically reviewed according to their nature and based on the opinion of the Company legal counselors.

2.12 PROVISION FOR WARRANTY

The provision for warranties is recognized when the goods or services to which they relate are sold on the basis of historical data and warranty periods.

2.13 PROFIT SHARING

The Company and its subsidiaries record a provision for profit sharing to employees and directors based on programs that establish operational goals annually and approved by the Board of Directors. The amount is recognized in the income statement in accordance with the achievement of goals.

2.14 DIVIDENDS AND INTEREST ON EQUITY

Dividends and interest on equity capital allocated to dividends are recognized as a liability based on minimum dividends defined by the Company's articles of incorporation. Any amount exceeding the minimum mandatory is only recognized as a liability upon the shareholder's approval in a Board and ad referendum of the Annual General Meeting.

Dividends proposed to the Board of Directors remain recorded in equity under the heading of additional dividends.

2.15 ADJUSTMENT TO PRESENT VALUE

The assets and liabilities when relevant, were adjusted to present value based on market discount rate (CDI - Interbank Deposit Certificate). The measurement of the present value adjustment was performed on an exponential basis pro rata basis, from the origin of each transaction.

2.16 BENEFIT PLAN

The Company and its subsidiaries sponsors a pension plan that provides benefits to risks and benefit of scheduled term. The benefits of risk (disability , death pension , sickness and death benefit) are structured in the form of defined benefit and funded entirely by the Sponsor , the financial arrangements split. The benefit of scheduled term (monthly life annuity reversible and permanent financial monthly income) are structured according to the Variable Contribution and funded by the Participants and the Sponsor, the financial scheme Financial Capitalization Actuarial liabilities to the plan of benefits are established and recorded based on actuarial calculations prepared periodically by independent actuaries, being covered by collateral assets of the benefit plan . The actuarial calculations are made using actuarial, financial and economic assumptions such as mortality table mortality table invalid, annual real rate of interest and historical event data, death, disability and disease, occurring in prior periods for calculation of corresponding costs.

2.17 FINANCIAL INSTRUMENTS

The main financial instruments of the Company and its subsidiaries include:

a) Cash and cash equivalents: Presented at market value, equivalent to its book value;

b) Short-term investments: The market value is reflected in the amounts recorded in the balance sheets.

Short-term investments are classified as intended for trading.

c) Loans and financing: The main purpose of this financial instrument is to generate resources to finance the Company and its subsidiaries expansion programs and supply cash flows' needs in a short term:

- Financings and loans in local currency – are classified as financial liabilities non-measured at fair value and accounted for at their restated amounts pursuant to the fees agreed upon. Market values of said loans are equivalent to their book value, for being financial instruments with particular characteristics from specific financing sources.

- Financings and loans in foreign currency – are loans contracted to support working capital of commercial operations in Brazil and in subsidiaries abroad and are restated pursuant to fees agreed upon.

d) Derivative:

- Transactions with Non Deliverable Forwards (NDFs) and SWAP - recognized at fair value in assets and / or liabilities with the offset in the financial result in the income statement.

- Hedge accounting - aims to protect against risk of exchange rate variation. Are recognized at fair value in assets / liabilities, and its effective result recognized in equity, while the ineffective portion in the income statement. The amount recorded in equity is immediately transferred to the income statement when the hedged transaction affects profit or loss.

2.18 TREASURY STOCK

These are recognized at cost and deducted of equity. No gains or losses are recognized in P&L on purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the book value and the consideration received is recognized in other capital reserves.

2.19 STOCK OPTION PLAN

The company grants stock options to the Company's executive officers, which only exercise after vesting period. The options are measured at fair value based on the granting date by using the Black-Scholes-Merton pricing model and are recognized as expenses under the other results accounts in the income statement for the year matched against capital reserve in Equity to the extent that the deadlines for the exercise of call option periods are realized.

Changes and reversals subsequent to calculation of acquisition are performed only upon: (i) decrease in the price of options granted for the year; (ii) decrease in number of options that are expected to be granted.

2.20 GOVERNMENT GRANTS AND ASSISTANCE

The government grants are recognized when there is reasonable assurance that the benefit will be received and the corresponding conditions were met. When the benefit refers to expense item, it will be recorded in income in equal amounts throughout the expected useful life of the corresponding benefit, on a systematic basis in relation to cost of which the benefit intends to settle. When the benefit refers to assets, it is recognized as deferred income and recorded in income in equal amounts over the expected useful life of the corresponding asset. When the Company and its subsidiaries receives non-monetary benefits, the relevant item and the benefit are recorded at par value and reflected in the income statement over the expected useful life of the asset in equal annual installments.

2.21 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will be generated in favor of the Company and its subsidiaries. Is measured at the fair value of the consideration received, excluding deductions, rebates and taxes or duties on sales.

Revenue from the sale of goods is recognized in income statements when all inherent risks and rewards have been transferred to the buyer. The revenue of services is recognized in income based on its realization.

2.22 CONSTRUCTIONS CONTRACTS

When the results of a construction contract is estimated reliably, revenue and costs are recognized based on the stage of completion at the end of the period, measured according to the proportion of costs incurred in relation to the estimated total contract costs.

2.23 TAXES

a) Income and social contribution taxes - current and deferred

Income and social contribution taxes of the Company and subsidiaries in Brazil are calculated at 25% and 9% rates, respectively, and consider the offsetting of tax loss and negative basis limited to 30% of taxable income, except for subsidiaries established abroad, which comply with tax rates valid in the respective country.

Deferred tax is recognized in respect of temporary differences between the book values of assets and liabilities for financial statement purposes and the corresponding amounts used for taxation purposes.

b) Other taxes

Revenues, expenses and assets are recognized net of sales taxes, except taxes on purchases of goods or services are not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or item expense, as appropriate.

2.24 SEGMENT INFORMATION

The management defined the operational and geographical segments of the Company and its subsidiaries based on the reports used internally for strategic business decision-making. The Company's management is structured and aligned with information of the operations considering the industrial, energy, foreign and consolidated segments.

2.25 STATEMENT OF VALUE ADDED

The Company and its subsidiaries prepares the statements of value added, as required by Brazilian law as part of their individual financial statements and supplementary information to the consolidated financial statements.

This statement aims to disclose the wealth created by the Company and its subsidiaries distribution in the period. The first part represented by revenues (gross sales revenue, including taxes incident it took thereon and other revenue net of allowance for doubtful accounts), inputs acquired from third parties (cost of sales and purchases of materials, energy and outsourced services, including taxes levied at the time of acquisition, the effects of loss and recovery of assets, depreciation and amortization) and the amount received from third parties (equity income, interest income and other income). The second part represented by the distribution of wealth among personnel, taxes, fees and contributions, interest on third-party capital and pay equity.

2.26 NEW PRONOUNCEMENTS THAT ARE NOT YET IN FORCE

A series of new standards or amendments to standards and interpretations are effective for annual periods beginning from January 1, 2016. The Company is evaluating the effects of these standards and interpretations may have on the financial statements and its disclosures, namely:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- Agriculture: Property, Plant and Equipment (amendments CPC 27 / IAS 16 e CPC 29 / IAS 41).

The Accounting Pronouncements Committee has not yet issued accounting pronouncement or changes in existing pronouncements corresponding to all new IFRS. Therefore, the early adoption of these IFRS is not permitted for entities that publish their financial statements in accordance with accounting practices adopted in Brazil.

3. ACCOUNTING ESTIMATES

The financial statements include the use of estimates that took into consideration the Management's assessments and judgments, past and current event experiences, assumptions related to future events and other objective and subjective factors. The significant items subject to those estimates are:

- a) credit risk analysis for the determination of the allowance for doubtful accounts;**
- b) review of the economic useful life of property, plant and equipment, and its recovery in operations;**
- c) fair value measurement of financial instruments;**
- d) commitments to employee benefit plan;**
- e) transactions with stock call option plan;**
- f) deferred income and social contribution taxes; and**
- g) provisions for contingencies.**

The settlement of transactions involving those estimates may lead to amounts significantly different from those recorded in the financial statements due to the inaccuracies inherent in the estimate process. The aforementioned estimates and assumptions are periodically reviewed.

4. CASH AND CASH EQUIVALENTS

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
a) Cash and banks	29	24	477,710	302,346
b) Interest-earning bank deposits	1,023,328	886,676	2,799,405	2,981,929
In local currency:	1,023,328	886,676	2,694,786	2,916,630
Bank Deposit Certificate(CDB), Repurchase Operation	1,023,328	886,676	2,694,786	2,916,630
In foreign currency:	-	-	104,619	65,299
Certificates of Deposits Abroad	-	-	84,299	47,868
Other investments abroad	-	-	20,320	17,431
TOTAL	1,023,357	886,700	3,277,115	3,284,275

Investments in Brazil:

Are remunerated at rates ranging between of 100.0% to 105.0% of CDI (100.0% e 105,3% of CDI at December 31, 2014).

Investments abroad:

	Interest rate	Amounts in the original currency	CONSOLIDATED	
			31/12/15	31/12/14
In Euros	0,001 % a.a	3,221	13,693	5,410
In US Dollars	0,20% to 0,25% a.a.	1,079	4,212	18,102
In Argentine Pesos	25,00% to 33,00% a.a.	186,120	56,010	14,648
In Rand (South Africa)	0,25% to 5,25% a.a.	41,372	10,384	9,708
In other currencies	0,80% to 6,30% a.a.	Sundry	20,320	17,431
TOTAL			104,619	65,299

5. FINANCIAL INVESTMENTS

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
Bank Deposit Certificate(CDB) and Repurchase Operations	-	57,699	1,157,644	865,162
Other	-	-	214	1,047
TOTAL	-	57,699	1,157,858	866,209
Current assets	-	57,699	1,157,644	865,162
Non-current assets	-	-	214	1,047

Financial investments are remunerated at rates ranging between 9.1% to 15.97% p.a. (9.0% to 11.30% p.a. 31, 2014).

6. TRADE RECEIVABLES

	CONSOLIDATED	
	31/12/14	31/12/13
a) Breakdown of balances:		
Domestic market	986,990	833,903
External market	921,931	856,826
SUBTOTAL	1,908,921	1,690,729
Discounted present value	(1,361)	(3,950)
Allowance for doubtful accounts	(39,696)	(27,973)
TOTAL	1,867,864	1,658,806
b) Effective losses on doubtful accounts for the period	5,020	2,345
c) Maturity of trade notes:		
Due	1,652,153	1,470,047
Overdue: In up to 30 days	111,114	104,446
Over 30 days	145,654	116,236
TOTAL	1,908,921	1,690,729

The movement of the allowance for doubtful accounts is shown as follows:

Balance at 01/01/2014	(27,973)
Losses written off during the year	5,020
Recording of provision for the year	(16,743)
Balance at 12/31/2014	(39,696)
Losses written off during the year	21,408
Recording of provision for the year	(40,523)
Reversal of provision for the year	2,912
Balance at 12/31/2015	(55,899)

7. INVENTORIES

	CONSOLIDADO	
	31/12/15	31/12/14
Finished goods	303,093	319,997
Work in progress	293,077	314,885
Raw materials and other	315,038	300,553
Imports in progress	62,962	43,777
Provision for slow-moving inventory losses	(12,637)	(10,882)
Total inventories - domestic market	961,533	968,330
Finished goods	669,880	492,000
Work in progress	199,052	123,208
Raw materials and other	253,980	149,443
Provision for slow-moving inventory losses	(75,191)	(28,062)
Total inventories - external market	1,047,721	736,589
GRAND TOTAL	2,009,254	1,704,919

The movement of the provision for slow-moving inventory losses is shown as follows:

Balance at 01/01/2014	(33,407)
Losses written off during the year	(6,914)
Recording of provision for the year	1,377
Balance at 12/31/2014	(38,944)
Losses written off during the year	(51,828)
Recording of provision for the year	2,944
Balance at 12/31/2015	(87,828)

Inventories are insured and their coverage is determined considering the values and level of risk involved. The recording and reversal of provisions for slow-moving inventory losses are recorded in the costs of goods sold.

8. RECOVERABLE TAXES

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
State VAT (ICMS) on PP&E acquisitions	-	-	29,824	29,827
IVA from foreign subsidiaries	-	-	109,712	65,209
PIS/COFINS on PP&E acquisitions	-	-	3,670	2,647
ICMS	-	-	20,941	20,446
IPI	-	-	23,925	16,619
IRPJ/CSLL recoverable	17,926	8,948	63,254	15,918
PIS/COFINS	-	-	25,327	11,248
Reintegra	-	-	3,706	13,441
Other	-	-	3,225	3,312
TOTAL	17,926	8,948	283,584	178,667
Current assets	17,926	8,948	266,944	159,446
Non-current assets	-	-	16,640	19,221

Credits will be realized by the Company and its subsidiaries through regular tax collection, also including tax credits subject to refund and/or offsetting.

9. RELATED PARTIES

Business transactions involving the sale and purchase of goods, raw materials and engagement of services, as well as financial transactions involving loans and the raising of funds between the Group companies, and the compensation of the Management, were carried out under the conditions described below.

AMOUNT OF EXISTING BALANCES:

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
EQUITY ACCOUNTS				
Non-current assets	10	-	-	-
Management of financial resources WEG Equipamentos Elétricos S.A.	10	-	-	-
Current liabilities	1,442	1,192	16,761	13,215
Agreements with the Management	-	-	3,688	3,075
Profit sharing of the Management	-	-	13,073	10,140
Non-current liabilities	-	873	-	-
Management of financial resources WEG Equipamentos Elétricos S.A.	-	873	-	-

EQUITY ACCOUNTS

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
Management compensation:				
a) Fixed (fees)	2,225	1,915	20,148	18,010
Board of Directors	1,076	955	1,909	2,033
The Executive Board	1,149	960	18,239	15,977
b) Variable (profit sharing)	2,225	1,765	19,373	14,967
Board of Directors	1,076	880	2,152	1,760
The Executive Board	1,149	885	17,221	13,207

SUPPLEMENTARY INFORMATION:

a) Business transactions

The purchase and sale transactions regarding inputs and goods are performed under the same conditions performed with unrelated third parties;

b) Management of financial resources

The financial and commercial operations performed between the Group companies are recorded and supported by the Group's convention. The credit/debit contracts executed with the Management are remunerated by interest between 95% and 100% of the CDI variation;

c) Services rendered and other covenants

WEG Equipamentos Elétricos S,A, executed an agreement for "Guarantees and Other Covenants" with Hidráulica Industrial S,A, Ind, e Com. (HISA), for WEG to be the guarantor in loans and provide guarantee to customers (Performance Bond, guarantee insurance, etc.);

d) Sureties and guarantees

WEG SA has sureties and guarantees to subsidiaries abroad, in the amount of US\$ 164.0 million (US\$ 190.5 million at December 31, 2014);

e) Management's compensation

The Board of Directors members were paid the amount of R\$2,152 (R\$ 1,909 at December 31, 2014) and the executive board was paid the amount of R\$ 20,042 (R\$ 18,239 at December 31, 2014), for their services, aggregating the total of R\$ 22,194 (R\$ 20,148 at December 31, 2014).

It is expected the participation of 0% to 2.5% of consolidated net income to be paid to management provided the minimum operating performance goals are met. The performance goals refer to Return on Capital Investment (50% weight), net operating revenue growth (25% weight) and EBITDA growth (25% weight). The corresponding provision was recorded for the period in the amount of R\$ 19,373 (R\$14,967 at December 31, 2014) under the caption other operating income. The Management receives additional corporate benefits, as follows: Health and dental insurance, life insurance, supplementary private pension fund benefits, among others.

10. DEFERRED TAXES

Deferred income and social contribution tax credits and debts were determined in accordance with the CVM Resolution 599/09 that approved the technical pronouncement CPC 32 - Taxes on income.

a) Breakdown of amounts:

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
Corporate income tax (IRPJ) losses	-	-	73,712	31,775
Negative basis of CSLL calculation	58	58	8,692	8,361
Temporary differences:				
Provisions:				
Labor and civil contingencies	-	-	69,120	47,024
Taxes questioned in court	1,537	1,355	31,008	26,350
Losses on trade receivables	-	-	8,538	5,210
Losses on slow-moving inventories	-	-	13,553	8,471
Labor severance pay and contract termination fine	-	-	16,966	16,165
Freight and sales commissions	-	-	11,055	10,191
Third-party services	-	-	53,660	46,420
Employee profit sharing	-	-	8,842	8,303
Unrealized gains from derivatives	-	-	(34,294)	(13,033)
Acceleration depreciation incentive under Law 11196/05	-	-	(7,067)	(6,387)
Amortization difference between tax goodwill and accounting goodwill	-	-	(28,692)	(28,331)
Amortization difference between tax goodwill and accounting goodwill (useful life)	(52)	(52)	(142,717)	(137,367)
Other	765	704	44,973	16,860
PP&E Deemed costs	(1,469)	(1,508)	(238,718)	(267,137)
TOTAL	781	557	(111,369)	(227,125)
Non-current assets	781	557	131,327	55,864
Non-current liabilities	-	-	(242,696)	(282,989)

b) Estimated realization term

Management considers that the deferred assets resulting from temporary differences will be realized in proportion to the realization of contingencies, losses and forecast obligations.

In relation to deferred tax credits calculated on income and social contribution tax losses and negative basis of social contribution, management estimates that they will be realized within the next 5 years, taking into consideration the projection of future profits.

11. INVESTMENTS

11.1 Investments in subsidiaries

	Country	Shareholders Equity	Profit or Loss for the period	Investment in the Capital (%)				Share of profit of equity-accounted investees		Investment book value	
				31/12/15		31/12/14		31/12/15	31/12/14	31/12/15	31/12/14
				Direct	Indirect	Direct	Indirect				
WEG Equipamentos Eléctricos S.A. (*)	Brazil	4,360,941	1,045,584	100	-	100	-	986,769	791,750	4,360,941	3,502,936
RF Reflorestadora Ltda.		163,432	4,014	100	-	100	-	4,057	4,215	163,431	169,296
WEG Tintas Ltda.		122,127	16,720	99.91	0.09	99.91	0.09	16,704	23,314	122,014	114,441
WEG Amazônia S.A.		43,141	-582	0.02	99.98	0.02	99.98	-	1	7	7
WEG Administradora de Bens Ltda.		31,683	1,852	3.53	96.47	4.41	95.59	-113	49	1,120	1,095
WEG Logística Ltda.		115,463	17,122	-	100	-	100	-	-	-	-
WEG Linhares Equipos. Eléctricos S.A.		214,810	44,284	-	100	-	100	-	-	1	1
WEG Drives & Controls Aut. Ltda.		415,723	56,723	89.2	10.8	89.2	10.8	50,595	54,544	370,823	339,277
WEG Partner Aerogeradores S.A.		9	-	0.1	99.9	-	99.9	-	-	-	-
WEG-Cestari Redut. Motorredut. S.A.		39,064	562	-	50	-	50	-	-	-	-
WEG Automação Critical Power Ltda.		73,266	2,036	0.01	99.99	0.03	99.97	-	1	11	11
Hidráulica Indl. S.A. Ind. e Com.		41,510	-5,062	-	62.39	-	62.32	-	-	-	-
Agro Trafo Adm. de Bens S.A.		9,559	460	91.75	8.25	91.75	8.25	2,460	128	8,770	6,548
Injetel Ind. Com. Comp. Plásticos Ltda.		19,194	530	-	100	-	100	-	-	-	-
Paumar S/A Indústria e Comércio		121,494	-6,267	-	100	-	100	-	-	-	-
WEG-Jelec Oil and Gas Sol. Aut. Ltda.		10	-	-	100	-	100	-	-	-	-
Transformadores do Nordeste Ltda.		4,651	-1,298	0.01	99.99	-	-	-	-	-	-
Zest WEG Group Africa (PTY) Ltd.		184,036	34,012	-	100	-	100	-	-	-	-
Zest Energy (Pty) Ltd.	South Africa	5,741	2,460	-	76.09	-	76.09	-	-	-	-
Zest WEG Manufacturing (Pty) Ltd.		5,055	1,449	-	100	-	100	-	-	-	-
Zest WEG Electric (Pty) Ltd.		116,200	10,099	-	74.9	-	100	-	-	-	-
Electric/Instrumentations Eng. Cont.(Pty)		20,379	-249	-	86.67	-	86.67	-	-	-	-
Zest WEG Group Namibia Limited		349	369	-	100	-	100	-	-	-	-
WEG (Germany) GmbH	Germany	49,798	-10,958	-	100	-	100	-	-	-	-
Watt Drive GmbH		5,875	93	-	100	-	100	-	-	-	-
Wurtembergische Elektromotoren GmbH		13,039	780	-	100	-	100	-	-	-	-
Antriebstechnik KATT Hessen GmbH		9,098	-3,064	-	100	-	-	-	-	-	-
WEG Equipamientos Electricos S.A.	Argentina	99,223	36,369	10.44	89.56	10.44	89.55	3,201	2,697	10,386	8,207
Pulverlux S.A.		3,059	1,708	-	100	-	100	-	-	-	-
EPRIS Argentina S.R.L.		57	-2	-	100	-	100	-	-	-	-
WEG Austrália Pty Ltd.	Australia	10,457	-12,524	-	100	-	100	-	-	-	-
Watt Drive Antriebstechnik GmbH	Austria	22,216	-2,348	-	100	-	100	-	-	-	-
WEG International Trade GmbH		323,550	316,120	-	100	-	100	-	-	-	-
WEG Holding GmbH		1,894,093	485,216	-	100	-	100	-	-	-	-
WEG Benelux S.A.	Belgium	41,793	2,681	-	100	-	100	-	-	-	-
WEG Chile S.A.	Chile	45,980	8,563	8	92	8	92	607	207	3,682	2,350
WEG (Nantong) Electric Motor Co., Ltd.	China	181,178	25,596	-	100	-	100	-	-	-	-
Changzhou Machine Master Co., Ltd.		49,534	-715	-	100	-	100	-	-	-	-
Changzhou Master Machinery Co., Ltd.		-1,379	-449	-	100	-	100	-	-	-	-
Changzhou Sinya Electromotor Co., Ltd.		58,432	4,845	-	100	-	100	-	-	-	-
Changzhou Yatong Jiewei Elect., Ltd.		53,183	1,568	-	100	-	100	-	-	-	-
Wuxi Ecovi Technology Co., Ltd.		38	5,469	-	100	-	100	-	-	-	-
Jiangsu Shiya Elect. Technolog. Co.,Ltd		14,723	-873	-	100	-	100	-	-	-	-
The First Drive Technology Co., Ltd.		20,809	0	-	100	-	100	-	-	-	-
WEG (Jiangsu) Electric Equip. Co., Ltd.		182,554	-5,311	-	100	-	100	-	-	-	-
Watt Euro-Drive Far East Pte. Ltd.		23,058	1,458	-	100	-	100	-	-	-	-
WEG Singapore Pte. Ltd.	Singapore	4,309	390	-	100	-	100	-	-	-	-
WEG Colômbia S.A.S	Colombia	54,508	1,839	-	100	1	99	-133	-	-	120
FTC Energy Group S.A.		4,090	182	-	51	-	-	-	-	-	-
Transformadores Suntec S.A.S.		11,686	1,242	-	100	-	-	-	-	-	-
WEG Middle East Fze.	United Arab Emirates	-5,046	-2,149	-	100	-	100	-	-	-	-
WEG Ibéria Industrial S.L.	Spain	63,865	1,028	-	100	-	100	-	-	-	-
Autrial S.L.		-6,806	-3,782	-	51	-	-	-	-	-	-
WEG Electric Corporation	United States	296,193	21,958	-	100	-	100	-	-1,230	-	-
Electric Machinery Company Inc.		27,950	-20,286	-	100	-	100	-	-	-	-
WEG Service Co.		15,356	3,763	-	100	-	100	-	-	-	-
FTC Energy Group Inc.	France	935	30	-	51	-	-	-	-	-	-
WEG France SAS		21,086	-2,847	-	100	-	100	-	-	-	-
Zest Electric Ghana Ltd.	Ghana	1,017	2,246	-	100	-	100	-	-	-	-
E & I Electrical Ghana Ltd.		-215	-91	-	90	-	90	-	-	-	-
WEG Industries India Private Ltd.	India	200,018	15,698	-	100	-	100	-	-	-	-
WEG Electric (India) Private Ltd.		3,099	1,010	5	95	5	95	50	35	155	71
WEG (UK) Ltd.	England	29,322	5,382	-	100	-	100	-	-	-	-
WEG Itália S.R.L.	Italya	24,655	7,004	-	100	0.07	99.93	-8	-	-	9
WEG Electric Motors Japan Co. Ltd.	Japan	2,887	318	-	95	-	100	-	-	-	-
Watt Euro-Drive SDN BHD	Malaysia	4,169	-81	-	100	-	100	-	-	-	-
WEG México S.A. de C.V.	Mexico	235,049	35,842	-	100	-	100	-	-	1	1
WEG Transform. México S.A. de C.V.		64,163	7,962	-	60	-	60	-	-	-	-
Voltran S.A. de C.V.		85,362	24,123	-	60	-	60	-	-	-	-
ENI Electrical Mozambique (Pty) Limited	Mozambique	35	42	-	66.67	-	66.67	-	-	-	-
WEG Peru S.A.	Peru	3,230	1,983	0.05	99.95	0.05	99.95	1	-	2	-
WEG Euro Ind. Electrica S.A.	Portugal	87,723	16,544	5.74	94.26	5.74	94.26	868	478	5,037	3,043
WEG Electric CIS	Russia	1,104	-3,756	-	100	-	100	-	-	-	-
WEG Scandinavia AB	Sweden	4,408	-3,463	-	100	-	100	-	-	-	-
ENI Eletical Tanzania (Pty) Limited	Tanzania	875	352	-	100	-	100	-	-	-	-
WEG Industrias Venezuela C.A.	Venezuela	8,820	-9,695	-	100	-	99.99	-	-	-	-
E & I Zambia Ltd.	Zambia	-318	-541	-	50	-	50	-	-	-	-
TOTAL								1,065,058	1,065,058	5,046,381	4,147,413

(*) Equity pickup adjusted by unearned income between related parties.

11.2 ACQUISITIONS IN 2015

(i) Efacec Energy Service Ltda.

The subsidiary WEG Equipamentos Elétricos S.A. acquired the company Efacec Energy Service Ltda., thus changing its name to Transformadores do Nordeste Ltda., which operates in the maintenance of power transformers, motors, generators, circuit breakers and field engineering services attending various industrial segments of energy. The goodwill in the amount of R\$5,451 was measured as the excess of the consideration transferred in relation to net assets acquired. Inclusion in the consolidated balance sheet as from January 2015.

(ii) FTC Energy Group S.A.

The subsidiary WEG Colombia S.A.S. acquired 51% of the company FTC Energy Group which operates in the manufacture and assembly of electrical panels for process automation in Colombia. The goodwill in the amount of R\$ 7,280 was initially measured as the excess of the consideration transferred in relation to net assets acquired. Inclusion in the consolidated balance sheet as from January 2015.

(iii) Antriebstechnik KATT Hessen GmbH

The subsidiary WEG Equipamentos Elétricos S.A. acquired the company Antriebstechnik KATT Hessen GmbH which operates in the manufacture of electric motors in Germany. The goodwill in the amount of R\$ 4,260 was initially measured as the excess of the consideration transferred in relation to net assets acquired. Inclusion in the consolidated balance sheet as from January 2015.

(iv) Transformadores Suntec S.A.S.

The subsidiary WEG Colombia S.A.S. acquired the company Transformadores Suntec S.A.S. which operates in the manufacture of transformers in Colombia. The goodwill in the amount of R\$ 54,560 was initially measured as the excess of the consideration transferred in relation to net assets acquired. Inclusion in the consolidated balance sheet as from April 2015.

(v) Zest WEG Manufacturing (Pty) Ltd.

Zest WEG Manufacturing (Pty) Ltd., a subsidiary of Zest WEG Group Africa (Pty). Ltd., acquired the manufacture business regarding high-voltage transformers, minisubstations, molded case circuit breakers and related services of TSS Transformers (Pty) Ltd. ('TSS'), a manufacturer headquartered in South Africa. The goodwill in the amount of R\$16,878 was initially measured as the excess of the consideration transferred in relation to net assets acquired. Inclusion in the consolidated balance sheet as from August 2015.

(vi) Autrial S.L.

The subsidiary WEG Iberia Industrial SL, acquires 51% of the company Autrial SL, which operates in the manufacturing of electrical panels for industrial equipment and facilities in Spain. The goodwill in the amount of R\$ 5,449, was initially measured as the excess of the consideration transferred in relation to net assets acquired. Inclusion in the consolidated balance sheet as of October 2015.

12. PROPERTY, PLANT AND EQUIPMENT

		COMPANY		CONSOLIDATED	
		31/12/15	31/12/14	31/12/15	31/12/14
Land		1,440	1,440	394,311	378,747
Constructions and Facilities		5,639	5,639	1,125,488	944,907
Equipment		-	-	3,571,271	3,150,970
Furniture and fixtures		-	-	126,801	103,459
Hardware		-	-	107,294	89,903
Construction in progress		-	-	268,141	116,886
Reforestation		-	-	54,044	53,051
Other		-	-	99,698	104,205
Total property, plant and equipment		7,079	7,079	5,747,048	4,942,128
Accumulated depreciation/depletion	Annual depreciation rate (%)	(2,483)	(2,366)	(2,482,150)	(2,064,186)
Constructions and facilities	02 a 03	(2,483)	(2,366)	(303,281)	(249,834)
Equipment	05 a 20	-	-	(1,991,669)	(1,664,119)
Furniture and fixtures	07 a 10	-	-	(73,780)	(54,869)
Hardware	20 a 50	-	-	(76,409)	(62,829)
Reforestation	-	-	-	(16,921)	(14,076)
Other	-	-	-	(20,090)	(18,459)
TOTAL PROPERTY, PLANT AND EQUIPMENT, NET		4,596	4,713	3,264,898	2,877,942

a) Summary of changes in property, plant and equipment - consolidated:

PP&E Classification	12/31/14	Transfer between classes	Acquisitions	Deemed Cost	Write-offs	Depreciation and depletion	Foreign Exchange effect	12/31/15
Land	378,747	(4)	5,378	1,011	(10,630)	-	19,809	394,311
Constructions and facilities	695,073	36,751	63,136	950	(93)	(28,523)	54,913	822,207
Equipment	1,486,851	64,939	190,660	2,033	(11,378)	(247,227)	93,724	1,579,602
Furniture and fixtures	48,590	153	8,370	168	(386)	(8,156)	4,282	53,021
Hardware	27,074	1	14,075	101	(254)	(12,661)	2,519	30,885
Construction in progress	116,886	(102,433)	227,015	-	(339)	-	1,109	268,141
Reforestation	38,975	-	993	-	-	(2,845)	-	37,123
Advances to suppliers	38,975	25	(20,894)	-	-	-	9,381	71,902
Other	85,746	538	8,233	84	(745)	(4,437)	1,677	7,706
TOTAL	2,877,942	-	496,966	4,347	(23,825)	(303,849)	213,317	3,264,898

The subsidiaries FTC Energy Group SA and Transformers Suntec SAS effected in 2015 the registration of deemed cost according to the initial adoption of international standards in Colombia, according to IFRS 1 (First-time Adoption of International Financial Reporting Standards) and IAS 16 (Property, Plant and Equipment).

b) Amounts offered in guarantee

PP&E items were provided as collateral for loans, financing, labor claims and tax suits in the consolidated amount of R\$ 24,145 (R\$ 23,118 as of December 31, 2014).

13. INTANGIBLE-CONSOLIDATED

	Amortization / No. of years	Cost	Accumulated amortization	12/31/13	12/31/14
Software license	5	109,625	(72,661)	36,964	26,343
Right to use property	50 – 99	68,875	(17,824)	51,051	39,390
Other	5	205,751	(176,372)	29,379	15,584
Subtotal		384,251	(266,857)	117,394	81,317
Goodwill - Acquisition of subsidiaries	-	690,673	(21,353)	669,320	590,290
TOTAL		1,074,924	(288,210)	786,714	671,607

a) Summary of changes in intangible assets:

	12/31/14	Additions	Write-offs	Transfer	Amortization	Foreign Exchange effect	12/31/15
Software license	26,343	20,303	(2,270)	-	(8,795)	(1,383)	36,964
Right to use property	39,390	-	-	-	(703)	12,364	51,051
Other	15,584	18,956	-	-	(6,011)	850	29,379
Subtotal	81,317	39,259	(2,270)	-	(15,509)	14,597	117,394
Goodwill - Acquisition of subsidiaries	590,290	93,878	-	(11,935)	-	(2,913)	669,320
TOTAL	671,607	133,137	(2,270)	(11,935)	(15,509)	11,684	786,714

b) Purchase price allocation - PPA:

(i) In May 2015 was finalized the PPA report (Purchase Price Allocation) of the companies Changzhou Sinya Co., Ltd., Changzhou Master Machinery Co., Ltd. and Changzhou Machine Master Co., Ltd., acquired in June 2014. As a result of the PPA the amount of R\$11,536 initially recognized as goodwill was recorded in property, plant and equipment according to their fair value. The PPA report did not identify other assets or liabilities at fair value to be recognized.

(ii) In September 2015 was finalized the PPA report (Purchase Price Allocation) of the companie Transformadores do Nordeste Ltda, acquired in March 2015. As a result of the PPA the amount of R\$ 399 initially recognized as goodwill was recorded in property, plant and equipment according to their fair value. The PPA report did not identify other assets or liabilities at fair value to be recognized.

c) Amortization schedule of intangible assets (except goodwill):

	12/31/15	12/31/14
2015	-	11,348
2016	17,144	10,644
2017	17,120	8,903
2018	15,787	7,515
2019	11,878	4,209
2020 onwards	55,465	38,698
TOTAL	117,394	81,317

14. LOANS AND FINANCING

Direct loans from BNDES and FINEP are guaranteed by the parent company WEG S.A.'s sureties. Finame operations are guaranteed by sureties and collateral.

All covenant clauses related to indicators of capitalization, current liquidity and the relation between net debt/Ebitda included in the contracts entered into with BNDES are being met.

		CONSOLIDATED	
Modality	Annual charges at 12/31/15	12/31/15	12/31/14
IN BRAZIL			
SHORT TERM		736,784	1,086,642
In Reais, prefixed rate			
Working capital	3.5% a 11.0% a.a.	573,271	382,749
Property, plant and equipment	2.5% a 8.7% a.a.	4,429	2,495
In Reais, floating rate			
Working capital	TJLP (+) 1.4% a 5.0% a.a.	45,959	375,135
Working capital	UFIR (+) 1.0% a 4.0% a.a.	10,781	15,281
In US Dollar			
Working capital (ACCs)	Variation US\$ (+) 0.8% a 1.2% a.a.	39,833	266,032
Working capital	Variation US\$ (+) 1.4% a.a.	-	3,045
Prepayment of Export (PPE)	Variation US\$ (+) Libor (+) 1.1% a.a.	59,398	38,419
Other			
Other	Sundry	3,113	3,486
		3,464,966	2,376,690
LONG TERM			
In Reais, prefixed rate			
Working capital	3.5% to 11.0% a.a.	1,575,013	1,552,001
Property, plant and equipment	2.5% to 8.7% a.a.	23,018	19,391
In Reais, floating rate			
Working capital	TJLP (+) 1.4% to 5.3% a.a.	116,672	89,983
Working capital	UFIR (+) 1.0% to 4.0% a.a.	24,190	33,612
In US Dollar			
Prepayment of Export (PPE)	Variation US\$ (+) Libor (+) 1.0% to 1.5% a.a.	1,717,848	675,281
Other			
Other	Sundry	8,225	6,422
ABROAD		547,849	375,851
SHORT TERM			
In US Dollar			
Working capital	Libor (+) 0.8% to 3.2% a.a.	128,911	116,264
In Euros			
Working capital	Euribor (+) 0.6% to 4.6% a.a.	210,066	10,603
In Mexican Pesos			
Working capital	TIIE + 1.1% a.a.	8,623	74,262
In Renmimbi (China)			
Working capital	3.9% to 5.4% a.a.	92,664	137,387
In Rand (South Africa)			
Working capital	8.4% a.a.	-	1,325
Other currencies			
Working capital	Local market rates	107,585	36,010
		403,369	238,359
LONG TERM			
In US Dollar			
Working capital	Libor (+) 1.5% a.a.	120,653	81,597
In Euros			
Working capital	Euribor (+) 2.0% to 3.8% a.a.	27,736	146,806
In Mexican Pesos			
Working capital	TIIE (+) 1.1% a.a.	169,825	-
In Rand (South Africa)			
Working capital	8.0% to 9.3% a.a.	84,291	159
Other currencies			
Working capital	Local market rates	864	9,797
TOTAL SHORT TERM		1,284.633	1,462,493
TOTAL LONG TERM		3,868.335	2,615,049

Maturity of long-term financing and loans:

	12/31/15	12/31/14
2016	-	1,203,080
2017	747,392	647,792
2018	1,527,427	214,807
2019	1,155,849	519,357
2020	193,391	17,457
2021 onwards	244,276	12,556
TOTAL	3,868,335	2,615,049

15. PROVISIONS FOR CONTINGENCIES

The Company and its subsidiaries are parties to administrative and judicial proceedings of labor, civil and tax nature arising from the normal activities of their business. The corresponding provisions were recorded for proceedings the likelihood of loss of which was rated as “probable” based on the estimate of value at risk determined by the Company’s legal counselors. The Company’s Management estimates that the provision for contingencies recorded is sufficient to cover any possible losses arising from the proceedings in progress.

a) Balance of provisions for contingencies:

		COMPANY		CONSOLIDATED	
		12/31/15	12/31/14	12/31/13	12/31/14
(i) Tax:		4,520	3,986	106,635	90,767
- IRPJ e CSLL	(a.1)	-	-	18,363	15,310
- INSS	(a.2)	4,044	3,510	49,513	38,703
- PIS e COFINS	(a.3)	-	-	30,097	26,297
- IRRF		476	476	476	476
- Others		-	-	8,186	9,981
(ii) Labor		-	-	146,714	91,781
(iii) Civil		-	-	83,107	73,747
(iv) Others		-	-	3,512	2,554
TOTAL		4,520	10,522	339,968	258,849

b) Changes in the provisions for contingencies for the period - consolidated:

	12/31/14	Additions	Interest	Write-offs	Reversals	12/31/15
a) Tax	90,767	17,574	2,943	(1,339)	(3,310)	106,635
b) Labor	91,781	67,805	9,562	(4,886)	(17,548)	146,714
c) Civil	73,747	17,802	2,707	(9,052)	(2,097)	83,107
d) Others	2,554	2,070	-	(717)	(395)	3,512
TOTAL	258,849	105,251	15,212	(15,994)	(23,350)	339,968

c) The provisions recorded basically refer to:

(i) Tax contingencies

- (a.1) Refers to the proceeding to IPC difference of January 1989 “plano Verão” (Summer Plan) on monetary correction of 16.24%;
- (a.2) This refers to social security contribution taxes payable. The litigation refers to social security charges levied on the private pension plan, profit sharing, education allowance, among others;
- (a.3) Refers to non-ratification by the Brazilian Federal Revenue Department (FRB) about the request for offsetting the credit balance of PIS and COFINS with federal tax debts.

(ii) Labor contingencies

The Company and its subsidiaries are defendants in labor claims primarily involving health and risk exposure, among others. The amount provided for is R\$146,714 (R\$91,781 as of December 31, 2014).

(iii) Civil contingencies

These correspond primarily to civil lawsuits, including personal injury, aesthetic damage, occupational diseases and indemnities arising out of occupational accidents. The amount provided for is R\$83,107 (R\$73,747 as of December 31, 2014).

d) Judicial deposits:

	COMPANY		CONSOLIDATED	
	12/31/15	12/31/14	12/31/15	12/31/14
Tax	3,913	3,430	31,718	27,656
Labor and Civil	4,327	-	20,181	12,234
Others	-	-	991	889
TOTAL RESTRICTED JUDICIAL DEPOSITS	8,240	3,430	52,890	40,779
- Non-restricted judicial deposits	-	-	2,920	3,615
TOTAL JUDICIAL DEPOSITS	8,240	3,430	55,810	44,394

The non-restricted judicial deposits related to contingencies are waiting authorization for withdrawal from court.

e) Contingencies assessed as possible losses:

The Company and its subsidiaries are parties to other suits, whose chances of loss are assessed as “possible”, for which no provision for contingencies was recorded.

The estimated amount of such litigation relates to the tax proceedings totaling R\$86,498 (R\$66,326 as of December 31, 2014). The the main proceedings assessed as “possible” loss are:

- taxation on profits earned abroad in the total estimated amount of R\$ 48 million;
- no approval of IPI credits in the amount of R\$10.6 million;
- levy of ICMS-ST on purchase transactions of raw materials amounting to 9.3 million.

16. PRIVATE PENSION PLAN

The Company and its subsidiaries are sponsors of WEG Social Security - Private Pension Plan, which seeks to supplement the retirement benefits offered by the official social security system.

The Plan managed by WEG Seguridade Social includes monthly income benefits (retirement), annual bonus, supplemental sickness benefits, supplemental disability retirement, pension due to death, supplementation of the annual bonus and death benefit.

The number of participants is 21,239 participants (21,867 at December 31, 2014). The Company and its subsidiaries made contributions in the amount of R\$ 27,746 (R\$ 25,708 at December 31, 2014).

Based on actuarial calculations carried out by independent actuaries, aiming to define the liability net value between the defined benefit obligation and the fair value of plan assets in accordance with the procedures established by the CVM Resolution 695/12 – technical pronouncement CPC 33 (R1) Employee Benefits. The Company maintains a provision recorded in the amount of R\$4,092 (R\$ 4,092 at December 31, 2014).

17. EQUITY

a) Capital

The Company's capital consists of 1,614,353,076 registered book-entry ordinary shares with no par value, all with voting rights, including 1,505,380 treasury shares pursuant to item "d".

At the Ordinary and Extraordinary Shareholders' Meeting held on March 31, 2015, there was the approval of the split of all shares without par value, issued by the Company so that each one (1) current share start to be represented by two (2) shares of the same nature and without changing the share capital. The shareholding position considered to split the Company's ordinary shares is the one as of March 31, 2015.

b) Dividends and interest on equity capital

The bylaws provide the distribution of at least 25% of adjusted net income, and the Management proposes the following:

	12/31/15	12/31/14
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF COMPANY	1,156,065	954,726
(-) Legal Reserv	(57,803)	(47,736)
(-) Complement provision of stock options plan	(628)	-
(+) Reversal of prior year dividend	565	-
(+) Realization of Revaluation Reserve (1989) and deemed cost (2010)	57,968	44,804
BASIS OF CALCULATION OF DIVIDEND	1,156,167	951,794
Dividends for the 1st semester R\$ 0.083/share (R\$ 0.078/share in 2014)	133,904	125,335
Interest on equity of the 1st semester R\$ 0.077/share (R\$ 0.057/share in 2014), IRRF R\$ 21,922 (R\$ 16,314 in 2014)	146,149	108,760
Dividends for the 2nd semester R\$ 0.081/share (R\$ 0.104/share in 2014)	130,554	167,494
Interest on equity of the 2nd semester R\$ 0.096/share (R\$ 0.063/share in 2014), IRRF R\$ 27,324 (R\$ 17,936 in 2014)	182,160	119,571
Total dividends and interest on equity for the year	592,767	521,160

Under article 37 of the Company's bylaws and article 9 of Law 9949/95 interest on equity capital will be charged from mandatory dividends and will be paid as from March 16, 2016.

c) Transfer to reserves of profits:

- Legal Reserv - recognized in the amount of R\$ 57,803 (R\$ 47,736 at December 31, 2014) equivalent to 5% of net income obeying the limit of 20% of the capital;
- Capital budget reserve - represents the remaining net income R\$ 505,495, plus the retained earnings balance of R\$ 57,905 (arising from the realization of revaluation reserve (1989), the deemed cost (2010), reversal of provision of the option shares exercised and reversal of previous dividends) exercises intended to reserve to the capital budget for 2016 to the investment plan.

d) Treasury shares

On April 26, 2011, the Board of Directors approved the purchase of 500,000 shares, carried out at the average cost of R\$ 20.11. As of September 30, 2015, the Company had the amount of 919,786 shares considering the stock split occurred on March 31, 2015.

On April 28, 2015, the Board of Directors approved the purchase of 600,000 shares, carried out at the average cost of R\$17.04 per share.

The acquired shares will be held in treasury for use in connection with exercise of share call options by the beneficiaries of the Company's Share Call Option Program ("Program") or subsequently canceled or disposed of.

The amount of 271,429 shares were exercised by the beneficiaries of the Share Call Option Plan, of which 90,359 shares were exercised until December 31, 2014 and 181,070 shares exercised in the period from January to December 2015. The Company holds in treasury 1,505,380 shares at the average cost of R\$ 11.34 per share in the total amount of R\$ 17,069 (R\$ 8,418 at December 31, 2014).

18. STOCK OPTION PLAN

(i) Plan description

The Plan is managed by the Board of Directors, seeking to grant Stock Call Option Plans of WEG S.A.'s (Company) shares or its subsidiaries with head offices located in Brazil to its statutory officers so as to attract, motivate and retain them, as well as align their interests to those of the Company and its shareholders.

Each option grants its bearer with the right to acquire 1 (one) ordinary Company-issued share (BM&FBOVESPA: "WEGE3"), strictly according to the terms and conditions established in the Plan ("Option").

The stock options to be granted are limited to the maximum of 2% (two percent) of the total shares representing the Company's capital.

The participant must maintain the invested shares blocked during the retention period, according to the minimum levels determined by the Plan.

The Plan may be extinguished, suspended or altered at any moment, through a proposal approved by the Company's Board of Directors.

(ii) Programs description

The Board of Directors may approve, each semester, a Share Purchase Option Programs ("Programs"), which will define the participants, number of Options, exercise price, Option distribution, term and other rules specific to each Program.

In order to participate in each Program, the participant must invest an amount of his/her variable compensation in each period in Company's shares.

At the Ordinary and Extraordinary Shareholders' Meeting held on March 31, 2015, as a result of the split of all shares without par value issued by the Company, each one (1) current share start to be represented by two (2) shares of the same nature and without changing the share capital, considering the new market values and increase in the number of shares in the year prices. This update does not have impact on the calculation performed at the program's beginning.

Program	Number of Options Rights	Exercise price	Average value in Reais (R\$)			Unearned cash (R\$ thousand)
			IPCA Corrected Price	Option price	Option difference	
April 2011	163,155	8.08	9.36	12.68	3.32	785
September 2011	71,398	6.71	7.87	10.40	2.54	236
March 2012	169,393	7.38	8.67	11.30	2.64	515
September 2012	95,053	6.73	7.91	10.51	2.60	276
April 2013	214,688	9.40	11.10	14.33	3.23	692
September 2013	108,862	9.60	11.40	15.58	4.19	455
March 2014	221,040	10.48	12.54	17.30	4.76	1,053
August 2014	91,160	13.12	15.75	19.77	4.03	367
March 2015	187,020	14.05	16.90	22.49	5.60	1,046
August 2015	181,050	16.60	19.60	25.44	5.84	1,058
Total	1,502,824					6,483

The weighted average fair value was determined based on the Black-Scholes-Merton method, considering the following aspects:

Program	Option exercise price (R\$)	Option lifespan in days	Current corresponding share price (R\$)	Expected volatility in share price (%)	Interest rate free of risk for the option lifespan (%)
April 2011	8.08	755 – 1,260	8.50	13.17	12.79 – 12.83
September 2011	6.71	756 – 1,259	6.95	14.94	10.90 – 11.22
March 2012	7.38	755 – 1,257	7.62	14.93	9.76 – 10.33
September 2012	6.73	753 – 1,257	7.73	12.25	8.32 – 8.78
April 2013	9.40	760 – 1,260	9.89	14.27	8.67 – 9.24
September 2013	9.60	756 – 1,258	10.68	14.13	11.29 – 11.81
March 2014	10.48	753 – 1,257	12.16	10.26	12.28 – 12.58
August 2014	13.12	754 – 1,257	13.45	10.02	11.26 – 11.28
March 2015	14.05	751 – 1,254	15.21	19.73	13.26 – 13.43
August 2015	16.60	752 – 1,255	16.62	21.25	13.74 – 13.78

Summary of the plan's shares movement:

Program	12/31/14	Granted	Stock split	Expired/ Canceled	Number of shares	
					Exercised	31/12/15
April 2011	58,010	-	58,010	-	(55,864)	60,156
September 2011	27,691	-	26,998	-	(16,277)	38,412
March 2012	75,054	-	75,054	-	(35,532)	114,576
September 2012	44,540	-	43,283	-	(16,461)	71,362
April 2013	107,344	-	107,344	-	(43,112)	171,576
September 2013	54,431	-	54,431	-	(13,824)	95,038
March 2014	110,520	-	110,520	-	-	221,040
August 2014	45,580	-	45,580	-	-	91,160
March 2015	-	93,510	93,510	-	-	187,020
August 2015	-	181,055	-	-	-	181,055
TOTAL	523,170	274,565	119,182	-	(181,070)	1,231,395

The recognition of expenses on stock options is carried out throughout the period of acquisition of "vesting rights". In 2015, the amount of R\$ 1,215 (R\$ 919 at December 31, 2014) was recorded in the account other income in the financial statements for the year in counterpart to the capital reserve in Equity.

The options exercised in 2015 were held under the caption capital reserve in equity in the amount of R\$ 1,187 (R\$ 633 in 2014), and R\$ 559 (R\$ 427 in 2014) for the options performed and R\$ 628 (R\$ 206 in 2014) complement to the amount provided for and recognized in the retained earnings account.

The accumulated amount recorded in equity totals as of December 31, 2015 R\$ 2,474 (R\$ 1,817 as of December 31, 2014).

19. NET REVENUE

BREAKDOWN OF NET REVENUE	CONSOLIDATED	
	12/31/15	12/31/14
Gross revenue	11,143,410	9,235,147
Domestic market	5,350,844	5,074,329
Domestic market	5,792,566	4,160,818
Deductions	(1,383,087)	(1,394,390)
Taxes	(1,203,267)	(1,176,002)
Returns/Rebates	(179,820)	(218,388)
Net revenue	9,760,323	7,840,757
Domestic market	4,227,286	3,876,757
External market	5,533,037	3,964,000

20. CONSTRUCTION CONTRACTS

Construction contracts' revenues and costs are recognized according to the execution of each project using the method of incurred costs percentage.

	CONSOLIDATED	
	12/31/15	12/31/14
Gross operating revenues recognized	645,846	332,579
Incurred costs	(513,683)	(236,800)
	12/31/15	12/31/14
Advances received	187,853	167,628

21. OPERATING EXPENSES BY NATURE AND FUNCTION

	CONSOLIDATED	
	12/31/15	12/31/14
EXPENSE BY NATURE	(8,602,078)	(6,746,405)
Depreciation, amortization and depletion	(319,358)	(250,477)
Personnel expenses	(2,060,170)	(1,709,134)
Raw materials, use materials and consumables	(4,639,812)	(3,502,602)
Freight and insurance costs	(244,394)	(266,172)
Other expenses	(1,338,344)	(1,018,020)
EXPENSE BY FUNCTION	(8,602,078)	(6,746,405)
Cost of goods sold and services rendered	(6,994,735)	(5,356,260)
Selling expenses	(950,252)	(820,471)
General and administrative expenses	(436,759)	(365,964)
Management's fees	(22,194)	(20,148)
Other operating expenses	(198,138)	(183,562)

22. OTHER OPERATING REVENUE/EXPENSES

The recorded amounts refer to profit sharing, reversal/ provision for lawsuits and other, as follows:

	CONSOLIDATED	
	31/12/15	31/12/14
OTHER OPERATING REVENUES	28,351	15,902
- Other	28,351	15,902
OTHER OPERATING EXPENSES	(226,489)	(199,464)
- Profit sharing - Employees	(173,468)	(147,169)
- Profit sharing - foreign subsidiaries	(21,491)	(20,970)
- Profit sharing - Management	(19,373)	(14,967)
- Recording/Reversal of provision for tax proceedings	(3,926)	8,841
- Debits tax- Refis program IV	(371)	(5,214)
- Tax incentives - Rouanet Law	(4,986)	(5,807)
- Other	(2,874)	(14,178)
TOTAL NET	(198,138)	(183,562)

23. FINANCIAL INCOME, NET

	COMPANY		CONSOLIDATED	
	31/12/15	31/12/14	31/12/15	31/12/14
FINANCIAL INCOME	99,855	81,543	1,345,633	785,503
Short-term investment yield	124,589	95,568	461,146	313,850
Exchange variation	-	-	411,179	308,883
Exchange variation - trade payables	-	-	90,149	103,431
Exchange variation - trade receivables	-	-	256,673	79,743
Exchange variation - Loans	-	-	60,766	49,959
Exchange variation - Other	-	-	3,591	75,750
Present value adjustment - trade receivables	-	-	66,053	68,826
PIS/COFINS on interest on equity capital	(21,921)	(14,393)	(22,081)	(14,512)
PIS/COFINS on financial income	(3,190)	-	(11,773)	-
Derivative	-	-	386,901	41,500
PROEX - Equaliz. of Interest rate Other income	-	-	16,961	20,652
	377	368	37,250	46,304
FINANCIAL EXPENSES	(209)	(134)	(1,200,150)	(651,926)
Interest on loans and financing	-	-	(207,544)	(185,807)
Exchange variation	-	-	(814,866)	(374,760)
Exchange variation - trade payables	-	-	(93,738)	(124,138)
Exchange variation - trade receivables	-	-	(103,028)	(53,514)
Exchange variation - Loans	-	-	(570,762)	(137,420)
Exchange variation - Other	-	-	(47,338)	(59,688)
Present value adjustment - trade payables	-	-	(32,472)	(21,921)
Derivative	-	-	(62,229)	(10,849)
Other expenses	(209)	(134)	(83,039)	(58,589)
NET FINANCIAL INCOME	99,646	81,409	145,483	133,577

24. PROVISION FOR INCOME AND SOCIAL CONTRIBUTION TAXES

The parent company and subsidiaries in Brazil determine income and social contribution taxes according to taxable income, except for WEG Administradora de Bens Ltda, and Agro Trafo Miner., Agric., Pec. e Administradora de Bens S.A., which adopt the determination using the presumed income. The provision for income tax was recorded at a 15% rate, plus of additional of 10% and social contribution net income at a 9% rate. The taxes abroad are recorded according to the legislation of each country.

Reconciliation of income and social contribution taxes:

	COMPANY		CONSOLIDATED	
	12/31/15	12/31/14	12/31/15	12/31/14
Income before taxes on profit	1,156,843	958,257	1,303,728	1,227,929
Statutory combined rates	34%	34%	34%	34%
IRPJ and CSLL are calculated at the nominal rate	(393,327)	(325,807)	(443,268)	(417,496)
Adjustment to determine the effective income and social contribution taxes:				
Result from investments in subsidiaries	362,120	297,904	(456)	382
Rate difference on foreign results	-	-	103,785	(11,038)
Tax incentives	-	-	84,135	78,781
Reintegra	-	-	8,279	4,281
Interest on equity capital	31,051	24,727	111,714	77,876
Other adjustments	(622)	(355)	(2,107)	1,601
IRPJ and CSLL on income	(778)	(3,531)	(137,918)	(265,613)
Current tax	(1,003)	(1,111)	(234,116)	(271,583)
Deferred tax	225	(2,420)	96,198	5,970
Effective rate - %	0.07%	0.37%	10.58%	21.63%

25. INSURANCE COVERAGE

The corporate unit in Brazil is responsible for the of the WEG Group's management regarding the insurance portfolio in Brazil and abroad, establishing risk policies for the Group in order to protect its assets. The Company and its subsidiaries implemented the Worldwide Insurance Program - WIP, in which the following world policies established stand out, such as: Transport risk (Export, Import and Domestic), Civil Product Liability, Directors and Officers (liability) insurance (D&O), Surety Bond, General Civil Liability, Properties and Environment Pollution, Contractual Insurance and Engineering Installation and Assembly Risk.

The insurance policies are issued only in first-tier multinational insurance companies that can meet the WEG Group in the countries where it has operations. The financial structure and sustainability of the aforementioned insurance companies are continuously monitored by WEG's Brazilian corporate unit.

Some of the policies and their insured capital are highlighted below:

- Operating risks (Equity): US\$ 36 million;
- Loss of Profits: US\$ 13 million (for Paint companies);
- Civil liability: US\$ 25 million;
- Products Civil Liability: US\$ 50 million;
- Transport: US\$ 5 million per shipment (Export, Import and Domestic);
- Environment pollution: US\$ 20 million;
- Contractual Insurance: As stipulated in the contract;
- Installation and Assembly Engineering Risk: R\$ 100 million in Brazil, R\$ 40 million in Latin America (except Cuba) and US\$ 5 million in the US;
- Directors & Officers (liability) insurance (D&O): US\$30 million.

26. FINANCIAL INSTRUMENTS

The Company and its subsidiaries carried out an evaluation of its financial instruments, including derivatives, recorded in the financial statements presented the following values:

	CARRYING VALUE		FAIR VALUE	
	12/31/15	12/31/14	12/31/15	12/31/14
Cash and cash equivalents	3,277,115	3,284,275	3,277,115	3,284,275
Cash and banks	477,710	302,346	477,710	302,346
Short-term investments	2,799,405	2,981,929	2,799,405	2,981,929
- In local currency	2,694,786	2,916,630	2,694,786	2,916,630
- In foreign currency	104,619	65,299	104,619	65,299
Short-term investments	1,157,858	866,209	1,157,858	866,209
Derivative financial instruments	378,727	43,740	378,727	43,740
- Non Deliverable Forwards - NDF	6,259	1,150	6,259	1,150
- SWAP	365,892	42,590	365,892	42,590
- Hedge accounting	6,576	-	6,576	-
Total - assets	4,813,700	4,194,224	4,813,700	4,194,224
Loans and financing	5,152,968	4,077,542	5,152,968	4,077,542
- In local currency	2,384,671	2,470,647	2,384,671	2,470,647
- In foreign currency	2,768,297	1,606,895	2,768,297	1,606,895
Derivative financial instruments	17,686	14,608	17,686	14,608
- Non Deliverable Forwards - NDF	590	-	590	-
- SWAP	16,295	14,608	16,295	14,608
- Hedge accounting	801	-	801	-
Total liabilities	5,170,654	4,092,150	5,170,654	4,092,150

26.1 Risk factors

The risk factors of financial instruments are basically related to:

a) Financial risks

Arises from the possibility of the subsidiaries not receiving amounts arising from sales or credit transactions with financial institutions generated by financial investments. To mitigate the risk arising from sales operations, the Company's subsidiaries adopt a policy of analyzing the financial position of their customers, establishing a credit limit and permanently follow your outstanding balance. With regard to financial investments, the Company and its subsidiaries invests with institutions with low credit risk.

b) Foreign currency risks

The Company and its subsidiaries have import and export operations in various currencies; they manage and monitor their exposure to foreign currency, seeking to balance their financial assets and liabilities within the limits established by Management.

The limit of exposure to foreign exchange sold (net) may be equivalent up to two months of exports in foreign currencies as established by the Company's Board of Directors.

The Company had export operations totaling US\$ 716.2 million (US\$ 919.0 million in 2014), which acts as a natural hedge for indebtedness and other costs related to other currencies, especially US Dollars.

c) Risks related to debt charges

These risks arise from the possibility that the subsidiaries may suffer losses due to fluctuations in interest rates or other debt indexes, which increase financial expenses related to loans and financings obtained in the market, or decrease financial income related to the subsidiaries' short-term investments. The Company and its subsidiaries continually monitor market interest rates aiming at assessing the possible need for entering into new contracts as a hedge against the volatility of these rates.

26.2 Derivative financial instruments

The Company and its subsidiaries have the following operations with derivative financial instruments:

a) Non Deliverable Forwards - NDF, in the notional amount of:

- (i) US\$ 7.0 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging its financing from the fluctuation risks;
- (ii) US\$ 5.6 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging the raw materials purchase operations in foreign currency against the fluctuation risks;
- (iii) US\$ 13.5 million, held by subsidiary Zest WEG Group Africa (PTY) Ltd, aiming at hedging the import operations of products against the fluctuation risks;
- (iv) EUR 10.8 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging the exports against the fluctuation risks;
- (v) EUR 2.0 million, held by subsidiary WEG Equipamentos Elétricos S.A., with the purpose of hedging the raw materials purchase operations in foreign currency against the fluctuation risks.

b) SWAP operations, in the notional amount of:

- (i) EUR 10 million, held by subsidiary Watt Drive Antriebstechnik GmbH, with the purpose of hedging its financing from the Euribor fluctuation risks;
- (ii) US\$8.6 million held by subsidiary WEG Equipamentos Elétricos S.A. aiming at hedging against Libor increase risks;
- (iii) US\$ 400.0 million, held by the subsidiary WEG Equipamentos Elétricos S.A., Currency SWAP aimed at hedging the financing operations against the US\$ Dollar spike risks;
- (iv) R\$ 80 million, held by subsidiary WEG Equipamentos Elétricos S.A., SWAP post-fixed interest rate for a fixed rate to protect against the risk of falling interest rates.

The Company's Management and that of its subsidiaries permanently monitors the derivative financial instruments contracted through its internal control.

The sensitivity analysis statement chart must be read jointly with the other financial assets and liabilities expressed in foreign currency as of December 31, 2015, as the estimated impact of the foreign currency rate over NDFs and SWAPs presented below will be offset, if effective, in whole or in part, with the devaluation of all assets and liabilities.

Management has determined that, for the probable scenario (market value), the exchange rates used to mark to market the financial instruments, valid on December 31,

2015 should be considered. These rates represent the best estimate of the future behavior of prices and these represent the amount by which the positions could be settled at maturity.

The Company and its subsidiaries made the accounting based on their market price on December 31, 2015 at fair value and the accrual basis. These operations had net positive impact in 2015 of R\$ 324,672 (R\$ 30,651 positive in 2014) which were recognized in net income. The Company and its subsidiaries have no margin guarantees for derivative financial instruments outstanding at December 31, 2015.

26.3 Sensitivity Analysis

The following tables show in real the “cash and expense” of the results of the financial instruments in each scenario.

a) Short-term investments and Financing:

Operation	Risk	Currency	National Value (in thousand)	Market Value in 12/31/2015		Possible scenario 25%		Remote scenario 50%	
				Average price	In R\$ Thousands	Average price	In R\$ Thousands	Average price	In R\$ Thousands
Short-term investments	Decrease CDI (*)	R\$	2,694,786	Rate 14.14% p.a.	381,043	Rate 10.61% p.a.	285.917	Rate 7,07% p.a.	190,521
	TOTAL				381.043		285.917		190,521
Financing	Increase of TJLP (**)	R\$	162,631	Rate 7.00% p.a.	(11,384)	Rate 8.75% p.a.	(14,230)	Rate 10,50% p.a.	(17,076)
	Increase of Dollar	US\$	458,438	3.9042	(508,745)	4.8803	(956,204)	5,8563	(1,403,633)
	Increase of Euro	EUR	5,500	4.2482	(1,223)	5.3103	(7,064)	6,3723	(12,906)
	TOTAL				(521,352)		(977,498)		(1,433,615)

(*) Analysis of sensitivity variation of investments: risk of the Company in the event of reduction in interest rates, considering the position static applications backed by the CDI rate as of December 31, 2015.

(**) Financing variation sensitivity analysis: the Company's risk in the event of rising interest rates, considering the static funding position backed TJLP of December 31, 2015.

b) Non Deliverable Forwards – NDF operations:

Operation	Risk	Currency	National Value (in thousand)	Market Value in 12/31/2015		Possible scenario 25%		Remote scenario 50%	
				Average price	In R\$ Thousand	Average price	In R\$ Thousand	Average price	In R\$ Thousand
Non Deliverable Forwards - NDF	Increase of Dollar	US\$/AUD	856	1,2785	114	1,5981	(2.631)	1,9178	(2.969)
	Increase of Dollar	US\$/R\$	7.000	3,9999	(51)	4,9999	(7.051)	5,9999	(14.051)
	Decrease of Dollar	US\$/R\$	5.640	4,6197	743	5,7747	(5.595)	2,3099	(11.932)
	Decrease of Dollar	US\$/ZAR	13.475	15,7881	4.722	11,8581	(8.639)	7,9030	(22.001)
	Total Dollar		26.971		5.528		(23.916)		(50.953)
	Increase of Euro	EUR/ZAR	201	11,1054	154	13,8818	14	16,6581	(126)
	Increase of Euro	EUR/R\$	10.800	4,4234	(127)	5,5324	(12.070)	6,6389	(24.013)
	Decrease of Euro	EUR/R\$	2.036	6,0025	75	4,5019	(2.414)	3,0013	(4.903)
	Total Euro		13.037		102		(14.470)		(29.042)
	Decrease of Libra	GBP/ZAR	108	23,3559	39	17,5169	(119)	11,6780	(277)
	Total Euro		108		39		(119)		(277)
	TOTAL				5.669		(38.505)		(80.272)

c) SWAP operations:

Operation	Risk	Currency	National Value (in thousand)	Market Value in 12/31/2015		Possible scenario 25%		Remote scenario 50%	
				Average price	In R\$ Thousand	Average price	In R\$ Thousand	Average price	In R\$ Thousand
SWAP	Decrease of Euribor	EUR	10.000	Interest 0,43% p.a.	(12.014)	Interest 0,32% p.a.	(12.331)	Interest 0,21% p.a.	(12.649)
	Decrease of Libor	US\$	8.571	Interest 0,56% p.a.	(78)	Interest 0,42% p.a.	(90)	Interest 0,28% p.a.	(101)
	Decrease of Dollar	US\$	400.000	3,9048	365.888	2,9286	23.861	1,9524	(322.138)
	Increase of CDI	R\$	80.000	Rate 15,82%	(4.199)	Rate 19,78%	(9.739)	Rate 23,74%	(14.558)
	TOTAL				349.597		1.701		(349.446)

d) Hedge accounting operations:

Operation	Risk	Currency	National Value (in thousand)	Market Value in 12/31/2015		Possible scenario 25%		Remote scenario 50%	
				Average price	In R\$ Thousand	Average price	In R\$ Thousand	Average price	In R\$ Thousand
Hedge accounting	Decrease of Dollar	US\$/R\$	34,181	4.4767	4.686	3,3575	(33.568)	2,2383	(71.822)
	Decrease of Euro	EUR/R\$	17,357	4.9801	1.088	3,7350	(20.522)	2,4900	(42.131)
	TOTAL				5,774		(54,090)		(113,953)

27. SUBSIDIES AND GOVERNMENT GRANTS

The Company and its subsidiaries obtained subsidies in the amount of R\$ 45,363 (R\$ 44,580 at December 31, 2014) deriving from tax incentives, recognized in the income for the period:

	CONSOLIDATED	
	12/31/15	12/31/14
TOTAL SUBSIDIES AND GOVERNMENT GRANTS	45,363	44,580
a) WEG Amazônia S.A.	287	1,252
- ICMS incentive credit of 90.25%	287	305
- Corporate Income Tax (IRPJ) 75.0% reduction	-	947
b) WEG Linhares Equipamentos Elétricos S.A.	31,636	29,680
- ICMS incentive credit of 85.0%	27,848	26,840
- Corporate Income Tax (IRPJ) 75.0% reduction	3,549	2,256
- Corporate Income Tax (IRPJ) 30% reduction due to reinvestment	214	559
- Municipal investment	25	25
c) WEG Logística Ltda.	13,440	13,648
- ICMS incentive credit of 75.0%	13,440	13,648

There are no contingencies related to the aforementioned subsidies, and all of the conditions for obtaining government subsidies have been met.

28. INFORMATION BY SEGMENT

	Brazil				Foreign		Adjustments		Consolidated	
	Industry		Energy		12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
	12/31/15	12/31/14	12/31/15	12/31/14						
Revenue from sale of products / services	4.700.831	4.647.205	2.340.554	1.810.298	5.392.751	3.730.564	(2.673.813)	(2.347.310)	9.760.323	7.840.757
Earnings before income taxes	1.660.055	1.501.958	754.738	609.697	550.643	196.414	(1.661.708)	(1.080.140)	1.303.728	1.227.929
Depreciation / Amortization / Depletion	178.146	149.705	57.880	45.175	83.332	55.597	-	-	319.358	250.477
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Identifiable assets	3.060.016	3.125.990	1.932.281	1.509.993	4.473.753	2.663.313	(206.723)	180.628	9.259.327	7.479.924
Identifiable liabilities	786.328	782.492	455.813	599.922	1.568.739	823.931	(631.202)	(308.673)	2.179.678	1.897.672

Industry: single phase and triple phase motors with low and medium tension, drives and controls, equipment and services for industrial automation, paints and varnishes.

Energy: electricity generators for thermal and hydraulic power plants (biomass), hydraulic turbines (PCHs), transformers, substations, wind power generators, control dashboards, integration services of renewable and distributed energy systems and solutions.

Foreign: composed of operations carried out by subsidiaries located in various countries.

The adjustment and elimination column includes the eliminations applicable to the Company in the context of the Consolidated Financial Statements. All operating assets and liabilities are presented herein as identifiable assets and liabilities.

29. EARNINGS PER SHARE

a) Basic

The calculation of basic earnings per share is performed by means of dividing the net income for the year attributable to the holders of the Company's ordinary shares, by the weighted average number of ordinary outstanding shares for the year.

	12 /31/15	12/31/14
Earnings attributable to the Company's shareholders.	1,156,065	954,726
Weighted average number of outstanding ordinary shares (adjusted including splitting) held by shareholders (shares/thousand)	1,613,063	1,613,194
Basic earnings per share - R\$	0.71669	0.59183

b) Diluted

Net earnings per share is calculated by dividing the net earnings attributable to Company's holders of ordinary shares by the weighted average number of outstanding ordinary shares for the year plus the weighted average number of ordinary shares that would be issued upon the conversion of all potential diluted ordinary shares into ordinary shares.

	12 /31/15	12/31/14
Earnings attributable to the Company's shareholders.	1,156,065	954,726
Weighted average number of outstanding ordinary shares (adjusted including splitting) potentially diluting held by shareholders (shares/thousand)	1,614,269	1,614,446
Diluted earnings per share - R\$	0.71615	0.59137

30. STATEMENT OF COMPREHENSIVE INCOME

The Company and its subsidiaries present as other comprehensive income the amounts of accumulated translation adjustment. These amounts are not taxable.

The presentation of the comprehensive income results is required by CPC 26 - Financial Statement Presentation (R1) and includes other comprehensive income which correspond to revenue and expense items which are not recognized in the financial statements as required or authorized by the pronouncements, interpretations and guidance issued by CPC.

Board of directors

Décio da Silva - Chairman
Nildemar Secches - VP
Dan Ioschpe
Douglas Conrado Stange
Martin Werninghaus
Sérgio Luiz Silva Schwartz
Umberto Gobbato
Wilson Pinto Ferreira Junior

Directors

Harry Schmelzer Junior - CEO
André Luis Rodrigues - Vice-CEO and IRO
Antônio Cesar da Silva – Marketing Officer
Carlos Diether Prinz - Diretor – Transmission and Distribution Officer
Eduardo de Nóbrega - Diretor – Energy Officer
Hilton José da Veiga Faria – Human Resources Officer
Luis Alberto Tiefensee – Motors Officer
Luis Gustavo Lopes Iensen – International Department Officer
Manfred Peter Johann - Diretor – Automation Officer
Paulo Geraldo Polezi – Finance and Investor Relations Officer
Reinaldo Richter - Paint Officer
Wandair José Garcia - Information Technology Officer
Wilson José Watzko - Controllershship Officer

Accountant

Homero Fabiano Michelli
CRC/SC 025355/O-2
CPF 850.936.709-44

Supervisory Board

Actual

Alidor Lueders
Gilberto Lourenço da Aparecida
Vanderlei Dominguez da Rosa

Substitutes

Ilário Bruch
Ivanilson Batista Luz
Paulo Roberto Franceschi

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors
Weg S.A.
Jaraguá do Sul (SC)

We have audited the financial statements, Individual and Consolidated, of Weg S.A. ("Company") identified as Company and Consolidated, respectively, that comprise the balance sheet on December 31, 2015 and the related statements of income, comprehensive income changes in shareholders' equity and statements cash flows for the year then ended, as well as the summary of the main accounting practices and other note financial statement.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the individual financial statements

In our opinion, the individual financial and consolidated statements referred to above present fairly, in all material respects, the financial position individual and consolidated of WEG S.A. at December 31, 2015, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB.

Other matters

Statements of value addedo

We have also examined the individual and consolidated statement of value added, referring to the year ended December 31, 2015, prepared under the responsibility of the Company's Management, whose presentation is required for Brazilian corporate law for listed companies, and as supplementary information under IFRS that does not require disclosure. These statements were submitted to the same audit procedures described above and, in our opinion, they are fairly presented in all material respects in relation to the financial statements taken as whole.

Joinville (SC), February 5, 2016.

KPMG Auditores Independentes
CRC SC-000071/F-8

Marcelo Lima Tonini Accountant
CRC PR-045569/O-4 T – SC

WEG S.A.
FINANCIAL STATEMENTS
REPORT OF SUPERVISORY BOARD

The Supervisory Board of WEG S.A., performing its legal function, has examined the Management Report, Financial Statements as at 12/13/2015, and the proposals of the Management for: (a) allocation of Net Income; and (b) Plan Investment / Capital Budget, based on the tests and clarifications offered by the Management, by the representatives of the Independent Auditors, and also based on the report of KPMG – Auditores Independentes. on the non-qualified Financial Statements dated 02/05/2016, opines that these documents are conditions being examined and voted at the Annual General Meeting.

Jaraguá do Sul (SC), February 23, 2016.

ALIDOR LUEDERS
GILBERTO LOURENÇO DA APARECIDA
VANDERLEI DOMINGUEZ DA ROSA

STATEMENT

Through this instrument, the CEO and other Officers of WEG S.A., a publicly owned company, with head office at Avenida Prefeito Waldemar Grubba, 3300, registered under CNPJ (Brazilian IRS Registry of Legal Entities) No. 84429695/0001-11, for the purposes described in items V and VI of Article 25 of CVM instruction 480, of December 7, 2009, hereby state that:

(i) Reviewed, discussed and agreed with the opinions expressed in the report of KPMG, dated February 5, 2016, regarding the financial statements of WEG SA and consolidated for the year ended December 31, 2015, and

(ii) Reviewed, discussed and agreed with the financial statements of the WEG SA and consolidated for the year ended December 31, 2015.

Jaraguá do Sul (SC), February 5, 2016.

Harry Schmelzer Junior - CEO
André Luis Rodrigues - Vice-CEO and IRO
Antônio Cesar da Silva - Marketing Officer
Carlos Diether Prinz - Transmission and Distribution Officer
Eduardo de Nóbrega - Energy Officer
Hilton José da Veiga Faria - Human Resources Officer
Luis Alberto Tiefensee - Motors Officer
Luis Gustavo Lopes Iensen - International Department Officer
Manfred Peter Johann - Automation Officer
Paulo Geraldo Polezi - Finance and Investor Relations Officer
Reinaldo Richter - Paint Officer
Wandair José Garcia - Information Technology Officer
Wilson José Watzko - Controllershship Officer

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Staff

General Coordination
Harry Schmelzer Jr.
CEO

Analysis of the information
Information Disclosure Committee

Content and publishing coordination
HR Development Department

Coordination of publishing and graphic production
Corporate Marketing Section

Direction of Art and Graphic Design
Compreendo Comunicação

Pictures
WEG Group files

Thanks
**To all employees and stakeholders who took part in the
preparation of this report.**



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

