

The background features a collage of five WEG employees in a factory environment, overlaid with a semi-transparent blue filter. The employees include a woman with a headset, a man with safety glasses, a woman in a hard hat, a man in a hard hat, and a woman smiling. The scene is decorated with a pattern of glowing blue hexagons and lines, suggesting a technical or industrial theme.

# INTEGRATED ANNUAL REPORT 2021

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# ■ MESSAGE FROM THE PRESIDENT

GRI 102-14

In 2021, WEG completed 60 years of operation. A milestone in the company's history. The journey—started in 1961 by the founders Mr. Werner, Mr. Eggon and Mr. Geraldo—has gone through decades of hard struggle, work and constant transformations to get where we are today. Among many achievements, we reached 60 years as one of the largest manufacturers of electrical and electronic equipment in the world, with sales to more than 135 countries and 56% of our revenue coming from abroad. We currently have an extensive product portfolio, a team of more than 37,000 employees spread across the planet, and we are recognized as a model company in management and high performance.

We had many reasons to celebrate, but we started 2021 with cautious optimism due to all the uncertainties regarding the control of the COVID-19 pandemic and the world economic scenario. We postponed parties and agglomerations, but we did not stop believing in better days, nor repaying the affection and respect for the land that so much fruit has already provided us. With the help of hundreds of employees, we planted more than 4,000 tree seedlings and left a significant gift of these 60 years for future generations, who will have the mission of caring, watering and protecting this legacy, with the same values and team spirit that has brought WEG this far.

Working and focusing on meeting our goals, we went through the year overcoming many challenges and achieved significant growth in our revenues, which reached BRL 23.56 billion. An increase of 34.9% over 2020. Our positive performance was recognized both by investors and finance specialists as well as by the main press vehicles in the country. In the capital market, we achieved a profitability of 1,281% in the last 10 years and ended 2021 in the sixth place in the ranking of the most valued companies on the stock market in Brazil, with a market value reaching approximately 150 billion. In 2021, we were even elected the Best Company on the Stock Market by InfoMoney, confirming that WEG has a relationship of trust and credibility with the market and maintains its steady and responsible growth rate.

And speaking of responsibility, our commitment to Sustainability was recognized by the main international indices, such as ISE B3, MSCI, ICO2 B3 and FTSE4Good. The company has also been standing out in important ESG awards, such as the Exame Magazine's Sustainability Guide. In terms of innovation, we are one of the most innovative companies in Brazil.

ENDED 2021 IN THE SIXTH PLACE IN THE RANKING OF THE MOST VALUED COMPANIES ON THE STOCK MARKET IN BRAZIL, WITH A MARKET VALUE REACHING APPROXIMATELY **150 BILLION.**



Despite the excellent phase we are experiencing, we are always attentive to the future and to the needs and opportunities that may arise. Therefore, during the last fiscal year, we proposed a special challenge: to review our strategies in order to allow WEG to continue delivering excellent results, investing in new technologies, in the development of people and the communities where we operate.

In this way, we built the Company's strategic plan for the next five years, from 2022 to 2026. In this review, we maintained our mission of continuing to pursue continuous and sustainable growth, adding the Purpose of “developing technologies and solutions to contribute to the building of a more efficient and sustainable world”. Translating the essence of that moment, we created a new slogan: “Driving efficiency and sustainability”. Since our origins, we have been a company driven by energy; we avoid waste and constantly seek innovative solutions. From small systems to large projects around the world, we have the solutions when it comes to motors, generators, transformers, electric drives and products and systems for electrification, automation and digitalization.

Analyzing global trends and scenarios, we observe that many opportunities will arise in these areas, from energy efficiency to industry 4.0, from renewable energies to electric mobility. We can go on sure that we are on the right path, and that each WEG employee has an important role in the future of the planet.

**THANK YOU ALL AND HAVE A GOOD READING!**



**Harry Schmelzer Jr.**  
 WEG's Chief Executive Officer

TRANSLATING  
 THE ESSENCE OF  
 THAT MOMENT, WE  
 CREATED A NEW  
 SLOGAN: **“DRIVING  
 EFFICIENCY AND  
 SUSTAINABILITY”.**



# ■ ABOUT THE REPORT

DEAR READER,

WELCOME TO  
**WEG'S INTEGRATED  
ANNUAL REPORT.**



## INTERACTIVE INDEX

We provided an interactive index on the side of the pages to facilitate browsing the topics covered in this report.



## METHODOLOGICAL REFERENCES

To structure this Report, we follow the guidelines of:

- **Global Reporting Initiative (GRI)** Standards in the Essential option.
- **International Integrated Reporting Council (IIRC)** Framework.

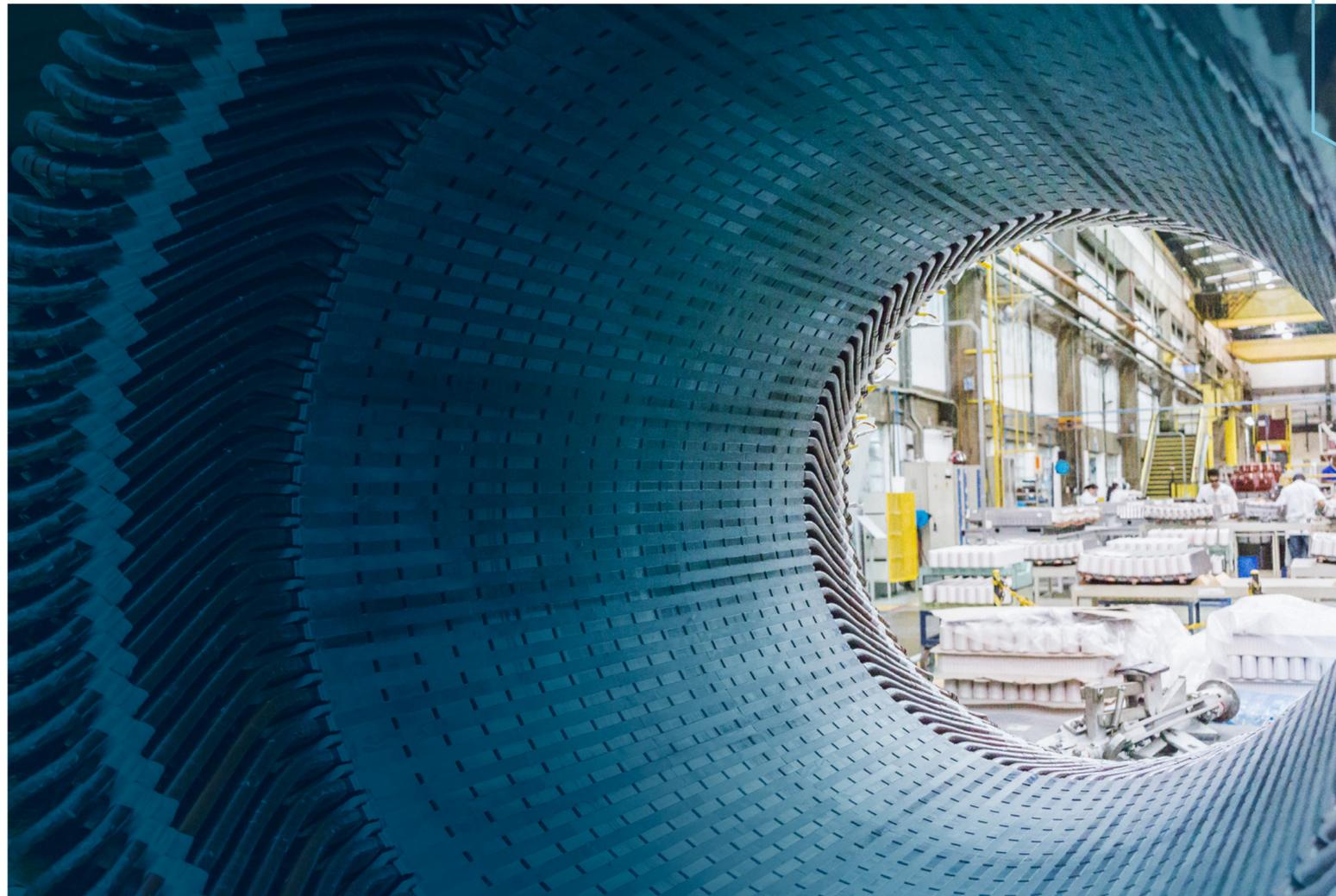


# MATERIALITY

GRI 102- 42 / GRI 102-43 / GRI 102-44 / GRI 102-46  
GRI 102-47 / GRI 102-49 / GRI 103-1

ESG is a dynamic topic, and there is not only one recipe for all industries given the context and peculiarity of each company. Being aware of material issues is very important for companies to focus on those that are a priority and substantially affect the organization's performance and its ability to create value in the short, medium and long term.

WEG APPLIES THE MATERIALITY PROCESS EVERY TWO YEARS AND HAS RECENTLY COMPLETED ITS 4TH ANALYSIS CYCLE. THUS, IT BROUGHT UP AN UPDATED VIEW OF THE TOPICS THAT IMPACT THE MANAGEMENT AND CONSEQUENTLY ITS ESG REPORT.



As part of the continuous improvement process, the framework “Materiality in IR, Guidance for the preparation of integrated reports” was used as a methodological basis for the application of this new cycle, as well as methodological references from IIRC, SASB and GRI.



To identify the material subjects, the following steps were taken:

### DEFINITION OF SCOPE AND STAKEHOLDERS

- As WEG is a global company and has different contexts and realities in the places where it is present, the global application of the process was maintained.
- Stakeholders to be consulted were maintained according to the previous cycles. The basis for identifying stakeholders followed an internal policy that identifies the high priority ones for WEG by means of an analysis that considers influence, impact power, interests and expectations.

### ASSESSMENT OF SUBJECTS TO BE FILTERED

- To start from a consistent and coherent base of subjects to be filtered, 304 subjects were raised considering aspects such as megatrends, benchmarking of market peers, sustainability indices (ISE-B3, DJSI, MSCI), frameworks (SASB, GRI), and WEG Strategic Planning.

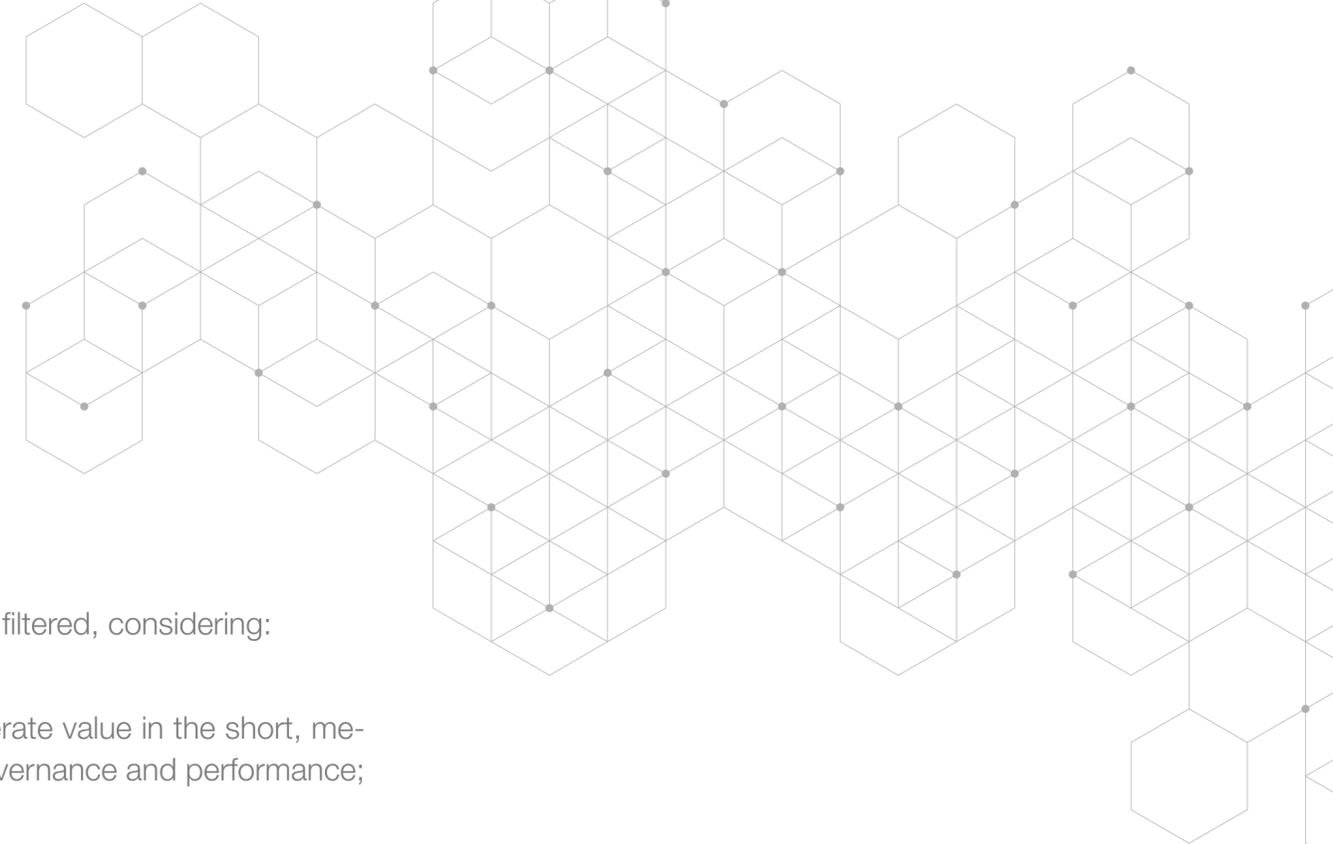
### SUBJECT FILTER

From the subjects raised, 20 subjects were filtered, considering:

- Group of similar subjects;
- Subjects that affect WEG's ability to generate value in the short, medium and long term in terms of strategy, governance and performance;
- Impact on other capitals;
- Alignment with WEG's corporate risk matrix.

### CONSULTATION TO PRIORITIZE SUBJECTS WITH THE STAKEHOLDERS

The consultation gained perceptions from our key stakeholders from different countries across the 20 subjects filtered. And this is a fundamental part of the process for identifying our material subjects. Understanding the stakeholders' perceptions is critical to help broadly and strategically understand current priorities in the face of sustainability challenges, whether about risks and/or opportunities in our operations or in our relationships with our stakeholders.



## STAKEHOLDERS CONSULTED

In order to define which companies, entities and people should be consulted within our defined scope of stakeholders, the application of a process that aimed at a more qualitative sampling was a precondition, with the participants being carefully chosen. The following were invited to participate in the process:



### EMPLOYEES:

10 representatives from the five markets (South America, North America, Europe, Africa and Asia-Pacific) where WEG operates, with 2 representatives per market. Employees are native of the respective countries and work at the management level in strategic areas of the company



### INVESTORS:

A total of 10 investors from Brazil and abroad.



### CUSTOMERS:

A total of 10 customers from Brazil and abroad.



### SUPPLIERS:

A total of 10 suppliers from Brazil and abroad.



### LOCAL COMMUNITY AND ORGANIZED CIVIL SOCIETY:

A total of 10 social entities from Brazil and abroad.



### TRADE ASSOCIATIONS:

A total of 10 trade associations from Brazil and abroad.



## VALIDATION OF SUBJECTS WITH TOP MANAGEMENT:

The alignment and validation of material subjects took place through the following forums:

- Information Disclosure Committee: Committee that monitors, approves and deliberates on matters related to corporate sustainability within the scope of public information disclosure, recommending materiality approval by the Executive Direction.
- The Executive Direction validated the result.

## CONSULTATION METHOD

The Stakeholder Consultation process was applied through an online form.



## MAIN TOPICS RAISED BY STAKEHOLDERS



### EMPLOYEES

- Health, Safety and well-being;
- Waste and energy;
- Greenhouse gas emissions.



### INVESTORS

- Diversity and inclusion;
- Greenhouse gas emissions;
- Material efficiency and environmental assessment of the product.



### CUSTOMERS

- Water, effluents and water resources;
- Greenhouse gas emissions;
- Development and qualification of sustainable suppliers.



### SUPPLIERS

- Development and qualification of sustainable suppliers;
- Sustainable growth of the communities;
- Ethics and integrity.



### LOCAL COMMUNITY AND ORGANIZED CIVIL SOCIETY

- Sustainable growth of the communities;
- Learning and development;
- Diversity and inclusion.



### TRADE ASSOCIATIONS

- Greenhouse gas emissions;
- Waste and energy;
- Development and qualification of sustainable suppliers.



## FINAL RESULT

At the process completion, six material ESG subjects were defined for WEG, namely:

## MATERIAL SUBJECTS

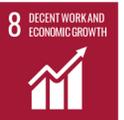
ENVIRONMENT	SOCIAL CAPITAL	HUMAN CAPITAL	BUSINESS MODEL AND INNOVATION	LEADERSHIP
<b>GREENHOUSE GAS EMISSIONS</b>	<b>SUSTAINABLE GROWTH OF THE COMMUNITIES</b>	<b>HEALTH, SAFETY AND WELL-BEING</b>	<b>SUSTAINABLE PRODUCTS</b>	ETHICS AND INTEGRITY
WASTE AND ENERGY	WEG COMMITMENT TO HUMAN RIGHTS	<b>DIVERSITY AND INCLUSION</b>	<b>DEVELOPMENT AND QUALIFICATION OF SUSTAINABLE SUPPLIERS</b>	CORPORATE GOVERNANCE
WATER, EFFLUENT AND WATER RESOURCES		LEARNING AND DEVELOPMENT	MATERIAL EFFICIENCY AND ENVIRONMENTAL ASSESSMENT OF THE PRODUCT	RISK MANAGEMENT
BIODIVERSITY PROGRAMS AND ACTIONS		ORGANIZATIONAL CLIMATE	REVERSE LOGISTICS	DATA PRIVACY AND SECURITY
ATMOSPHERIC EMISSIONS			RELATIONS WITH CUSTOMERS	

■ MATERIAL SUBJECTS
 ■ SUBJECTS AMONG THE 20 CONSULTED

### CHANGES IN THE RESULT OF MATERIAL SUBJECTS COMPARED TO THE LAST CYCLE

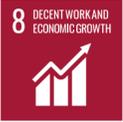
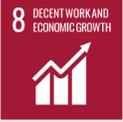
The result of the consultation process with the stakeholders showed some changes in the results, something that shows the dynamism that the sustainability subject has, as well as its effect in the perceptions and expectations of the stakeholders. The topics that were not previously deemed material and that have now become part of this new consultation were: Greenhouse Gas Emissions, Development and Qualification of Sustainable Suppliers, Diversity and Inclusion and Sustainable Growth of the Communities.

## DETAILS OF THE MATERIAL SUBJECTS

MATERIAL SUBJECT	IMPACT	RELEVANCE	CORRELATION WITH SDG
<b>GREENHOUSE GAS EMISSIONS</b>	The topic of greenhouse gas emissions is highly relevant as climate change is a global priority.	<ul style="list-style-type: none"> <li>The topic is related to WEG's business model and strategy, being treated at a strategic, tactical level and operational.</li> <li>Customers are significantly impacted due to WEG being able to contribute with its low carbon solutions.</li> <li>The supply chain has an important and strategic role in reducing WEG's emissions.</li> <li>Shareholders and investors are an important link in the corporate ecosystem as they encourage companies to account for their climate impacts.</li> </ul>	 <p>Goals: 7.2 / 7.3</p>  <p>Goal: 9.4</p>  <p>Goal: 13.2</p>
<b>HEALTH, SAFETY AND WELL-BEING</b>	A healthy and safe environment directly impacts a good work environment, quality of activities as well as company productivity.	<ul style="list-style-type: none"> <li>Employees are the most impacted by the topic, as the management of health, health and well-being impacts their physical and mental health.</li> <li>For customers there is an indirect impact and risk considering that related problems can impact on the production, delivery and quality demands.</li> <li>Problems in the management and performance of the matter can impact the analysis that investors make of the company.</li> <li>Employees are part of local communities and health, safety and well-being issues affect their quality of life as well as the quality of life of your family.</li> </ul>	 <p>Goals: 3.4 / 3.8</p>  <p>Goal: 8.8</p>
<b>DEVELOPMENT AND QUALIFICATION OF SUSTAINABLE SUPPLIERS</b>	The diversified business model from WEG requires an amount large of suppliers to meet the needs of development. the perpetuity of the entire value chain is linked to co-responsibility of the organization so that its suppliers adopt a management that use order criteria economic, social and environmental.	<ul style="list-style-type: none"> <li>Suppliers are a fundamental link so that a company's activities can occur in a sustainable. The partnership between company and supplier and the alignment of guidelines and practices is fundamental to sustainable development to take place.</li> <li>Investors may be impacted considering a scenario in which the company does not have a good management in the supply chain, in the same way that good management on the subject makes the company manage more value in the short, medium and long term.</li> <li>The stimulation and promotion of local suppliers impacts the communities surrounding the company, bringing more resources for the local economy.</li> </ul>	 <p>Goal: 8.7</p>  <p>Goal: 17.16</p>



## DETAILS OF THE MATERIAL SUBJECTS

MATERIAL SUBJECT	IMPACT	RELEVANCE	CORRELATION WITH SDG
<b>DIVERSITY AND INCLUSION</b>	Promoting diversity and inclusion generates transformation in culture of a company, resulting at a high level of performance and creativity, since people with different experiences, cultures and realities bring a broader and more diverse perspective about a certain topic.	<ul style="list-style-type: none"> <li>• Employees are impacted by a company's positioning and management on the subject because they are in an environment where they do not feel any kind of prejudice and discrimination.</li> <li>• Aware of the relevance that the application of the theme has for the company, the management of the theme impacts the evaluation that investors will have on the company, which may influence investment decision-making.</li> <li>• Diversity and inclusion can be worked on and encouraged by the company in projects focused on communities locations, as well as by hiring people from the community with different profiles and characteristics.</li> </ul>	 Goals: 5.1 / 5.5  Goal: 8.5  Goal: 10.2
<b>SUSTAINABLE PRODUCTS</b>	Product sustainable development is in line with the socio-environmental needs and urgencies global.	<ul style="list-style-type: none"> <li>• The topic is related to WEG's business model and strategy, having an impact at a strategic, tactical and operational level.</li> <li>• With its products and solutions, WEG is able to help its customers obtain processes with less impact on their emissions.</li> <li>• A company's sustainable products can impact the places and communities where these products are applied.</li> </ul>	 Goals: 7.2 / 7.3 / 7.a  Goal: 8.2  Goal: 9.4  Goal: 11.4  Goal: 13.2  Goal: 17.16
<b>SUSTAINABLE GROWTH OF THE COMMUNITIES</b>	A company generates impacts on society, especially on communities located in its surroundings, and it has responsibilities in this regard. Financial impacts, such as local economy development and job generation, in addition to physical and environmental impacts due to the company's presence and its productive activities. And social impacts, as it affects the lives of its employees and their families.	<ul style="list-style-type: none"> <li>• Employees are inserted in the communities surrounding the company, so a good relationship between the company and the local community impacts the quality of life of employees and their families.</li> <li>• An unhealthy relationship with the surrounding community can lead, for example, to reputational risks, which may impact WEG customers depending on the context of an eventual negative situation.</li> <li>• Within the supply chain, WEG values the relationship with local suppliers, who are included in these local communities. Therefore, any risks and relationship problems can impact suppliers of directly and indirectly.</li> <li>• Any problems with local communities impact the company's long-term value generation, which consequently, it may financially impact the company's investors.</li> <li>• A good relationship makes the company a positive transforming agent for these communities.</li> </ul>	 Goal: 17.16



# WEG

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- OUR BUSINESS MODEL \_\_\_\_\_ 19
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# OUR PRESENCE

GRI 102-4 / GRI 102-7 / GRI 102-8 / GRI 102-10

# 48 MANUFACTURING PLANTS

SPREAD IN 12 COUNTRIES



Countries with commercial operation:

## 38



Countries with distributors:

## More than 135 countries

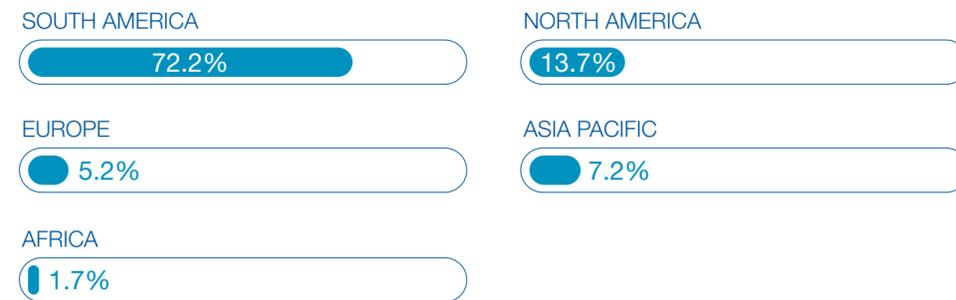


## OUR WORKFORCE

### TOTAL EMPLOYEES BY GEOGRAPHIC REGION

WEG workforce is spread across different countries and continents. In 2021, the workforce increased 10.9% in comparison to the previous year, showing the continuous growth that the company has been establishing throughout its history.

The distribution of employees by geographic region in 2021 was:

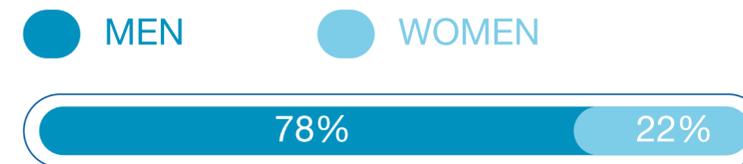


	2019	2020	2021
<b>HISTORY</b>	31,830	33,342	36,987
<b>SOUTH AMERICA</b>	22,950	23,925	26,694
<b>NORTH AMERICA</b>	4,077	4,450	5,083
<b>ASIA PACIFIC</b>	2,729	2,645	2,664
<b>EUROPE</b>	1,426	1,670	1,926
<b>AFRICA</b>	648	640	620

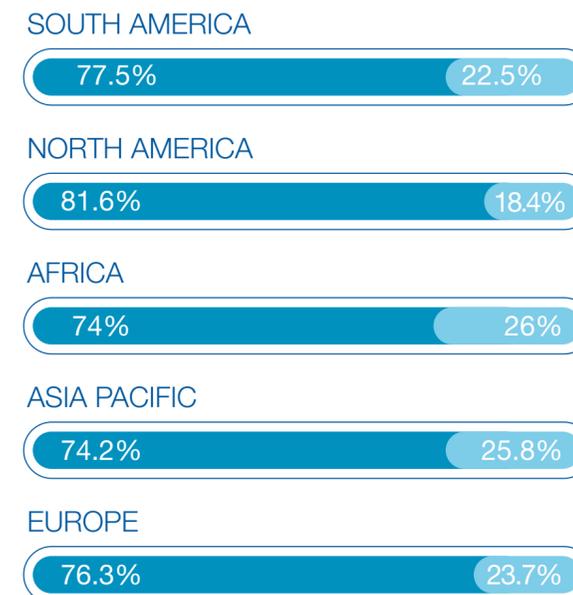
### DATA COMPILATION

The data is compiled through the internal systems adopted by the HR in each location, then the data are consolidated corporately to obtain the indicators globally.

### EMPLOYEES BY GENDER



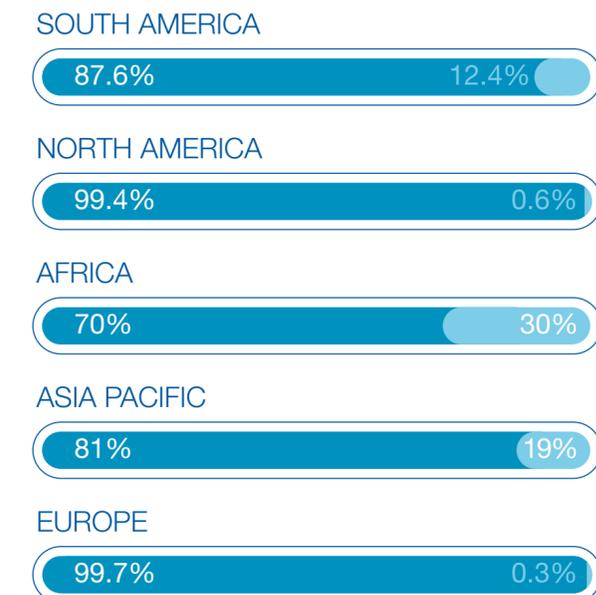
### GEOGRAPHIC REGION BY GENDER



### EMPLOYEES BY TYPE OF JOB



### TYPE OF JOB BY GEOGRAPHIC REGION



### FULL-TIME / PART-TIME EMPLOYMENT BY GENDER

● FULL-TIME ● PART-TIME

MEN



WOMEN



### EMPLOYEES BY EMPLOYMENT CONTRACT

● PERMANENT ● TEMPORARY



### TYPE OF CONTRACT BY GEOGRAPHIC REGION

SOUTH AMERICA



NORTH AMERICA



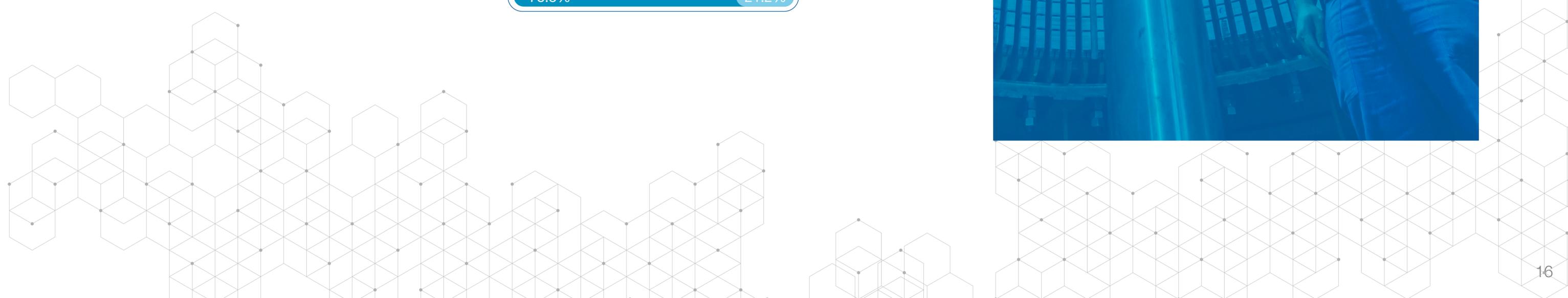
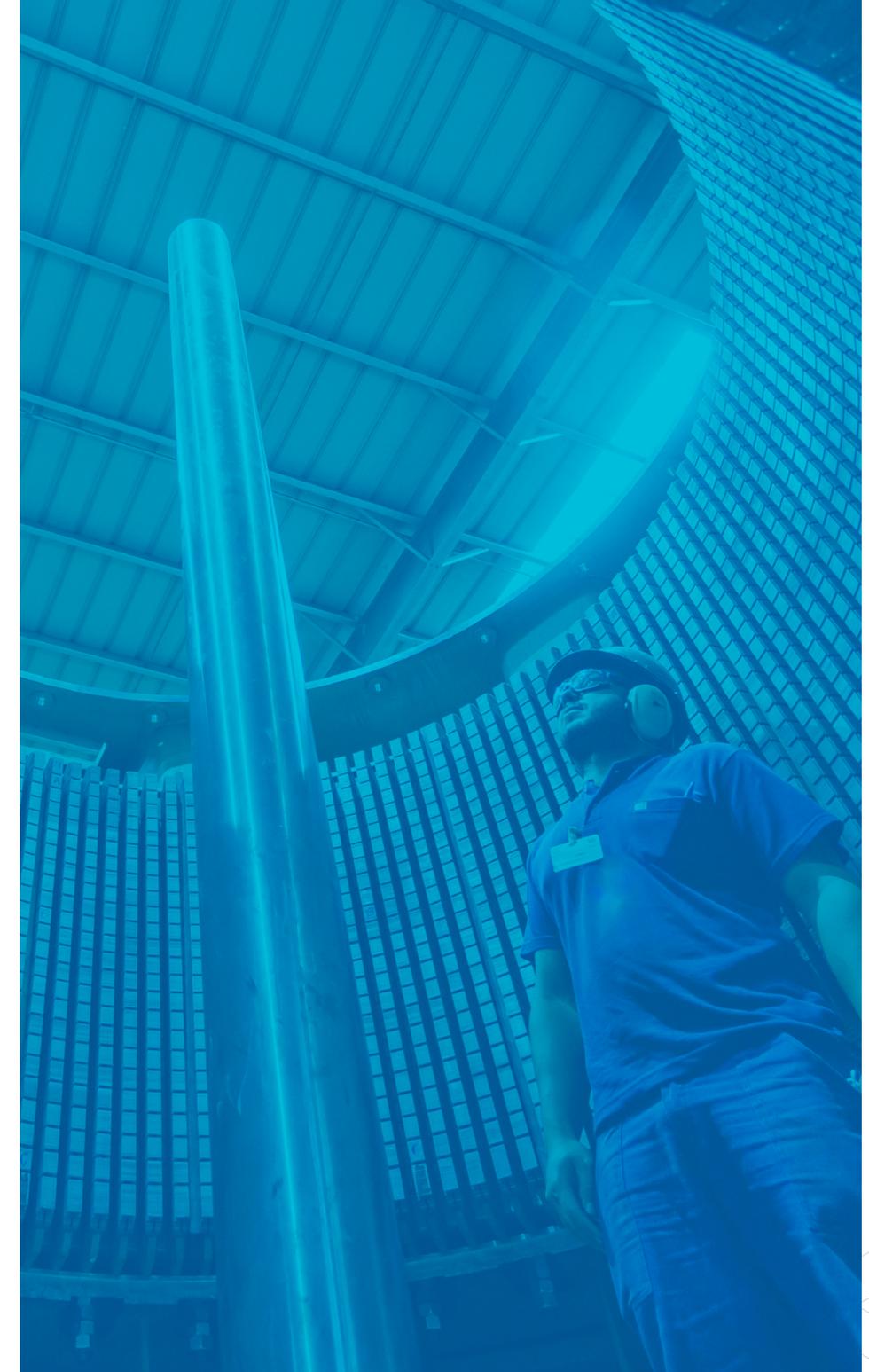
AFRICA



ASIA PACIFIC



EUROPE



# PURPOSE AND STRATEGY

## PURPOSE

Purpose plays a fundamental role in the company's strategy, as it defines the reason for the organization's existence, and what it means for society, and how it contributes to the solution of socio-environmental problems. In addition, it provides synergy between mission, vision and values.

In 2021 WEG defined its purpose, which is:

DEVELOP TECHNOLOGIES AND SOLUTIONS TO CONTRIBUTE TO BUILDING A **MORE EFFICIENT AND SUSTAINABLE** WORLD.

## STRATEGIC PLANNING

In 2020, we ended an important cycle of our strategic planning. In 2021, we reviewed our strategic planning and set goals for the period from 2021 to 2026.

## MACRO TENDENCIES TO WHICH WEG IS EXPOSED

- Balance economic growth and higher energy consumption with demands for more efficient use of natural resources.
- Society's demands: Containment of global warming; growth of urbanization; adoption of good sustainability / ESG practices; reduction in the use of fossil fuels.

## SCENARIO

A more electrified world and more efficient energy consumption should demand greater investments in renewable energy and digitalization.

### WEG DIRECTIONS

Focus on the following businesses:



**MOTION DRIVE**



**ELECTRIFICATION**



**AUTOMATION**



**ENERGY GENERATION**



**GRID**



**DEVELOP DIGITAL SOLUTIONS AS A COMPLEMENTARY AND INTEGRATED OFFER TO ALL WEG BUSINESSES**



**ADVANCE IN ELECTRIFICATION SOLUTIONS FOR THE NEW WORLD OF MOBILITY**



**STRATEGIC OBJECTIVES**

WE WILL CONTINUE TO DEVELOP OUR MISSION OF CONTINUOUS AND SUSTAINABLE GROWTH, FOCUSING ON THE FOLLOWING GOALS:

1. Contribute to building a more efficient and sustainable world, investing in energy efficiency, renewable energies, energy storage and electric mobility.
2. To be a global benchmark in motors, gearboxes, generators, transformers and electric drives.
3. Strengthen the industrial automation business, including solutions for the digitalization of industry and energy systems, as well as products for electrification in civil construction and infrastructure.
4. Develop business globally through consistent ESG practices.

**ESG: DEVELOPMENT COMMITMENT**

Considering the importance and complexity of the topic, WEG continuously works to strengthen ESG practices



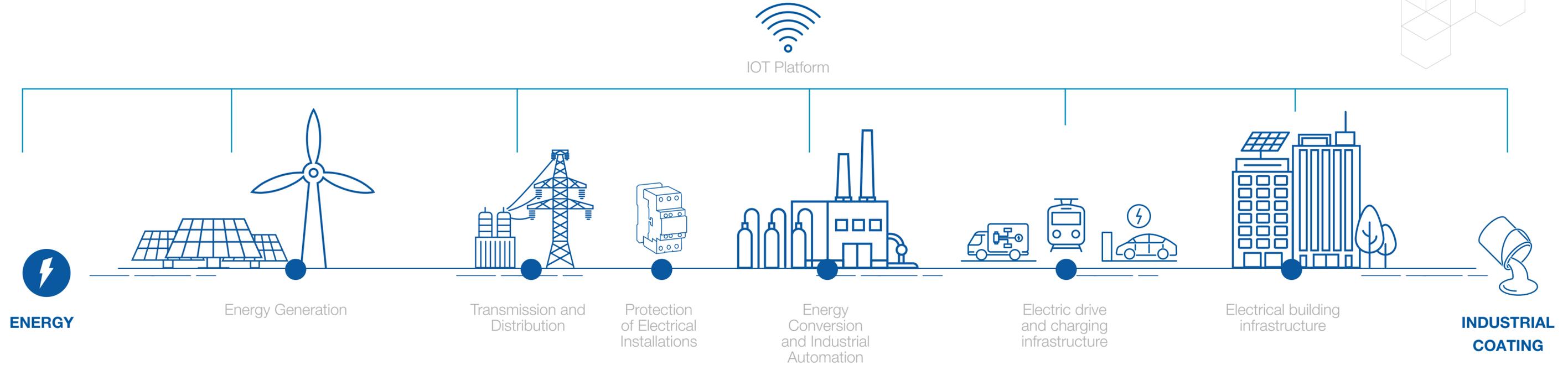
**WHERE WEG IS WORKING:**

<p>Globally strengthen the company's principles and values and continually improve ESG practices.</p>	<p>Strengthen the participative management culture, intensifying "internationality" in the company's decision-making processes.</p>	<p>Encourage internal teams to adopt an increasingly inclusive culture.</p>	<p>Establish specific plans through a Global ESG Program.</p>
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# OUR BUSINESS MODEL

GRI 102-2 / GRI 102-7



WEG's strategic vision is to supply complete and efficient solutions with a full line of electrical machines, from generation to consumption.

This means that we aim at remaining a competitive supplier of electrical equipment for typical applications, such as industrial pumps, compressors and fans.

We can also use the competitiveness and flexibility of our product line to integrate such products into a complete solution.

We can combine electric motors of different types and sizes with drives and controls to create complex industrial automation systems. Or complete solutions for energy generation from renewable sources. Or even complete power substations for virtually any use.

This integrated approach, based on the competitive production capacity, has been the basis of our presence in the market and the way we present ourselves to our customers and the market in general.

## COMPETITIVE EDGE

The unique business model creates important competitive and defensive advantages, resulting in growth and sustainable ROIC (Return on Invested Capital).

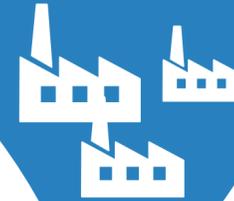


### DIVERSIFICATION

Our global presence and product mix allow us to reach the markets that offer the best growth prospects.

### VERTICALIZATION

It allows production flexibility and a very competitive cost structure.



### FINANCIAL FLEXIBILITY

It allows WEG to seek growth opportunities as they become available.

#### • MASS CUSTOMIZATION

Production flexibility allows WEG to supply competitively small batches of highly customized products. We do mass customization, not mass production.

#### • INNOVATION

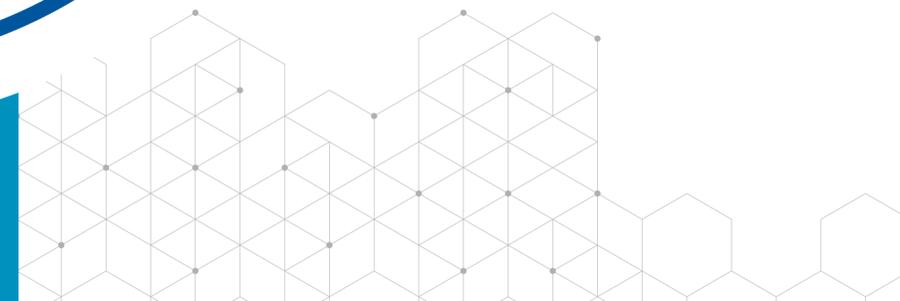
New ideas and technologies ensure the company's existence. That is why we encourage and support a favorable atmosphere to think ahead of our time.

#### • MODULAR EXPANSION

Our production system is also based on modular expansion, avoiding idle production capacity, maximizing return on capital and reducing demand risks.

#### • SUSTAINABLE ROIC AND GROWTH

Consistent growth history combined with solid operating returns and disciplined capital allocation produces a sustainable ROIC over time.



## PERFORMANCE OF THE COMPANY AND BUSINESS AREAS IN 2021

The beginning of 2021 presented many uncertainties due to the atypical year experienced in 2020 because of the pandemic. Despite this scenario, there was consensus on the expectation of recovery in the world's main economies after the development of vaccines against COVID-19. This expectation was exceeded throughout the year, especially in the industrial businesses and segments where the company operates. In 2021 WEG defined its purpose, which is:

### OPERATING REVENUE



IN 2021, THE CONSOLIDATED NET OPERATING REVENUE (NOR) REACHED **BRL 23,563.3 MILLION**, WITH A GROWTH OF **34.9%** COMPARED TO 2020.

### DOMESTIC MARKET

The net operating revenue in the domestic market reached BRL 10,742.4 million, representing 45.6% of the total net operating revenue—a growth of 40.8% in relation to the previous year.

### EXTERNAL MARKET

On the export market, there was a 30.3% growth in the net operating revenue, which reached BRL 12,821.0 million, representing 54.4% of the total net revenue. In local currencies, weighted by the importance of each market, the revenue from the export market grew by 23.4% in the year.

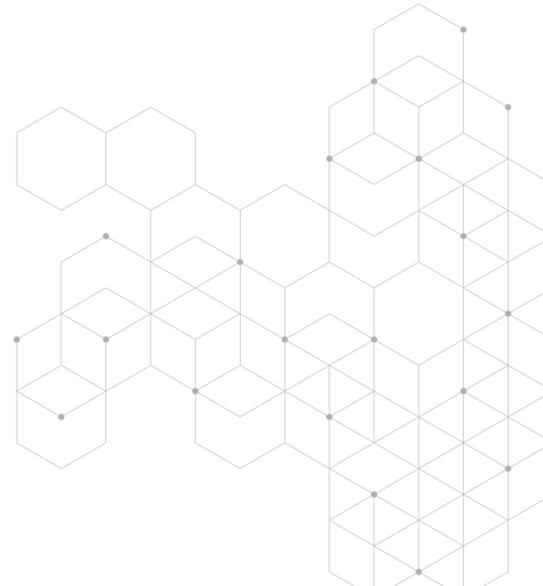
ACCESS WEG'S FINANCIAL STATEMENTS

[HERE](#)



(IN MILLION BRL)

2019	2020	2021
13,347	17,469	23,563



## BUSINESS AREAS

A diversified product line allows strong growth in different market cycles. WEG's business areas and its product lines are structured as follows

### INDUSTRIAL ELECTRICAL AND ELECTRONIC EQUIPMENT:

- Industrial Low Voltage Motors
- Industrial High Voltage Motors
- Gearboxes
- Drives
- Controls
- Automation Panels
- E-houses
- Battery energy storage systems
- Electric mobility solutions
- Digital solutions for industry 4.0

### ENERGY GENERATION, TRANSMISSION AND DISTRIBUTION:

- Electric Generators
- Alternators
- Wind Turbines
- Solar Generation
- Hydraulic Turbines
- Steam turbines (biomass)
- Power transformers
- Dry-type transformers
- Distribution transformers
- Substations

### APPLIANCE AND COMMERCIAL MOTORS:

- Commercial motors
- Motors for household appliances

### COATINGS AND VARNISHES

- Liquid coatings
- Powder coatings
- Electrical insulating clearcoats



## NET REVENUE IN 2021

### DOMESTIC MARKET 46%

21 %

ENERGY  
GENERATION,  
TRANSMISSION  
AND DISTRIBUTION

16%

INDUSTRIAL  
ELECTRO-  
ELECTRONIC  
EQUIPMENT

5%

APPLIANCE AND  
COMMERCIAL  
MOTORS

4%

COATINGS  
AND VARNISHES

### EXPORT MARKET 54%

33 %

INDUSTRIAL  
ELECTRO-  
ELECTRONIC  
EQUIPMENT

15%

ENERGY  
GENERATION,  
TRANSMISSION  
AND DISTRIBUTION

5%

APPLIANCE AND  
COMMERCIAL  
MOTORS

1%

COATINGS  
AND VARNISHES

# SUSTAINABLE PRODUCTS

GRI 102-2 / GRI 103-2 / GRI 103-3

## MATERIAL SUBJECT

### SDGs



### IIRC CAPITAL

Manufactured Capital; Human Capital; Intellectual Capital; Intellectual Capital; Social and Relationship Capital; Natural Capital

WEG's development of sustainable products is in line with our purpose and strategy. In this regard, we incorporate high technology aligned with sustainable concepts in all our business units, with solutions aimed at cities, industry and end consumers (B2C).

For the development of new solutions, WEG operates in a mixed model of innovation (open and closed). The main solutions developed are aligned with our research focuses: competitiveness, reliability and connectivity.

## INNOVATION IN NUMBERS

**BRL 548.8**  
MILLION  
in total investments in 2021, approximately 2.3% of the net operating revenue.

**507**  
globally valid patents (in progress between granted and applied for)\*.

Innovation index (percentage of the total sales in products launched in the past five years)  
**56.4%.**

**113**  
research/test laboratories in the world.

\*Data updated on 04/20/2022

## FOCUS OF INNOVATION AT WEG

Field of work:



**ENERGY AND INDUSTRIAL EFFICIENCY**



**RENEWABLE ENERGY**



**ELECTRICAL MOBILITY**



**DIGITAL SOLUTIONS**



**TECHNOLOGICAL MATERIALS**

COMPETITIVENESS

RELIABILITY

CONNECTIVITY



## PARTNERSHIP WITH UNIVERSITIES

WEG has or had recently partnerships in Brazil and abroad:



BRAZIL



GERMANY



CHINA



PORTUGAL



UNITED STATES

**INSTITUTO SENAI**  
DE TECNOLOGIA

**EMBRAPPI**

## PARTNERSHIP WITH STARTUPS

Throughout 2021, startups were called to offer solutions to the demands of the companies by means of priority demands:

- Monitoring
- Big data and Advanced Analytics
- IoT/IIoT
- Resource and project management
- Technological materials



## TECHNOLOGICAL DEVELOPMENT PROGRAM

At WEG, all ideas are organized and systematized by means of WEG Quality and Productivity Program. Within WEG Quality and Productivity Program is the Technological Development Program, which brings together innovation projects related to new products, processes and services. Based on the Technological Strategic Planning, the various projects that will be part of the programs are defined.

## OPEN INNOVATION

In 2021 WEG launched its first open innovation challenge to the market with the topic "Sustainable packages". In addition, 101 startups signed up for our open innovation initiatives on topics such as: Monitoring, Artificial Intelligence, Digitization and Technological Materials.



## WEG DIGITAL SOLUTIONS

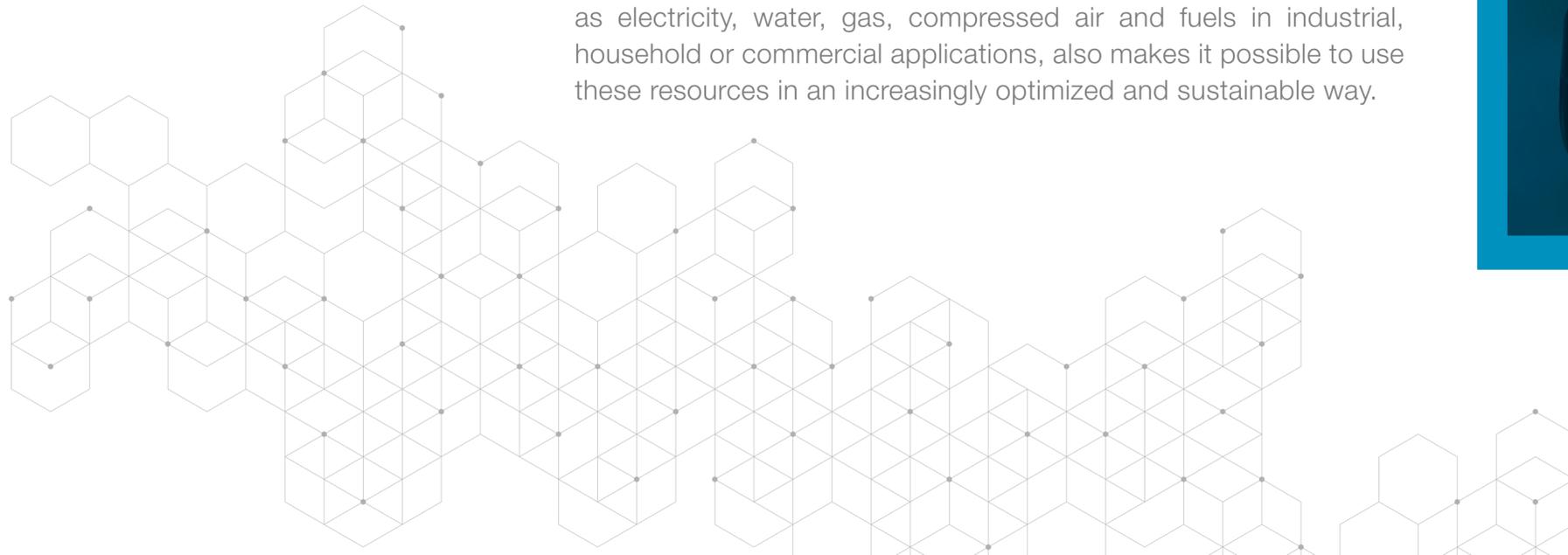
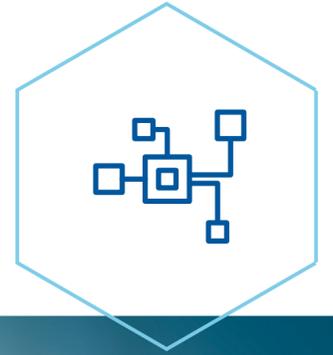
WEG Digital Solutions is an ecosystem that combines equipment, machines, software, knowledge and people to leverage gains in operational efficiency and that enables the sustainable use of energy, material and human resources. Sensors and software make equipment and machines smarter and are able to transform data into valuable information for real-time decision making, autonomously or combined with human intelligence.

It is the application of WEG's expertise to develop more efficient technologies for continuous growth in the information and Industry 4.0 age.

**INTERNET OF THINGS OR IoT** is a technological concept that enables the connectivity of “things” such as machines and equipment with the world wide web. They are physical objects, vehicles, buildings, industrial equipment, plants and other structures that have sensors able to collect and transmitting data.

WEGnology® IoT platform is a powerful tool based on cloud computing, especially developed to create connected solutions. Its ease of use allows the development of the simplest to the most complex applications, making it possible to create perfectly integrated and collaborative ecosystems, in addition to providing the co-creation of solutions focused on the digitalization of processes and efficiency gains. IoT and connectivity technologies have leveraged business experience with traditional systems such as MES (Manufacturing Execution Systems) and amplifying operational gains with real-time execution management.

Energy management with WEG ENERGY MANAGEMENT, which is a software for managing the consumption of resources such as electricity, water, gas, compressed air and fuels in industrial, household or commercial applications, also makes it possible to use these resources in an increasingly optimized and sustainable way.



## PRODUCTS AND SOLUTIONS IN OUR BUSINESS UNITS

The portfolio of WEG's business units meets the demands of different sectors with efficient solutions and products that minimize environmental impacts, for example, by reducing the consumption of natural resources and contributing to the search for a low-carbon economy.

## TECHNOLOGY IN MOTORS PROMOTING EFFICIENCY

WEG develops motors with better performance and lower electrical energy consumption and focus on the durability of the products. Our industrial motors have increasingly higher performance levels which exceed the standards and legislation in force globally. The same occurs with our commercial motors, such as the WECM line for application in ventilation systems, whose objective is to raise the bar in terms of efficiency and embedded technology, bringing permanent magnets and VSD integrated to the motor as a single solution.

In addition, remote monitoring technologies that can be added to our products have been developed. By means of sensors installed in electric motors and sensors for gearboxes and gearmotors, added to the WEG Motion Fleet Management platform and subscription to the Specialist service, you can monitor the performance of the equipment remotely at any time, obtaining valuable diagnostics on energy performance and its health, avoiding unexpected breakdowns and optimizing its useful life.



### SALES IN NUMBER OF MOTORS\*

GLOBAL MARKET	2018	2019	2020	2021
% OF THE TOTAL	49.4%	51.9%	65.5%	71.6%

\* Considering the quantities of three-phase industrial motors with efficiency IR3 and above sold in the period.



## WIND POWER

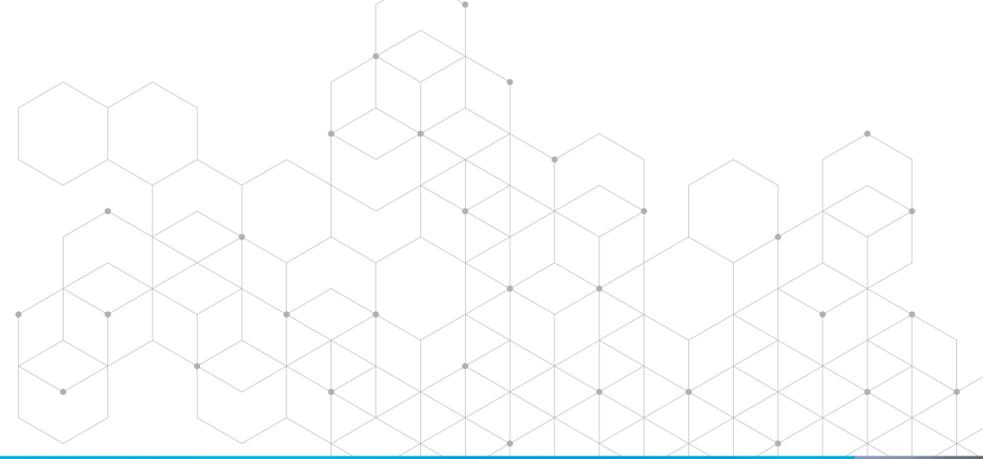
WEG, as part of this market since the 1990's, started its activities in the segment by developing and supplying generators and other equipment for use in wind power generation. Subsequently, in addition to the components, we started to manufacture wind turbines.

Since 2013, when we supplied the first wind turbines, around 650 MW in wind turbines have been installed. And WEG continues to make constant investments in this industry. An example of that is the development of the new wind turbine platform, with power of 4.2 MW and a rotor of 147 m, available on the market since 2019.

251 units of this platform have already been sold, which will be delivered in the coming years, and added to the current fleet, they will surpass 1.6 GW of installed power, thus maintaining WEG among the main players in the Brazilian market.

In 2021, WEG started the wind energy business internationalization process, installing a prototype of the 4.2 MW wind turbine in India, which will enable WEG to supply this important target market. In addition, investments were made in the factory to enable this plant to produce wind turbines to supply the foreign market.

In the Brazilian and Indian markets, WEG provides services in wind turbines, overhaul, repowering and technological upgrade of the generators of any manufacturer, ensuring greater efficiency, availability and service life for the equipment.



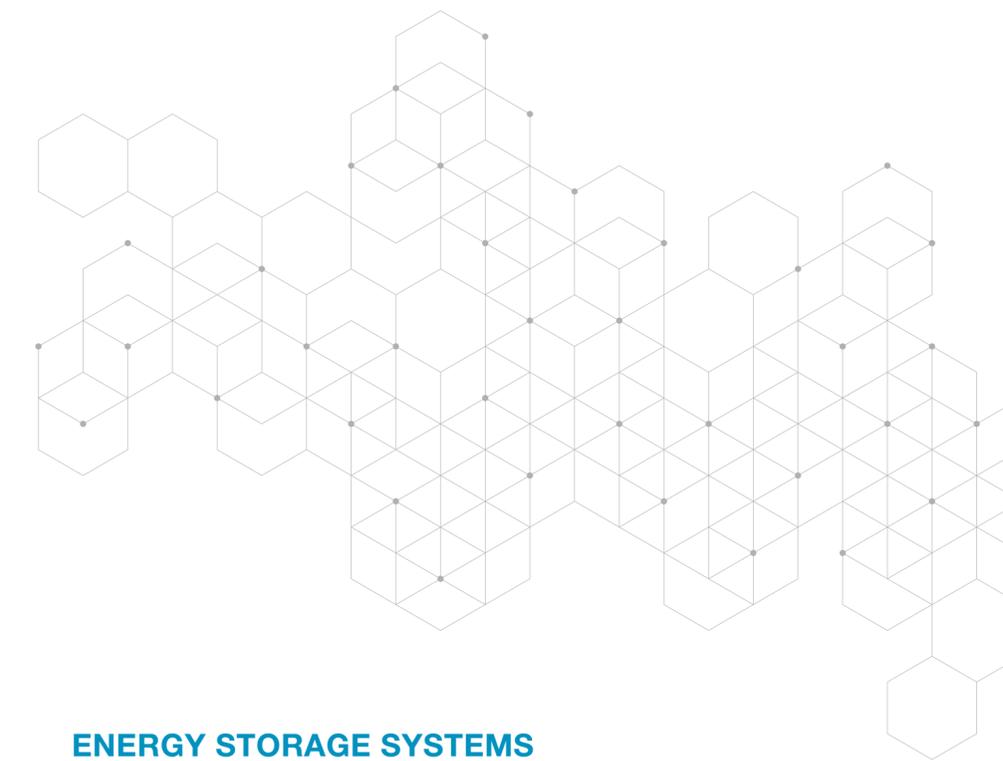
## HYDROELECTRIC GENERATION

WEG continues to be an important player in the supply of solutions for hydroelectric generation, offering turbines, generators, panels and transformers for medium and small power plants. In 2021, developments were started to improve the efficiency of generators and hydraulic turbines in order to increase the availability of electricity generation of the plants.

WEG also offers inspection, diagnosis, overhaul, restoration and repowering services for hydraulic generation complexes, whose electrical and mechanical equipment wear out and lose their original characteristics. The productivity and reliability gains are clear, because in addition to restoring the original conditions, they improve the operating condition, efficiency and availability.

For 2022, the market is expected to remain heated, as there are plans to hold two auctions (May and September) for hiring energy.

% of product sales  
in relation to the  
total of the unit in  
2021. **HYDROGENERATION**  
**4.7%**



## ENERGY STORAGE SYSTEMS

Energy storage systems are able to exploit energy resources intensively, playing an important role in the unification, distribution and capacity expansion of distributed generation systems. This technology allows disseminating the use of solar, wind and other renewable energy sources in a sustainable manner, overcoming the problems of random energy availability and increasing the efficiency of the system as a whole, in addition to contributing to the reduction of environmental impacts. The line stands out for being a solution fully developed to meet the specific demand of each project, and it is worth of notice the unprecedented supply of BESS to the Energy Company of Paraná State (COPEL), with solutions that encompass four complete systems with lithium-ion batteries and flow batteries, in addition to the development of the control for microgrids supplied by different energy sources.

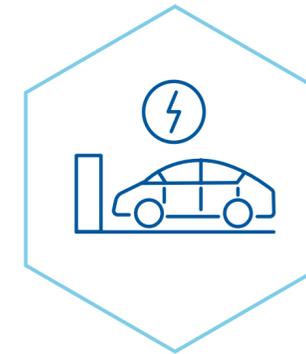
## WEMOB ELECTRIC VEHICLE CHARGING STATIONS

One of the largest global manufacturers of electric machines and automation technologies for the industry and energy systems, WEG is ready for the electric mobility market with the launch of its electric vehicle charging stations. For WEG, technological innovation mainly refers to the development of new technologies, products and materials, aiming at increasing efficiency, reducing costs, improving quality and reducing raw materials used in products. Thus, WEG becomes more competitive, gains new markets, keeps itself sustainable and contributes to the development of the planet.

Electric vehicles are a global trend and having a charger will be essential in this new scenario. For this reason, WEG developed the WEMOB line of Electric Vehicle Charging Stations, especially designed to meet the needs for power, charging speed and safety. In the Wall model, designed for homes and condominiums, and in the Parking model, developed for shopping malls, parking lots and public spaces, the EV charging stations provide greater security and protection than a conventional electrical outlet, in addition to recharging the batteries quick and reliably, preserving their useful life.

In 2021, WEG made several partnerships to supply WEMOB charging stations, consolidating the company as an important player in the provision of infrastructure solutions for electric mobility. Among them, we can point out the partnerships with Peugeot, Fiat and Citroen through the supply of charging stations for the automakers, and technical visits to customers and installation of

equipment, in addition to providing ultra-fast charging stations and shielded buses for the new Mercedes-Benz plant. We also had a partnership with Renault in the Photovoltaic Garage project at the Ayrton Senna Industrial Complex and in the electric mobility project in Fernando de Noronha.



## SOLAR POWER

Monitoring closely the evolution of photovoltaic solar energy in Brazil and using all its technological experience, WEG is today one of the main suppliers of products and solutions for solar plants in the country, offering complete solutions for small, medium and large plants.

WEG has a vast portfolio of products for all the stages of photovoltaic solar generation projects, with solutions for the energy conversion system, internal distribution of the plant up to the point of connection to the electrical system through our high voltage substations.

Some of the highlights in 2021 were the supplies of SKIDS for Centralized Generation projects—an integrated equipment solution with low voltage switchboards and medium voltage cubicles and transformers, mounted on a metallic base, interconnected and tested in the factory ready for a plug and play installation, providing flexibility and reliability to the enterprise. Among the main projects, we supplied SKIDS to the Janaúba and Castilho photovoltaic units, which together make up 71 units totaling 520 MVA in secondary substations for energy generation in the free market.

In order to meet market demands and adapt them to the worldwide trend that seeks to expand renewable energy generation, WEG is consolidated as a national supplier for large inverter stations, EISW750. Integrated solution for projects, with emphasis on the Sol do Cerrado project, a self-producing energy plant (where the customer generates their own energy), which has the supply of 69 stations composed of central inverters, medium voltage cubicles and transformers divided into 17 sub-farms with a total installed capacity of 766 megawatts peak (MWp).

In the distributed generation market, WEG has 400 WEG panel builders throughout the national territory, which offers the end customer a complete solution with photovoltaic solar modules, inverters and peripherals, being one of the main players in the sector, completing 3 GWp of equipment.

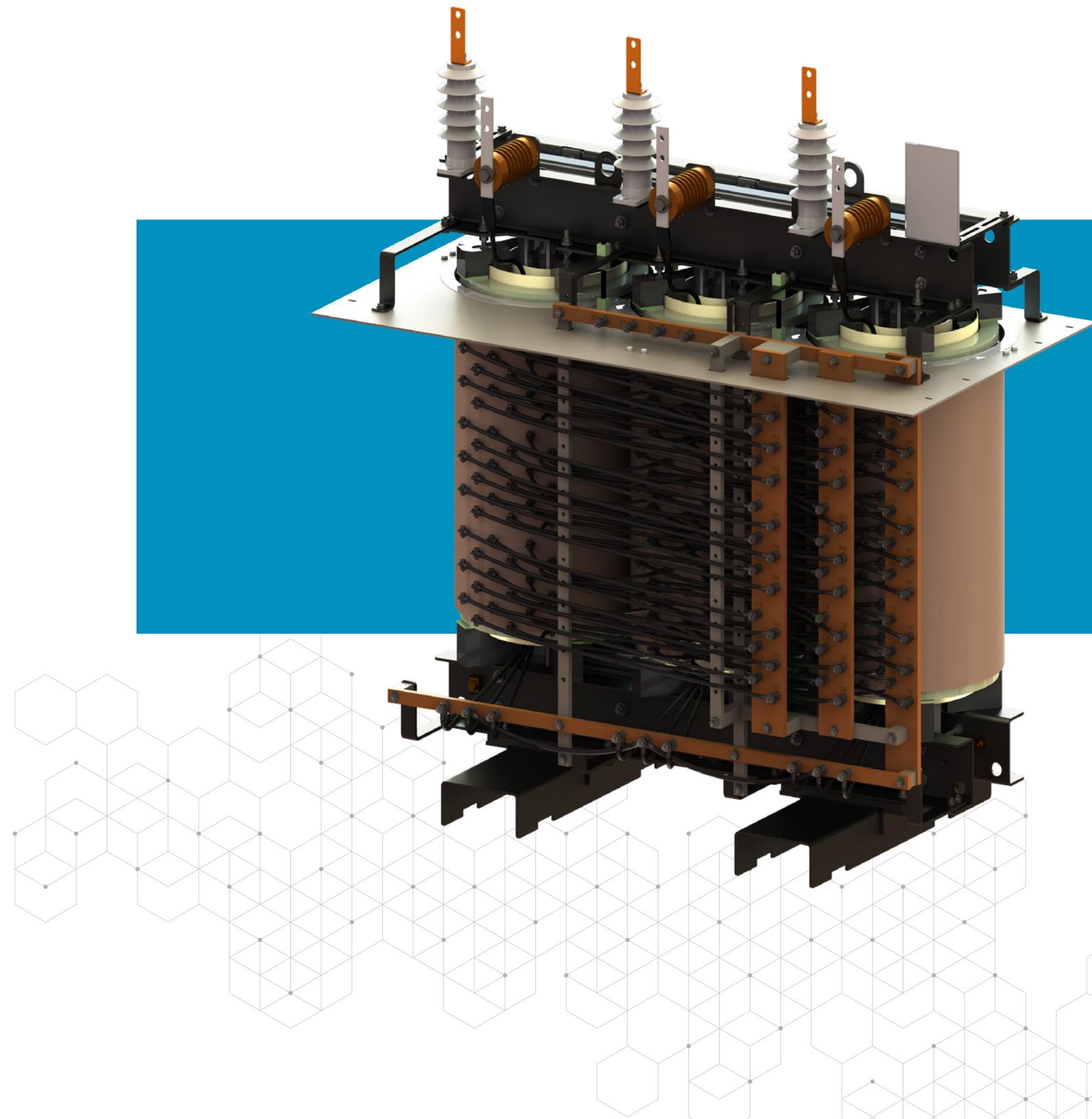
Still in distributed generation, in 2021, 40 turnkey FULL EPC projects were closed with a total power of 105 MWp, counting on WEG's experience in engineering, supplies and qualified and certified panel builders.



## MULTIPULSE DRY-TYPE TRANSFORMER

The Transmission and Distribution Unit works on the development of new equipment and solutions, which requires a smaller amount of natural resources in their manufacture and meets the characteristics of industry 4.0. Therefore, digital solutions are offered to manage the conditions of our customers' transformer fleet, which will consequently reduce unnecessary expenses with unscheduled downtime and increase the energy efficiency of the electrical distribution system in Brazil.

We have developed a line of multi-pulse dry-type transformers with VPI (Vacuum Pressure Impregnated) encapsulation technology, using an environmentally friendly product concept, focusing on the best balance between maximum efficiency and the use of materials with less impact on the environment, in line with WEG sustainability guidelines.





## WEG TRANSFORMER FLEET MANAGEMENT

Developed to bring more convenience and speed to the operation, maintenance and management of industrial transformers, WEG Transformer Fleet Management is the ideal solution to monitor and manage the transformer fleet, enabling customers to maximize the efficiency of their operations.

The WEG Transformer Fleet Management solution monitors oil and dry-type transformers to promote the optimized management of industrial plants, renewable energy generation plants and infrastructure.

Its main features are related to the management of the equipment usage condition, using intelligent algorithms to provide information such as useful life, energy management assessment and diagnostics of the installed park.

In addition, the solution has a maintenance management module, configurable alarms, a mobile app and the automatic generation of periodic reports to monitor the equipment.

All the functionalities were created focused on the best use of the assets, with direct impacts on their life, extending the time required for the extraction of other resources from the environment, positively and immediately impacting its preservation.

## COATINGS – NANOSTRUCTURED COATINGS – NEW TECH

In the various coating applications, whether liquid or powder, WEG uses its technological experience in the development of new sustainable products to reduce the environmental impact and waste, increase productivity and consequently save inputs in the painting processes.

Focused on sustainability, the current concern is products that increasingly provide resistance and longevity, reducing the consumption of natural resources. Within this universe, WEG developed the NEW TECH product line, liquid and powder coatings containing nanostructures in their formulation. Thinking about the reality of each customer, NEW TECH materials are made using particles to reduce the customer's main loss and intensify productivity with the lowest environmental impact possible. These new coatings can be used in any market and industrial application.



# ETHICS AND INTEGRITY

GRI 102-16 / GRI 102-17

For a company to develop in a solid and consistent way, it is essential to incorporate ethics and integrity in its culture, processes and practices. Thus, a harmonious environment is established, which promotes the development of employees and improves their performance in productive and administrative processes and in the relationship with stakeholders, generating less risks and opening opportunities through solid and lasting relationships.



TO THAT END, WEG ESTABLISHES A ROBUST SYSTEM THAT IS CONSTANTLY IMPROVED WITH POLICIES, TOOLS AND ACTIONS, WHICH IS ESSENTIAL TO AVOID RELATED RISKS AND TO **MAINTAIN CONTINUOUS AND SUSTAINABLE GROWTH.**

## CORPORATE POLICIES

WEG's corporate policies establish guidelines for the company related to ethics and integrity, involving the activities as a whole. It is a starting and essential point for internal processes and relationships with stakeholders to occur in a sustainable way, generating less risks and strengthening the generation of value in all capitals (financial, manufactured, intellectual, human, social and relationship and natural).

Policies are developed internally by the related areas/committees and always approved by the company's General Direction. Given WEG's geographic coverage, the policies are available in different languages so that our employees and stakeholders can easily understand them in different parts of the world.



### MISSION

Continuous and sustainable growth while maintaining simplicity.



### VISION

Be a global benchmark in electric motors, generators, transformers and drives with a wide integrated offer for electrification, automation and digitalization.



### VALUES

The values that guide WEG:

- People and Environment
- Participative management
- Governance
- Efficiency with Simplicity
- Innovation and Flexibility
- Leadership and Culture



### PURPOSE

Develop technologies and solutions to contribute to building a more efficient and sustainable world.





### **PREVENTION AND FIGHT AGAINST CORRUPTION AND OTHER DETRIMENTAL ACTS**

Revised in May 2021, WEG Policy for Preventing and Fighting Corruption and Other Detrimental Acts aims at reinforcing WEG's commitment to existing good practices through the expected conduct already defined in WEG's Code of Ethics in order to avoid and fight corruption and other detrimental acts, detect and remedy deviations, fraud, irregularities and illegal acts against national or foreign public administration, as well as encourage reports on failure to comply with the policy.

This Policy covers all administrators, members of the Fiscal Council, managers, employees, suppliers, customers, commercial representatives and other accredited third parties acting on behalf of WEG.

PEOPLE AT WEG COVERED BY THE POLICY RECEIVE  
PERIODIC TRAINING.

### **ACKNOWLEDGEMENT FORM FOR ADMINISTRATORS, MANAGERS AND EMPLOYEES.**

The administrators, members of the Fiscal Council, managers and other employees who keep relations with national or foreign public administrations must sign or acknowledge the awareness of this Policy.

[CLICK HERE](#) TO LEARN MORE





### SOCIAL RESPONSIBILITY

Policy that addresses highly relevant subjects related to social issues and human rights. It involves the company's relationship with employees and stakeholders.

[CLICK HERE](#) TO LEARN MORE



### PRIVACY

Privacy and the commitment to protect personal data of stakeholders is important for the company. This policy aims at providing transparency in the way the company collects, uses, protects or handles such data.

It complies with the European Union's General Data Protection Regulation 2016/679 (GDPR) and other relevant laws on the same subject ("Data Protection Laws").

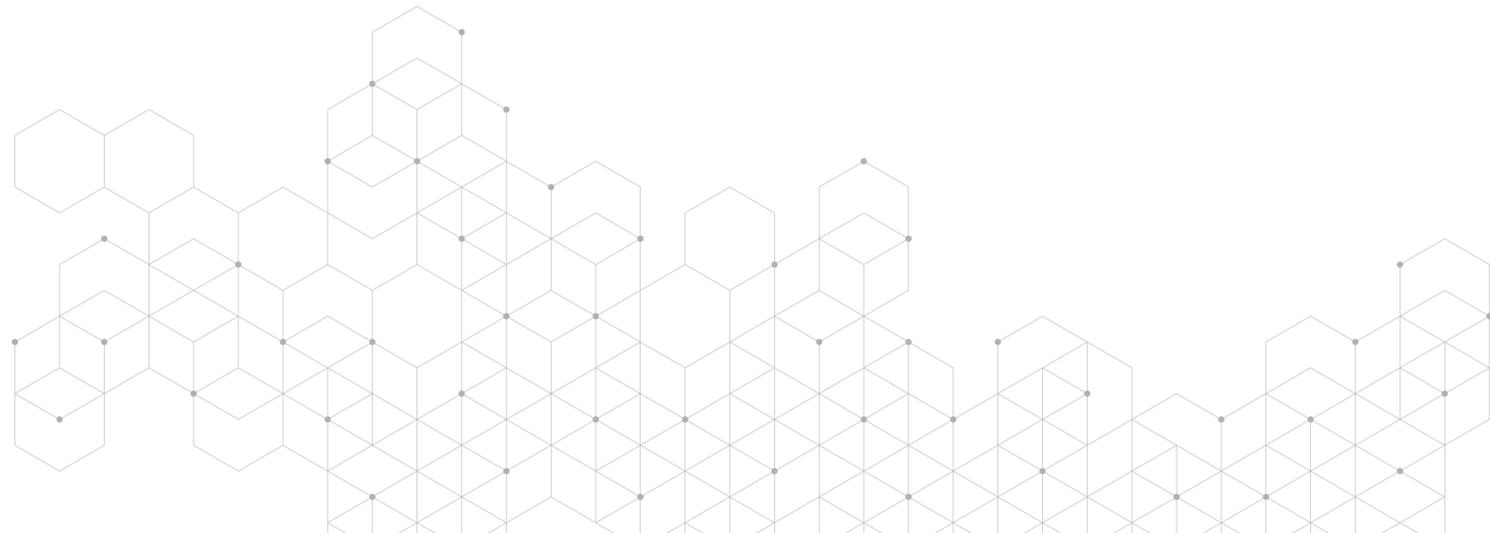
[CLICK HERE](#) TO LEARN MORE



### MARKETING

This policy aims at aligning the WEG GROUP's marketing communication projects and actions with its mission and principles regarding sustainability in a responsible, transparent, ethical and true manner, respecting individuality, diversity and the environment. It also intends to minimize risks in the company's business activities related to the legislation and self-regulation codes of the sector.

[CLICK HERE](#) TO LEARN MORE





## CODE OF ETHICS

In addition to the specific policies, the company has a Code of Ethics, setting out the expected conduct of employees, managers and administrators in the performance of activities across the WEG group.

### Development and Approval

WEG's Code of Ethics is a cross-cutting theme based on the UN's human rights and on WEG's values and policies, ensuring the integrity of employees and stakeholders. All hierarchical levels of the company are involved, aiming at aggregating a broad and diversified vision. Additionally, WEG encourages other stakeholders to apply the guidelines of the Code of Ethics:

The Code of Ethics Management Commission coordinates the process, and the Direction and Board of Directors approve it.

### Duties of the Code of Ethics Management Commission

- Interpret the Code of Ethics in case of uncertainties in order to make its understanding uniform and avoid ambiguities in its application;
- Periodically analyze and revise, when necessary, the Code of Ethics in the light of ethical application and evolution in the social field and within the company;
- Monitor the alignment of the application across the units of the group;
- Check and inform the direction about the application of the Code at the company;
- Deliberate on the necessary resources for the application of the Code.

[CLICK HERE](#) TO LEARN MORE

## CONTINUOUS QUALIFICATION OF EMPLOYEES

### TRAINING IN THE POLICY TO FIGHT CORRUPTION AND OTHER DETRIMENTAL ACTS FOR STRATEGIC AREAS

WEG provides regular training for all administrators, members of the Fiscal Council, managers and employees who can act on behalf of and authorized by WEG. At the end, they sign the notice of acknowledgment of this policy. The training is global in scope and carried out in Portuguese, Spanish and English.



**55**  
employees  
trained in 2021

#### History of trained employees:

- 2020: 261
- 2019: 656

### TRAINING OF NEW EMPLOYEES IN THE CODE OF ETHICS

When new employees are hired, they are trained in the topics covered by the Code of Ethics, which addresses human rights, so that it is accessible and clearly understood by all employees. In 2021, the Code of Ethics was updated, and a copy was given to each employee, who was asked to sign the term of commitment again, in addition to all employees having a distance learning course. WEG seeks to make its employees aware of the importance of the subjects that compose the Code by means of internal communication actions.



Employees trained in the  
Code of Ethics in 2021:  
**35,458**

#### History of trained employees:

- 2020: 2,748
- 2019: 2,367



## WEG ETHICS CHANNEL

The Ethics Channel is one of the tools that reinforces the WEG Compliance Program, which represents the alignment of the company's conduct with values and principles, internal rules and what is established in society in terms of laws and customs. In a transparent and secure manner, the Ethics Channel establishes a way for direct, secure communication and treatment of information in absolute confidentiality.

The channel is available to employees as well as WEG's business partners, and it is open 24 hours a day, seven days a week.



### In this channel you can:

- Clarify questions about any personal conduct or procedure in your area at the company.
- Report nonconformities.
- Check the status of the verification procedure and the final opinion on the report, complaint and suggestion made.

ACCESS THE WEG ETHICS CHANNEL

[HERE](#)

INDICATORS RELATED TO THE CODE OF ETHICS

NUMBER OF EMPLOYEES

31,830  
2019

33,342  
2020



36,987  
2021

COMPLETED REPORTS

Total reports analyzed

CATEGORY	2021	2020	2019
Valid	119	82	85
Invalid	249	309	206
<b>TOTAL</b>	<b>368</b>	<b>391</b>	<b>291</b>

Total valid reports

CATEGORY	2021	2020	2019
Work relationship and organizational climate	46	31	13
Discrimination and harassment	37	17	21
Internal Policies and Regulations, or Legislation	13	14	18
Stakeholder Relations	15	13	19
Fraud and Theft	6	6	12
Others	2	1	2
<b>TOTAL</b>	<b>119</b>	<b>82</b>	<b>85</b>

REPORTS UNDER INVESTIGATION

Number of reports under investigation until December 31 of the year in question:

88  
2019

41  
2020



55  
2021

REPORT CHANNEL

Until 04/30/2021 the channel was internal (owned and managed by WEG). Since 05/01/2021, the report channel has been outsourced to a specialized company.

ACTIONS TAKEN AGAINST VALID CASES

WEG uses disciplinary measures and other actions according to its internal policies and applicable legislation.

# CORPORATE GOVERNANCE

GRI 102-5 / GRI 102-11 / GRI 102-18

The company's commitment is to keep working within the same principles of transparency, fairness and accountability to shareholders and other stakeholders. In view of that, WEG joined the Novo Mercado listing segment of B3 and adopted the Brazilian Corporate Governance Code, from the Brazilian Institute of Corporate Governance (IBGC in the Portuguese acronym).

## THE ADMINISTRATION OF THE WEG GROUP IS EXERCISED BY THE:

- Board of Directors, with deliberative functions;
- Executive Direction, with representative and executive functions;
- Fiscal Council;
- Audit Commission.



THE ADOPTION OF SPECIAL CORPORATE GOVERNANCE PRACTICES REFLECTS THE EXAMPLE SET BY WEG'S FOUNDERS, AND THE RESPECT FOR THE PARTNERS WHO HAVE JOINED THE COMPANY ALONG ITS HISTORY.



The Board of Directors consists of seven members, including a president and a vice-president. Two board members are considered "independent" in accordance with the provisions of the Listing Rules of B3 New Market.

The meetings of the Board of Directors are held with the presence of at least 2/3 (two thirds) of its members.

**IN 2021, 12 MEETINGS  
WERE HELD WITH  
100% PARTICIPATION  
OF THE MEMBERS.**



**MEMBERS**



**Décio da Silva**  
President



**Nildemar Secches**  
Vice President



**Martin Werninghaus**  
Member



**Sérgio Luiz Silva  
Schwartz**  
Member



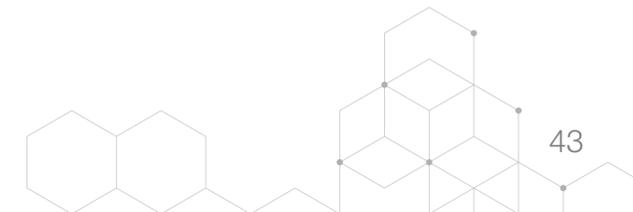
**Miguel Normando  
Abdalla Saad**  
Member (Independent)



**Dan Ioschpe**  
Member  
(Independent)



**Siegfried Kreutzfeld**  
Member



## EXECUTIVE BOARD

### THE EXECUTIVE BOARD IS COMPOSED OF 11 MEMBERS

CEO, CFO and IR Director and other Officers. 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.



**Harry Schmelzer Jr**  
Chief Executive Officer



**André Luís Rodrigues**  
Chief Financial Officer and Investor Relations Officer



**Alberto Yoshikazu Kuba**  
Officer



**Carlos Diether Prinz**  
Officer



**Eduardo de Nóbrega**  
Officer



**Elder Jurandir Stringari**  
Officer



**Hilton José da Veiga Faria**  
Officer



**João Paulo Gualberto da Silva**  
Officer



**Julio Cesar Ramires**  
Officer



**Manfred Peter Johann**  
Officer



**Reinaldo Richter**  
Officer

WEG S.A. has two other directors who are not part of the Executive Direction:



**Daniel Marteleto  
Godinho**  
Director



**Wilson José  
Watzko**  
Director

## FISCAL CONCIL

The Fiscal Council is permanent, composed of three effective members and three alternate members, elected annually at the General Meeting.

### MEMBERS (ELECTION DATE: 04/27/2021)

<b>ALIDOR LUEDERS</b>	Effective Member
<b>LUCIA MARIA MARTINS CASASANTA</b>	Effective Member
<b>VANDERLEI DOMINGUEZ DA ROSA</b>	Effective Member

## AUDIT COMMISSION

In 2021, WEG created its Audit Commission, which is composed of three effective members, with the Annual General Meeting electing its members annually.

### MEMBERS (ELECTION DATE: 08/24/2021)

<b>DAN IOSCHPE</b>	Coordinating Member
<b>DOUGLAS CONRADO STANGE</b>	Member
<b>ESTELA MARIS VIEIRA DE SOUZA</b>	Member

## REMUNERATION

### POLICY

WEG's remuneration policy for its managers aims at attracting and retaining qualified professionals, with competence and a profile suitable for the characteristics and needs of the business.

- Board of Directors and Executive Board - The purpose of the remuneration is to repay the contribution made by each member to the continuity and development of the organizational business under their responsibility, as well as to obtain the results and performance achieved by the Company.
- Fiscal Council - The remuneration aims at remunerating each member for the performance of their legal and statutory functions. There is no variable remuneration for the Fiscal Council.
- Non-statutory Audit Committee - The purpose of compensation is to provide fees to members for their contribution and responsibility performed in the position, considering their attributions. There is no variable compensation for the Audit Committee.

(Proportion in 2021 between the highest salary and the average salary of employees (Brazil): 47.76.)

### COMPOSITION OF REMUNERATION

**Fixed remuneration** - The members of the Board of Directors and the Statutory Executive Board receive fixed remuneration, established in accordance with specific legislation, statutory provisions and market standards. When establishing the individual amount to be paid monthly, it is taken into account: their responsibilities, the time devoted to their duties, their competence and professional reputation and the value of their services in the market, being different according to the specific functions and responsibilities inherent to each position. The remuneration also takes into account market research and the Organization's strategic alignment.

**Variable remuneration** - The members of the Board of Directors and the Statutory Executive Board receive variable remuneration subject to the achievement of goals and performance indicators. This form of compensation promotes consistent and transparent sharing of results, as well as the alignment of the interests of the Company, Administrators and shareholders, in accordance with the best management and corporate governance practices.

**Long-Term Incentive Program** – The Company's Administrators also receive share-based compensation, called Long-Term Incentive Plan, subject to the achievement of goals. This form of remuneration encourages administrators to become long-term shareholders, helping align the interests of these administrators with the interests of the other Company's shareholders.

The variable compensation and share-based compensation of the members of the Board of Directors and the Executive Board are subject to goals and performance indicators to be achieved, promoting the alignment of their interests with those of the Company in the sense of creating value, being in line with the best management and corporate governance practices

The consolidated financial statements ended on December 31, 2021, and detail the actions granted to the parent company's administrators and their subsidiaries under this long-term incentive plan.

The deadline for the shares to become deliverable are:

**70% = 1/3 FROM THE 2ND YEAR, 1/3 FROM THE 3RD YEAR AND 1/3 FROM THE 4TH YEAR.**

**30% = 15% ON THE DATE ON WHICH THE ADMINISTRATOR OR THE MANAGER COMPLETES 55 (FIFTY-FIVE) YEARS OLD AND 15% MORE WHEN THE RETIREMENT OCCURS IN THE COMPANY.**

## RISK MANAGEMENT

Risk management at WEG is a process that involves the entire administration, aiming at creating a risk prevention culture, providing alignment with the company's long-term strategy. This process comprises the steps of identifying, assessing, classifying and focusing on the treatment of risks that may represent threats or opportunities to the business.

The risk review is conducted periodically through analysis and classification of risks mapped into six categories: external, strategic, financial, people, compliance and governance, and operations. The six risk categories split up into different possibilities of subtopics. For example, risks related to the environment are mapped through the “external and operations” category.



THIS ACTIVITY IS CARRIED OUT TOGETHER WITH MANAGERS IN CHARGE OF THE PROCESSES, WITH SUPPORT FROM THE INSURANCE AND RISK DEPARTMENT AND REPORT OF THE RESULTS TO TOP MANAGEMENT.

# ■ SUSTAINABILITY GOVERNANCE

WEG has created an organizational culture aligned with good governance practices and socio-environmental responsibility since its early years, in the 1960s, a legacy of the convictions and position of our founders, Werner Voigt, Eggon Silva and Geraldo Werninghaus. Over the years and decades, through internal and external demands, WEG has improved its processes and management in these aspects.

In recent years, society and the market have been increasingly demanding actions on the subject. In addition, ESG complexity and dynamism stimulated companies to continuously improve their practices and management, and with WEG it was no different.

To help address these challenges, in recent years WEG has made important changes in its sustainability governance process, such as in 2020, when it created a Board and Committee dedicated to the subject, and in 2021, the Department of Sustainability.



**Currently, WEG's Sustainability governance structure is as follows:**

- **BOARD OF DIRECTORS**

Determines strategic guidelines and approves investments and actions on the subject.

- **EXECUTIVE BOARD**

Determines strategic guidelines and approves investments and actions on the subject.

- **SUSTAINABILITY COMMITTEE**

With a multidisciplinary team, the Committee includes representatives of the five business units, representatives from abroad, and representatives of the company's strategic areas. The HR and Sustainability Director and the Institutional Relations and Marketing Director also take part in the Committee. The Committee debates, demands and approves actions and investments in sustainability and ESG. The Committee reports to the Executive Board.

- **INFORMATION DISCLOSURE COMMITTEE**

The responsibilities of the Information Disclosure Committee include monitoring, approving and deliberating over issues related to corporate sustainability in the scope of disclosure of public information, such as the approval to publish the Annual Integrated Report, report on responses to sustainability indexes and awards, and other relevant information about WEG, ensuring that no relevant information that the company has not disclosed yet will be improperly disclosed. The Committee reports to the Executive Board.

- **SUSTAINABILITY DIRECTION**

It promotes and demands strategic sustainability and ESG issues.

- **SUSTAINABILITY DEPARTMENT**

At the end of 2021, the Sustainability Department was created, operating in a corporate manner for the WEG Group. The Department is composed of three areas, namely: Process Compliance Section, Social Development Section and ESG Management Section. The Department reports to the Sustainability Direction.

- **CORPORATE LEGAL & COMPLIANCE DEPARTMENT**

In 2021, the compliance function was formally structured, and it was incorporated by the Corporate Legal Department. The area is globally responsible for monitoring and improving the Company's Integrity Program in order to implement improvements and control procedures related to ethics, transparency and compliance with applicable standards. It works together with the Internal Audit in the assessment and addressing of nonconformities according to the Company's policies and structure. The Corporate Legal & Compliance Department functionally reports to the Administration and Finance Superintendence.

# GOALS PROGRAM

WEG has an annual goals program called WEG Quality and Productivity Program. The WEG Quality and Productivity Program permanent guideline is to achieve international quality and productivity standards, making WEG products and services competitive all over the world. The program aims at raising awareness and encouraging people's willingness for solving problems and taking advantage of opportunities for improvement, seeking continuous gains in quality and productivity, both in the manufacture of products and in the provision of services, as well as in the whole business performance, in each sector. The preparation of the WEG Quality and Productivity Program goals and projects considers different categories, as follows:

- Environment Program - PMA
- WEG Safety and Ergonomics Program – PWSE
- Technological Development Program – PDT
- Continuous Improvement Program
- Specific Goals Program - PME
- Annual Standardization Program - PAN

In order to stimulate the ESG agenda in all our Departments, within our goal plan structure that is related to profit sharing, as of 2020 WEG included in the WEG Quality and Productivity Program Brazil the need to classify goals that fall into E (Environmental) and/or S (Social) and/or G (Governance). These goals are in line with the company's Program and Policies.

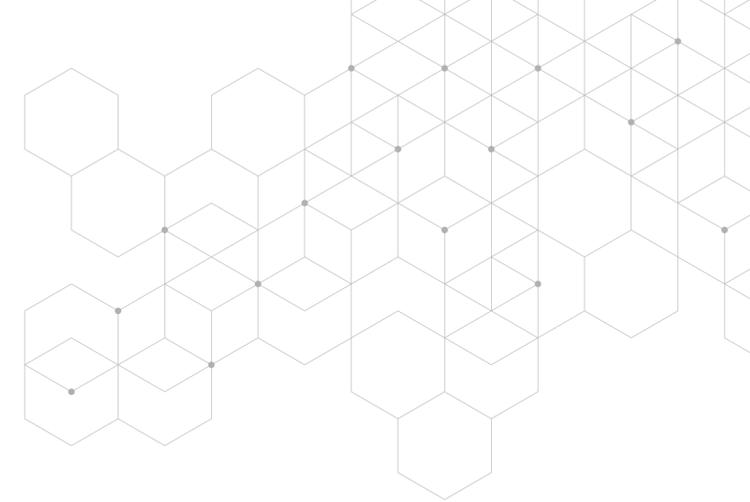


## RESULTS

In 2021, the Program obtained the following numbers:

- E (Environmental): 210 environmental goals were achieved.
- S (Social): 334 social goals were achieved.
- G (Governance): 948 governance goals were achieved.

The volume of improvements implemented through the goals contributed to the company making processes and practices more in line with good governance and socio-environmental practices in 2021. This is a continuous process, so these goals related to profit sharing tend to produce continuous ESG improvements in different areas of the company.



# ENVIRONMENTAL MANAGEMENT

- PROGRAMS AND PRACTICES — 52
- GREENHOUSE GAS EMISSIONS — 55
- WASTE AND ENERGY — 59
- WATER, EFFLUENT AND WATER RESOURCES — 61





Environmental impacts and problems—like climate change, scarcity of resources and other challenges that the world faces—affect the global economy and generate challenges and opportunities in the other capitals of the company, such as financial, manufactured, intellectual, human and social, and relationship.

As a basis for working on these challenges, WEG has an Environment Policy with a global scope, through which the commitment to the environment is present at all levels of the organization.

This Policy splits establishes guidelines and procedures consolidated in Environmental Management System Manuals for each region, covering local environmental laws and particularities.

ACCESS THE ENVIRONMENT POLICY [HERE](#)



In 2021, we continued working on processes to achieve environmental objectives and goals, thus reducing environmental impacts by conserving natural resources, managing emission and waste generation, investing in technologies and constantly improving processes.



# PROGRAMS AND PRACTICES

## WEG KAIZEN

WEG Kaizen is one of the forms of participative management that promotes the participation of employees in activities for problem solution and continuous improvement that generate positive results in all processes.

History of WEG Kaizen projects implemented in Brazil with environmental gains:

YEAR	NUMBER OF IMPROVEMENTS IMPLEMENTED IN KAIZEN WITH ENVIRONMENTAL GAINS
2019	1,185
2020	1,104
2021	1,145



## WEG MANUFACTURING SYSTEM (WMS)

Our WEG Manufacturing System (WMS) program has eco-efficiency and cleaner production as its management practice. This program is based on concepts, principles and techniques that seek the best practices defined worldwide.

The WMS is based on technical and management pillars, including the Environment and Energy Pillar, which aims at:

- Reducing environmental impacts;
- Reducing consumption of energy and water resources;
- Reducing scrap;
- Reducing the generation of waste, effluents and emissions;
- Reducing losses and waste.

The objectives and indicators of the environment pillar of the program linked to the productive process are related to:

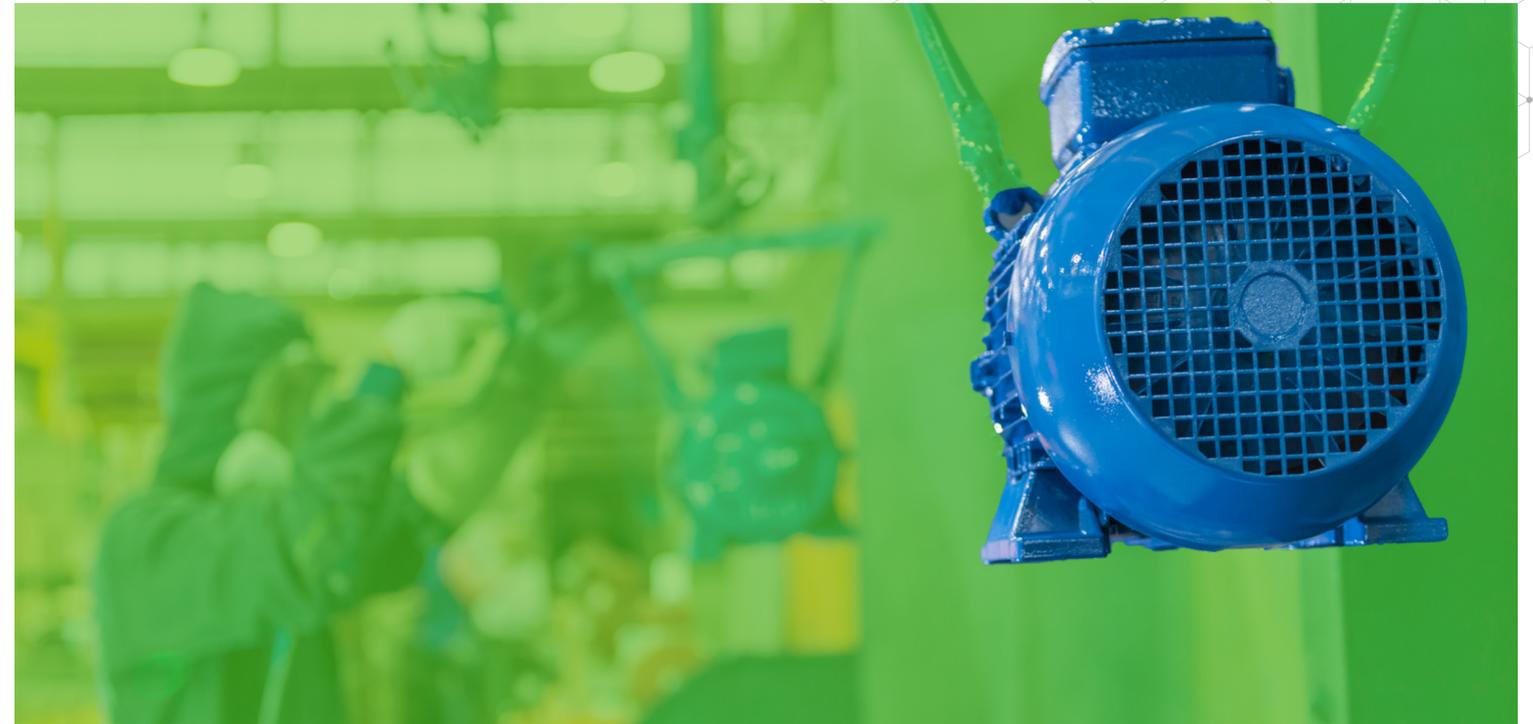
- Electricity, fuels and compressed air;
- Waste and effluents;
- Water consumption;
- Input consumption;
- Chemical cleaning.

## MATERIAL EFFICIENCY AND ENVIRONMENTAL ASSESSMENT OF THE PRODUCT

WEG adopts, in its value chain, initiatives that are aligned with the principles of the circular economy, using practices that include the reuse of process residues as raw material, like stamping steel scrap used to make castings, and the adoption of programs to recover materials at the end of the product life cycle through reverse logistics and Replacement Plans.

The application of these concepts and practices allowed WEG to reach a material efficiency index close to 85%. WEG is also constantly improving and evolving the energy efficiency of its products and retrofit solutions to extend the useful life of some product lines. Qualified teams work both on the processes to develop new products, on the design of new lines and in the implementation of more efficient industrial processes.

WEG applies the LCA (Life Cycle Analysis) to generate the EPD (Environmental Product Declarations) according to customers' demands, intending, in the coming years, to expand the application of these tools.



THROUGH THESE TOOLS, IT IS POSSIBLE TO HAVE A BETTER UNDERSTANDING OF POTENTIAL ENVIRONMENTAL ASPECTS AND IMPACTS (POSITIVE AND NEGATIVE) THROUGHOUT THE SERVICE LIFE OF THE PRODUCTS, BASING STRATEGIC DECISIONS REGARDING THE PORTFOLIO OFFERED TO THE MARKET AND AS PROCESS IMPROVEMENTS.

## INVESTMENTS AND EXPENSES IN THE ENVIRONMENT

Environmental investments fall into three categories:

- **Environmental control:** Related to treatment and disposal of waste, treatment of atmospheric and liquid emissions, environmental liability insurances, depreciation of devices and expenses with materials and maintenance.
- **Equipment:** Related to the purchase of equipment for environmental control.
- **Management:** Related to the remuneration for training personnel who act in environmental management, research and development, and certification of environmental management systems.

Below is the amount invested in each category in Brazil in 2021:

INVESTMENTS	AMOUNT (BRL THOUSAND)	%
Environmental control	8,678	54.19
Equipment	1,329	8.30
Management	6,006	37.51
<b>TOTAL</b>	<b>16,013</b>	<b>100</b>

## SUSTAINABLE PACKAGING AND BIODIVERSITY CONSERVATION

We have a packaging factory, RF Reflorestadora, in Brazil. This company produces all the wooden packaging used in our various product lines. Therefore, we have our own reforestation areas that guarantee the continuous supply of wood and the preservation of this natural resource and areas of natural forests, legal reserves and permanent preservation areas that help in the preservation of the local biodiversity.

The areas comply with all legislation and legal requirements, including an area of conservation of native forests much larger than the minimum established for the legal reserve. In addition, WEG promotes and supports conscious reforestation and nature conservation initiatives and invests in the afforestation of its industrial parks.

## CERTIFICATIONS

In 2021, considering the scope of employees, 61% of the WEG group was covered by ISO 14001 certification.



### AREAS

Reforestation	6.017,71 ha
Natural Forests	2.810,78 ha
Legal Reserve	2.445,54 ha*
Permanent Preservation Areas	818,43 ha**

\* Area of Legal Forest Reserve not considered in the item "Natural Forests".  
 \*\* Areas of Permanent Protection not considered in the item "Natural Forests".

ACCESS THE ENVIRONMENT CERTIFICATIONS  
 ISO 14001 AND ISO 50001

HERE

# GREENHOUSE GAS EMISSIONS

GRI 102-48 / GRI 103-2 / GRI 103-3 / GRI 305-1 / GRI 305-2 / GRI 305-3

**MATERIAL SUBJECT**

SDGs



**IIRC CAPITAL**

Manufactured Capital; Natural Capital

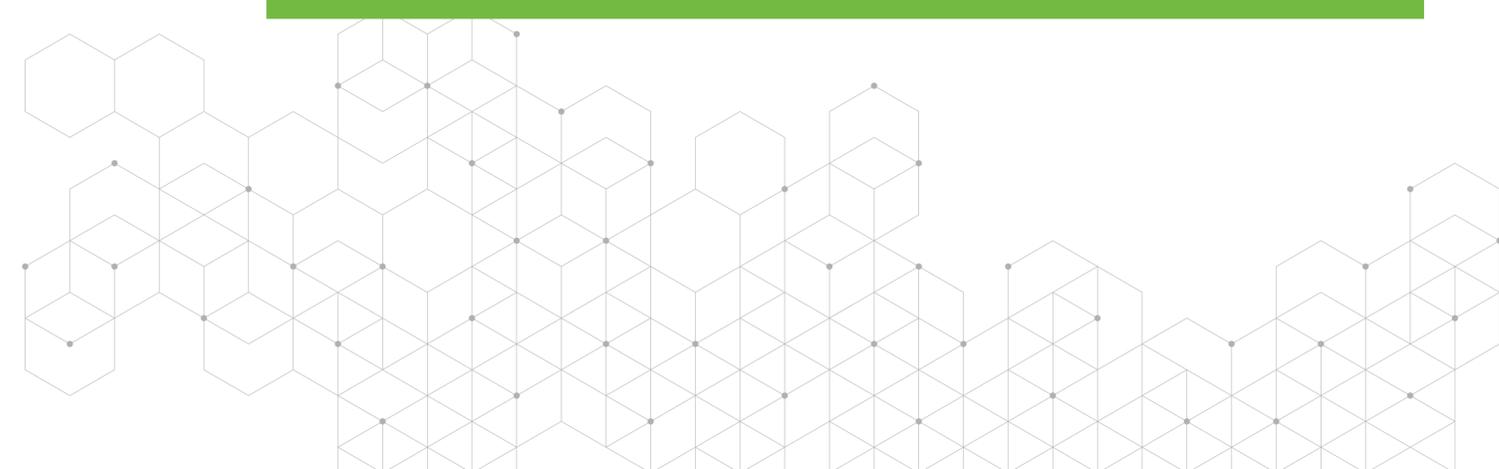
Climate change is a global priority, and different sectors of the society must strive to reduce the increase in global temperature and outline consistent ways to cause the least emission impact, seeking manners to compensate and adapt to the current and future climate scenario.

As a result of the nature of its operation, WEG emits greenhouse gases and, aware of that, works to reduce the impacts of its operations and has solutions aligned with a low carbon economy in its business model.

At WEG, the issue of climate change is dealt with at a strategic, tactical and operational level, with a more direct impact on some areas, such as Sustainability (responsible for preparing the inventory), R&D, Engineering, Environment, Sales, Global Procurement, Manufacturing Operations, which are directly involved in internal emission reduction processes and/or in the relationship with stakeholders, like customers and suppliers.



INSIDE THE GHG (GREENHOUSE GASES) MANAGEMENT PROCESS, PLANS AND ACTIONS ARE DEVELOPED. WEG INVESTS WITH A FOCUS ON REDUCING EMISSIONS, THROUGH INVESTMENTS IN UPDATING PROCESSES AND MORE EFFICIENT TECHNOLOGIES.



## REFORMULATIONS OF INFORMATION

In 2021, WEG improved its emissions inventory process. The calculations were based on the GHG Protocol and IPCC (Intergovernmental Panel on Climate Change) methodology.

The improvements made to the 2021 GHG emissions inventory included:

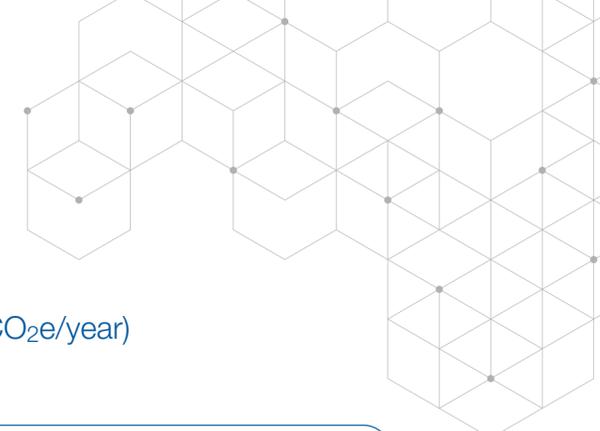
- Review of Scope 1 calculation method.
- Inclusion of calculation of Scope 3 emissions, in eight categories.
- Expansion of the scope of monitored units, including the company's business addresses. In 2021, 100% of WEG's global addresses are included in the GHG emissions inventory.



## GASES INCLUDED IN THE CALCULATION

The 5 (five) gases and the 2 (two) families of gases internationally recognized as gases causing the greenhouse effect were considered according to the Kyoto Protocol:

- Carbon dioxide (CO<sub>2</sub>);
- Methane (CH<sub>4</sub>);
- Nitrous oxide (N<sub>2</sub>O);
- Sulfur hexafluoride (SF<sub>6</sub>);
- Nitrogen trifluorid (NF<sub>3</sub>);
- Hydrofluorocarbons (HFCs);
- Perfluorocarbons (PFCs).



## SOURCE OF EMISSION FACTORS AND GLOBAL WARMING POTENTIAL (GWP) INDICES USED

The emissions of CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, NF<sub>3</sub>, HFCs and PFCs are expressed as CO<sub>2</sub>e, considering the respective global warming potential (GWP) of each gas based on the IPCC AR5. In the case of the WEG Group, emissions of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs were found.

## EXTERNAL VALIDATION OF THE INVENTORY OF GREENHOUSE GAS EMISSIONS:

WEG's 2021 greenhouse gas emissions inventory was audited and validated by a third party. The validation process is important for the company to assess and continually improve its management on the subject.



## EMISSIONS BY LOCATION

Emissions and representation by continent (tCO<sub>2</sub>e) – Location approach

CONTINENT	OPERATING CONTROL		(%)
	SCOPE 1	SCOPE 2	
America	41,729	76,469	78.13
Asia	3,862	21,853	16.99
Europe	1,557	1,691	2.14
Africa	559	3,422	2.63
Oceania	12	121	0.08
<b>TOTAL</b>	<b>47,719</b>	<b>103,556</b>	<b>100%</b>

## SCOPE 1

Scope 1 refers to Greenhouse Gases emitted in production processes. The 2021 indicator had an impact due to the expansion in its scope of emissions and monitored units. They also considered all commercial units and warehouses, in addition to production units.

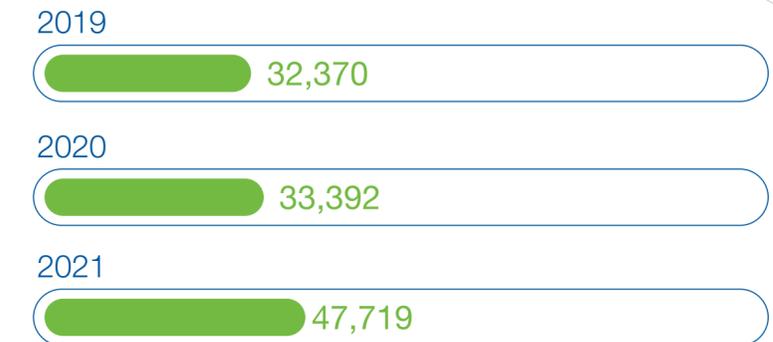
## SCOPE 2

Scope 2 refers to indirect greenhouse gas emissions from energy acquisition. The 2021 indicator had an impact due to the expansion in its scope of emissions and monitored units. They also considered all commercial units and warehouses, in addition to production units. In addition, due to the improvement of the Covid-19 scenario, there was an increase in the activities at the company, resulting in higher energy consumption. Another aspect that impacted the increase in emissions of scope 2 was the increase in the electric energy emission factor in Brazil, due to the energy crisis

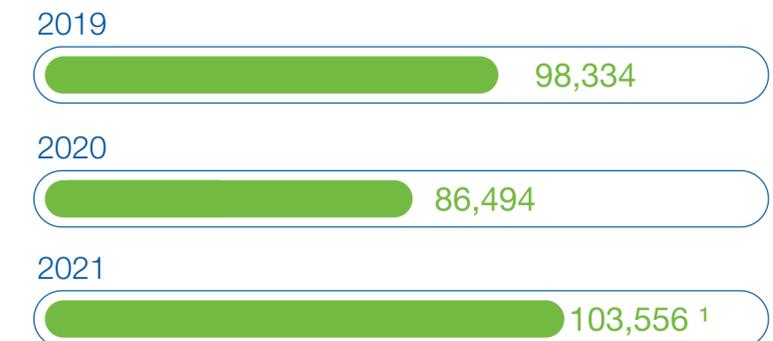
## RENEWABLE ENERGY ACQUISITION

In 2021, WEG ensured that 10% of energy consumption came from renewable sources by purchasing renewable energy certificates (I-REC).

## SCOPE 1 EMISSIONS (tCO<sub>2</sub>e/year)



## SCOPE 2 EMISSIONS (tCO<sub>2</sub>e/year)



<sup>1</sup> Scope 2 for 2021 was calculated based on the Market based method

### SCOPE 3

Scope 3 refers to indirect greenhouse gas emissions from the value chain (upstream and downstream).

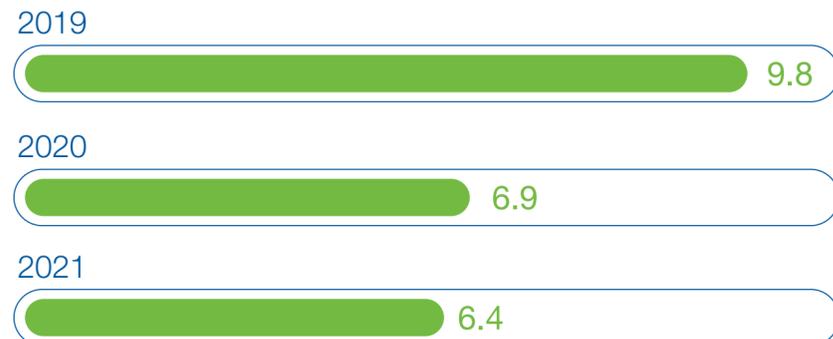
In 2021, WEG included scope 3 in the emissions inventory. Production, commercial and warehouse units at a global level were considered in the calculation.

For the survey of scope 3 emissions, eight categories were considered, namely:

CATEGORY	tCO <sub>2</sub> e/year
Use of goods/services sold	26,443,607
Goods/services purchased	319,475
Capital Goods	52,101
Employees' commute	23,065
Upstream transport and distribution	17,655
Business trips	6,466
Waste generated in the operation	6,824
Fuels (upstream)	3,444
<b>TOTAL</b>	<b>26,872,637</b>

### EMISSION INTENSITY

SCOPE 1 and 2 EMISSIONS (tCO<sub>2</sub>e) / Net Operating Revenue



### BIOGENIC REMOVALS AND EMISSIONS - CALCULATION OF THE CARBON CYCLE IN FORESTS

Our GHG Emissions inventory calculates and reports biogenic removals and emissions separately and we do not consider these figures in the emissions balance.

The WEG Group's CO<sub>2</sub> removals are associated with the plantations of 6,017.71 hectare of pine and eucalyptus, cultivated for packaging their products.

We also have unmanaged legal reserve areas, natural forests and Preservation Areas Permanent, totaling more than 12,000 hectare with management areas.

#### CO<sub>2</sub> REMOVALS (tCO<sub>2</sub>e/year)

CALCULATION METHOD - GHG PROTOCOL



#### BIOGENIC EMISSIONS (tCO<sub>2</sub>e/year)

SCOPE 1:



SCOPE 3:



# WASTE AND ENERGY

GRI 306-5

## SOLID WASTE

WEG operations have a selective waste collection system. In this way, the waste is separated and sent to the recyclers of each material, enabling their recovery and the reintroduction of such materials in different production cycles. It is important to emphasize that part of the waste generated in the operations is recycled by WEG itself, returning to the process and forming part of its products. All waste is sent to environmentally responsible companies, selected and developed by WEG's environmental management team.

## INDICATORS

The indicators represent all of WEG's global operations, including commercial units.

SOLID WASTE GENERATION - ABSOLUTE (ton/year)

253,163  
2019

222,959  
2020



261,326  
2021

## TYPE OF DISPOSAL %

REUSE



RECYCLING



LANDFILL



CO-PROCESSING/INCINERATION



## GENERATION BY TYPE

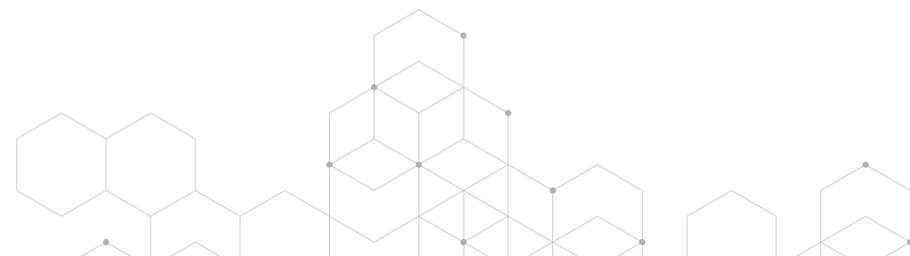
RECYCLABLE



NON-RECYCLABLE NON-HAZARDOUS



NON-RECYCLABLE HAZARDOUS



### ENERGY

WEG has had an Energy Efficiency Policy since 2012, in which it shows its commitment to the management of this input. This policy develops actions to monitor and reduce energy consumption, which contributes to improving the environment. WEG intends to increasingly make its energy sources cleaner, renewable and sustainable.

### INDICATORS

In 2021, the scope of monitored units was expanded, including the company's business addresses. Thus, 100% of WEG's global addresses are now included in the electricity consumption indicator.

#### ABSOLUTE CONSUMPTION (MWh/year)



# WATER, EFFLUENT AND WATER RESOURCES

WEG monitors the water consumption of its operations and has several operational controls that ensure efficient management of this resource, thus avoiding waste and promoting conscious consumption. All effluents generated in operations are properly treated and periodically monitored in order to ensure compliance with legislation and minimize impacts on different stakeholders.

Part of the effluents treated in the operations are reused in the internal processes, and some effluent treatment plants enable up to 100% reuse of the treated effluent. We have adopted initiatives focused on reducing water consumption and effluent generation by controlling leaks and monitoring consumption, also counting on the support of programs that engage all employees in this objective, such as KaizenWEG and WEG Manufacturing System.

## INDICATORS

The indicators represent all of WEG's global operations, including commercial units.



### WATER CONSUMPTION - ABSOLUTE (m<sup>3</sup>/year)



### WATER CONSUMPTION - BY SOURCE (%)

#### MUNICIPAL WATER SUPPLIES / WATER CONCESSIONAIRES



#### GROUND WATER



#### RIVER/LAKES



#### RECYCLED WATER



#### RAIN WATER



### EFFLUENTS - BY TYPE OF DISPOSAL (%)

#### SURFACE WATER (After treatment)



#### GROUNDWATER (After treatment)



#### SEA WATER (After treatment)



#### TREATED BY A THIRD PARTY



# PEOPLE

HEALTH, SAFETY AND WELL-BEING ————— 64

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A HARMONIOUS, ETHICAL AND RESPECTFUL ENVIRONMENT IS ONLY POSSIBLE BY MEANS OF PROGRAMS AND POLICIES THAT VALUE AND PROMOTE PEOPLE'S HEALTH AND SAFETY, ENCOURAGE AND PROVIDE CONDITIONS FOR QUALIFICATION AND PROFESSIONAL GROWTH.

Those aspects have a direct impact on quality, synergy and productivity. Our founders had a very strong conviction in this regard, and historically, since our early years, those processes have been improved, being human capital an essential reason for achieving our objectives and goals in the governance, economic, social and environmental scopes along the years and fundamental when thinking of the value generation in short, medium and long term.



Therefore, we constantly seek to improve and strengthen policies and processes that involve and impact our employees. Considering our operation in different countries, cultures and economies in the world, and our constant expansion, such approach naturally brings challenges, risks and related opportunities.

# HEALTH, SAFETY AND WELL-BEING

GRI 102-48 / GRI 103-2 / GRI 103-3 / GRI 403-1 / GRI 403-5

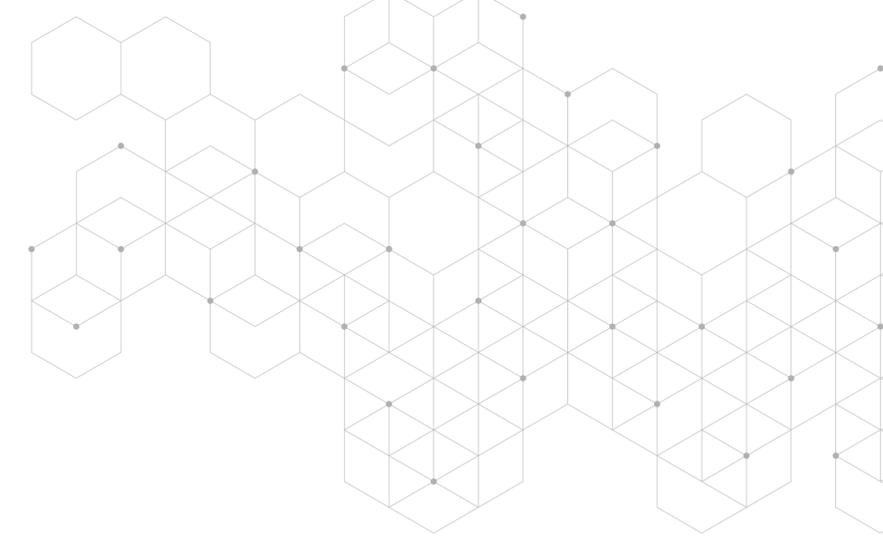
**MATERIAL SUBJECT**

SDGs



**IIRC CAPITALS**

Manufactured Capital; Human Capital



Care for the health and safety of employees is a fundamental part of WEG's business and operations. We continually seek to improve and strengthen policies and processes, making the environment increasingly safe and healthy. During the COVID-19 pandemic, WEG took protective and preventive measures to preserve the integrity of its employees and minimize possible impacts on its operations, making the job performance more flexible, holding meetings using online tools, adopting all preventive measures and protocols provided for in the legislation.

Our programs aim at promoting awareness and dissemination of the prevention culture, valuing the human being according to our Health and Safety Policy:

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



## GOALS

Within its annual goals program, called WEG Quality and Productivity Program, WEG has the category WEG Safety and Ergonomics Program. Through this program category, the departmental goals related to this subject are defined.

## GOVERNANCE

Formed by directors, the Health and Safety Committee is responsible for evaluating and approving improvement projects for health, safety and ergonomics in the workplace, as well as defining related global strategies and guidelines. In addition, it also analyzes the results of the annual goals, objectives and indicators, supporting investments necessary to establish the necessary prevention standard.

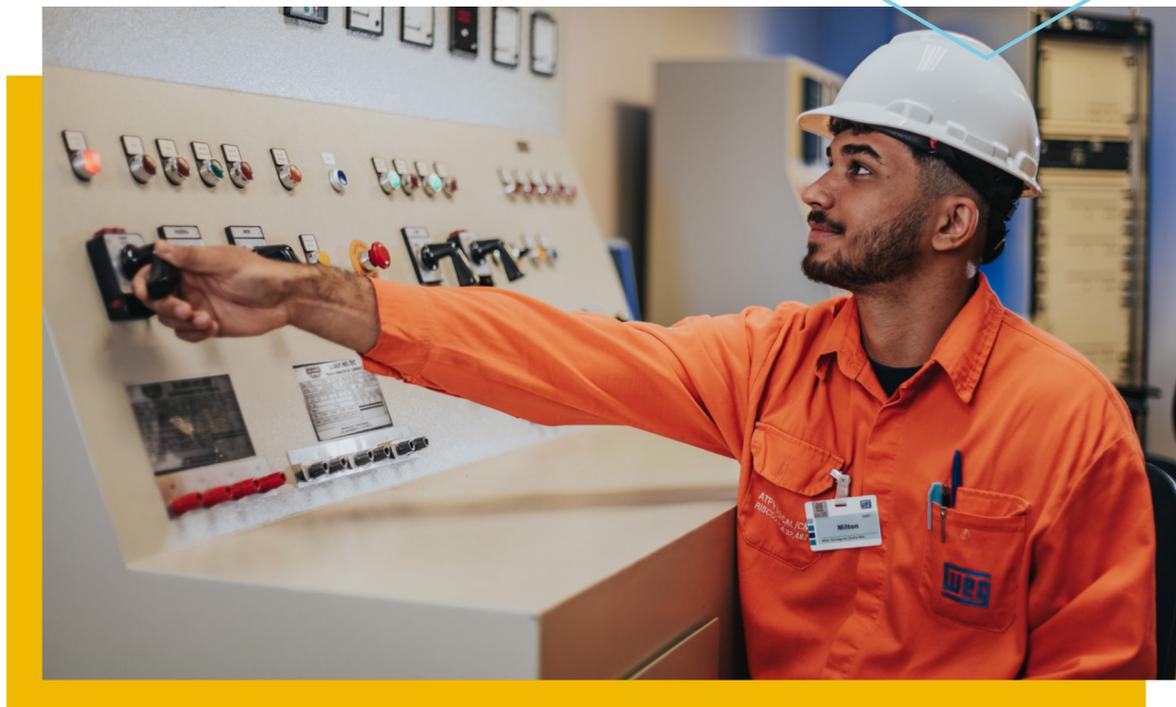
The Committee is formed by eight members, namely:

- HR and Sustainability Director (coordinator)
- 1 Manager Director
- 3 Industrial Directors
- 1 Production Director
- Corporate Health and Safety Manager

## STRUCTURE OF HEALTH AND SAFETY PROFESSIONALS

Our Health and Safety professionals are fully spread across and integrated with the company's projects and environments, playing a fundamental role in the design and development of solutions and processes.

We have specialists in various areas such as ergonomics, occupational hygiene, safety engineering, occupational health and psychology. In 2021, in Brazil alone, we added 2029 employees working with safety and health.



## GOVERNANCE IN UNITS ABROAD

The management of units outside Brazil follows the WEG Group's Policies, Strategies and Guidelines. However, each unit has the autonomy to follow practices according to local demands and needs. For instance, we have units in India, China, Portugal and Colombia that are ISO 45001 certified for an occupational health and safety management system.

## CONTINUOUS IMPROVEMENT IN OCCUPATIONAL SAFETY

The Safety Pillar – SAF, implemented in 2017 based on the WMS methodology in several areas. Since 2017 we have been implementing the WMS Safety Pillar tools in the model and expansion areas of the Manufacturing Plants.

The Safety Pillar is structured as follows:

- **Step 0:** Establish the basic conditions and definition of the model area.
- **Step 1:** Analyze incidents and their causes.
- **Step 2:** Action plan and horizontal expansion.
- **Step 3:** Establish the initial safety standards (procedures).
- **Step 4:** Conduct audits, inspections and prepare preventive action plans.
- **Step 5:** Implement safety notes.
- **Step 6:** Implement continuous improvement and create autonomous standards.
- **Step 7:** Complete management system.

Thus, all current programs and tools undergo a review and update based on the structure of the manufacturing management system, aiming at improving safety, quality, productivity, maintenance and logistics by means of a set of methods and tools.

People are trained to take responsibilities at each level, as established in the implementation of the system. Such responsibility is strengthened through tools such as the Safety Observation Card and SAF (Safe) Label, allowing to report risk situations and behaviors in the work environment.

### PROMOTING HEALTH, WELL-BEING AND QUALITY OF LIFE

One of WEG's commitments is to maintain and improve the employees' quality of life.

WEG develops and provides a variety of services, programs and initiatives that are offered to employees, aimed at promoting quality of life and well-being with outstanding initiatives and actions such as: Living Well Program, Vaccination Campaigns, Workplace Gymnastics, Daily Balanced Diet, Occupational Health and Medical Surveillance Program and WEG Hearing Conservation Program, among others.

### EMPLOYEES' AWARENESS AND TRAINING

WEG works constantly to provide employees with a safe environment for daily activities in order to preserve their physical and psychological integrity. To that end, WEG conducts awareness-raising and training actions to engage employees in the company's guidelines and objectives so that they can act safely and consciously every day. Some of the programs with actions that encourage this process are: Daily Safety Dialogue and specific Safety Training Trails, structured according to the employee's area of activity.

A series of programs and actions are also developed to identify risks and improvements in workplaces on a continuous and consistent basis, such as: Mapping Routines of Safety and Ergonomics Hazards and Risks, Preventive Task Analysis, Safety Audits, Internal Accident Prevention Commission, Machine and Equipment Assessment Program and Emergency Response Plans.



### INVESTMENT IN MACHINERY AND EQUIPMENT

Seeking to assess the risks and the need for control measures, we carry out the evaluation of machinery and equipment following current norms and standards. To that end, the Machinery and Equipment Assessment Program was created, integrated with our Senior ERP where all the assessments will be stored and processed.

In this program, every acquisition or improvement process in machinery and equipment must undergo an evaluation of the Occupational Safety area so that it is designed considering the safety and ergonomics aspects necessary for operation.

The moment the machines or equipment are installed, it will be checked if the items suggested in the assessment before the purchase or in-house manufacture were implemented or if there is a need for additional items.

WEG has been investing heavily in improving processes with the implementation of anthropomorphic robots and collaborative robots in factories that have helped reduce the risk of injuries, considerably decreasing human-machine interaction by replacing or eliminating manual and repetitive operations.

## PERFORMANCE INDICATORS

In 2021, WEG's health and safety indicators started to be reported considering the global scope of its operations. Scope of indicators that started to be reported from this version of the Integrated Annual Report. Until then, the indicators reported in previous reports considered the scope of activities in Brazil.

	2019	2020	2021
Total fatalities	1	0	2
Fatalities with Temporary Workers and Third Parties	1	0	1
Fatalities with WEG Employees	0	0	1
Frequency Rate of Occupational Injuries with Leave	0.89	0.86	0.95
Recordable Incident Rate	1.85	1.62	1.61

Note: The calculations were based on 200 thousand hours worked.

## PEOPLE WITH DISABILITIES

2019	2020	2021
622	628	668



# DIVERSITY AND INCLUSION

GRI 103-2 / GRI 103-3 / GRI 405-1

**MATERIAL SUBJECT**

SDGs

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

## IIRC CAPITALS

Human Capital; Social and Relationship Capital

Maintaining a high level of performance and creativity, in an environment built with innovative visions and decisions, involves promoting diversity and inclusion, since people with different experiences, cultures and realities bring a broader and more diverse perspective on a given topic.

WEG disseminates respect for diversity and inclusion in its Code of Ethics, in the Social Responsibility Policy, in the Recruitment and Selection Policy and in its internal rules, having as main guideline the equality among employees and respect for differences, not accepting discrimination of any kind in the workplace due to ethnicity, skin color, religion, culture, gender, political conviction, nationality, regionality, marital status, sexual orientation, physical or intellectual condition, among others.

Establishing programs, projects and practices that value diversity is highly relevant for WEG's policies to increasingly strengthen and encourage diversity and inclusion in the company, in addition to being a means to strengthen management on the subject and reject any type of prejudice and discrimination.

### Examples of projects and initiatives are:

- Hiring and monitoring of People with Disabilities;
- Partnership with specialized non-governmental entities
- Communication, and awareness and engagement actions;
- Training for managers and leaders on the topic.

Managers have an important role, and thus the subject is dealt with at the Leadership Academy so that they know and understand diversity and promote synergy among the differences present in the teams.



## LEADERSHIP ACADEMY COURSE

**Target Audience:** Managers

**Length:** 4 hours

Course description: Know and understand diversity, its challenges and opportunities to minimize risks arising from prejudice and discrimination. The role of the manager as an encourager to promote synergy among the differences present in the teams, deal with the complexities and adversities of the company's day-to-day activities and make decisions that promote the inclusion of people.

### Content:

- What is diversity;
- What the diversities are (gender, disability, race/ethnicity, nationality, birthplace, sexual orientation, age/generations, among others);
- The contribution of diversity to the team;
- Development of the team to respect diversity;
- Diversity x WEG Code of Ethics;
- Benefits of diversity for WEG's management as a global company.

### HISTORY OF TRAINED MANAGERS

13  
2019

26  
2020



72  
2021

Note: It is a classroom course, but exceptionally in 2020 and 2021 it was conducted online.



## DIVERSITY INDICATORS

**Note:** Brazilian units scope, without subsidiaries.

### AGE GROUP

	TOTAL IN 2019	% IN SUPERVISION POSITIONS	% IN MANAGEMENT POSITIONS	% IN DIRECTION POSITIONS
Under 18 (apprentices)	152	0%	0%	0%
under 30	8,440	2%	0%	0%
30 to 50	11,544	85%	63%	19%
Above 50	1,391	13%	37%	81%

	TOTAL IN 2020	% IN SUPERVISION POSITIONS	% IN MANAGEMENT POSITIONS	% IN DIRECTION POSITIONS
Under 18 (apprentices)	100	0%	0%	0%
under 30	8,741	2%	0%	0%
30 to 50	12,082	84%	64%	26%
Above 50	1,445	14%	36%	74%

	TOTAL IN 2021	% IN SUPERVISION POSITIONS	% IN MANAGEMENT POSITIONS	% IN DIRECTION POSITIONS
Under 18 (apprentices)	112	0%	0%	0%
under 30	10,279	2%	0%	0%
30 to 50	12,947	82%	58%	29%
Above 50	1,608	16%	42%	71%

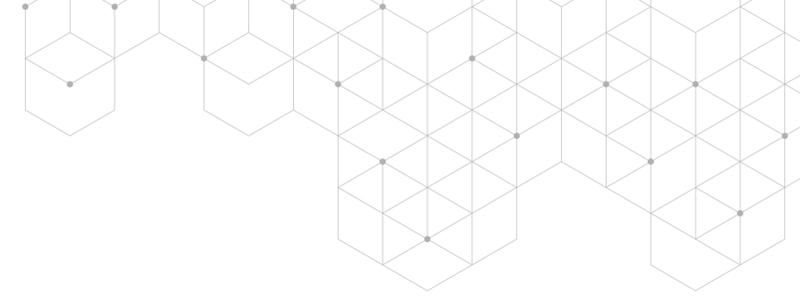
### GENDER

	TOTAL IN 2019	% IN SUPERVISION POSITIONS	% IN MANAGEMENT POSITIONS	% IN DIRECTION POSITIONS
Men	16,814	94%	97.4%	100%
Women	4,561	6%	2.6%	0%

	TOTAL IN 2020	% IN SUPERVISION POSITIONS	% IN MANAGEMENT POSITIONS	% IN DIRECTION POSITIONS
Men	18,337	94%	97.5%	100%
Women	4,772	6%	2.5%	0%

	TOTAL IN 2021	% IN SUPERVISION POSITIONS	% IN MANAGEMENT POSITIONS	% IN DIRECTION POSITIONS
Men	20,452	94%	97.7%	100%
Women	5,289	6%	2.3%	0%





# LEARNING AND DEVELOPMENT

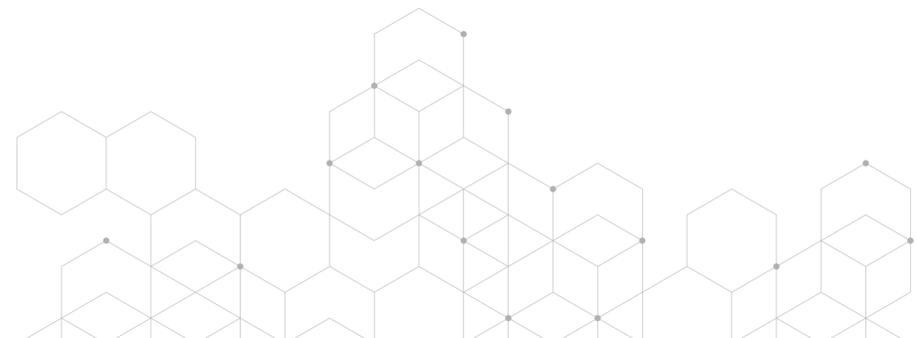
GRI 404-1 / GRI 404-2 / GRI 404-3

*“More than in products, we have to invest in people, because any result will always be associated with the particular way in which people develop their work”.*

**Eggon João da Silva**

WEG offers education and training programs that involve technical and behavioral qualification, aiming at providing its employees with greater competence and generating more competitive strategies to the market. That is essential for the good performance and professional development of employees, as well as for contributing to the fulfilment of the organization's expectations of continuous and sustainable growth.

Investment in the development of our employees is a priority in the company, an inheritance of the founders. Such investment has enabled the achievement of our strategic objectives over the years.



## PERFORMANCE AND COMPETENCE REVIEW

Employees are evaluated annually by their immediate supervisor in order to improve their development, recognize their potential and points for improvement, and align career expectations, creating one more feedback moment between the supervisor and the employee.

Altogether, 10 competences are reviewed, broken down into criteria to better analyze them. In 2021, 23,262 employees participated in this process in Brazil.

GENDER	NUMBER OF EMPLOYEES	% BY GENDER
Women	4,868	20.93%
Men	18,394	79.07%
<b>TOTAL</b>	<b>23,262</b>	<b>100%</b>

WEG has programs to raise the educational level and professional qualification and help employees in their development.

## EDUCATIONAL LEVEL RAISING PROGRAM

- **YOUTH AND ADULT EDUCATION (YAE):** By 2021, 612 employees had graduated from this program.
- **SCHOOL SUPPORT:** In 2021, 370 school aids were granted for the employees' development.
- **IN-COMPANY POSTGRADUATION:** By 2021, twenty-two specialization courses and three mastering degrees in technical areas were completed by means of agreements with reputable education institutions. The programs involved approximately 993 employees.

## PROFESSIONAL QUALIFICATION PROGRAMS

• **CENTROWEG – YOUNG APPRENTICE:** The school has 21 laboratories for hands-on activities and five classrooms arranged in a built-up area of 2,550 m<sup>2</sup> with 11 professionals.

### RESULTS OF THE PROGRAM



• Annually, about **130 professionals** graduate;



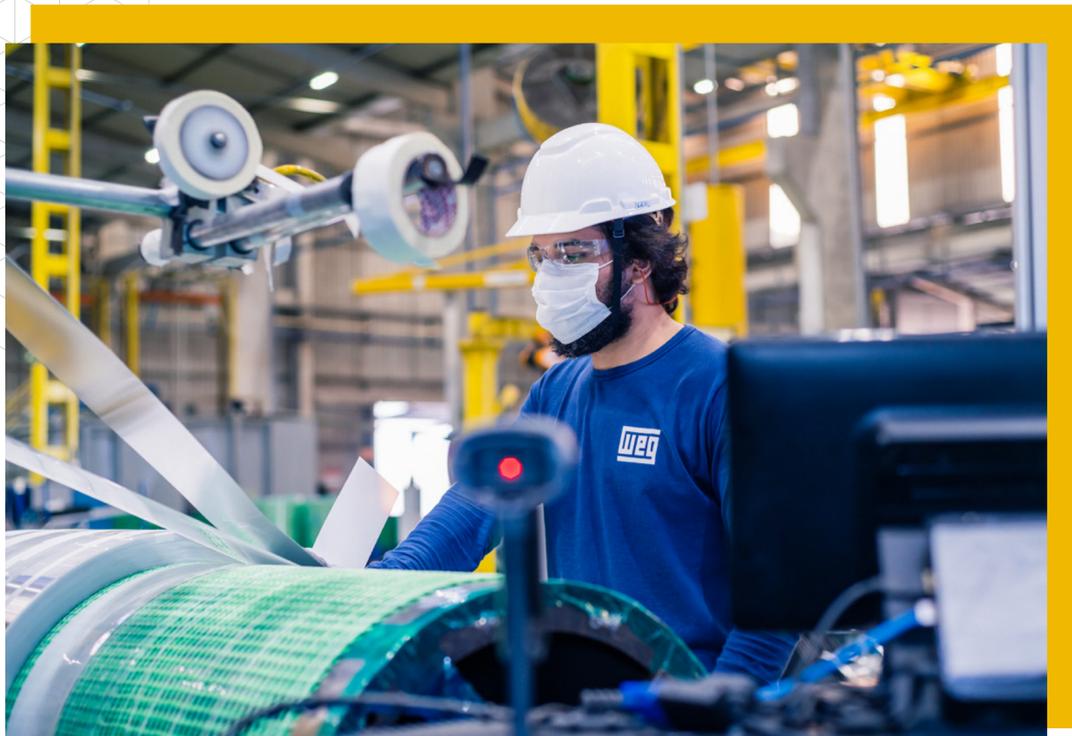
• More than **4,200 young people** have already studied at CENTROWEG since its creation.



• **47%** of them remain working at the company.



• More than **120 management positions** are occupied by students who participated in the program.



In 2021:

- **PROFESSIONAL QUALIFICATION OF PRODUCTION APPRENTICES:** 10 apprentices trained.
- **IN-COMPANY TRAINING:** 81,639 participations were registered in in-company training.
- **IN-COMPANY OR EXTERNAL OPEN TRAINING:** 13,762 participations in external training at partner entities or in-company.
- **PROFESSIONAL QUALIFICATION OF PRODUCTION OPERATORS:** More than 1,000 students completed the Qualification of Production Operators in 2021.
- **PROFESSIONAL QUALIFICATION OF ENGINEERS AND TECHNOLOGISTS:** 360 employees graduated from the Program.
- **SIX SIGMA PROFESSIONAL QUALIFICATION:** more than 2,300 projects were carried out at the units in Brazil and abroad, resulting in a reduction in expenses of more than BRL 110 million and improvement in the quality of products and processes.

## LEADERSHIP DEVELOPMENT

Developing leadership is one of the main drivers of the company. This development provides leaders with greater commitment to achieving the organization's strategic objectives and the engagement of its work force.

- **POTENTIAL ASSESSMENT:** Tool to identify employees with potential to take management positions.
- **LEADERSHIP ACADEMY:** One of the highlights of the Leadership Development Program is the WEG leadership week, which provides new leaders with immersion in WEG culture and highlights the importance of their role in the people management process.
- **SUCCESSION PLAN:** The objective is to identify potential for positions of supervisor, manager and director in the medium and long term. To that end, a development plan is generated to prepare them for new roles in up to three years.
- **MANAGEMENT PRACTICE SEMINARS:**

*Number of participations:*

3,132  
2019

2,972  
2020



5,183  
2021



- **MANAGEMENT COMPETENCE REVIEW:** tool that helps managers identify the best developed competences and which ones can be worked on. Managers are evaluated every two years by their immediate supervisors, peers and subordinates. After conducting the review, the evaluatees receive the result and subsequently draw up the Self-Development Plan, which is reviewed at each cycle, aiming at their continuous development.

### MANAGERS\* EVALUATED IN 2021

GENDER	NUMBER OF EMPLOYEES	% BY GENDER
Women	46	6.16%
Men	701	93.84%
<b>TOTAL</b>	<b>747</b>	<b>100%</b>

\*Positions of Supervisors and Managers

## RETIREMENT PREPARATION PROGRAM

The Retirement Preparation Program is intended to employees who are heading towards retirement, so that, in this new stage, they will have a better quality of physical and mental life.

### Number of participants



**218** 94 classroom  
124 online

The program presented lectures with important information in the biopsychosocial aspect, with approaches that provided the employee with knowledge and reflection on the art of aging with quality, the importance of taking care of the body in a preventive way to have health, healthy eating, lifestyle, as well as planning for the post-retirement phase with activities such as volunteering. There were also lectures on financial planning and health plans, providing clarification to employees on these topics.



## LEARNING AND DEVELOPMENT

### TRAINING INDICATORS

BRAZIL

#### AVERAGE HOURS OF TRAINING BY GENDER



**19.7**  
MALE

**15.1**  
FEMALE

#### AVERAGE HOURS OF TRAINING BY FUNCTION

##### OPERATIONAL

**113**  
2019

**115**  
2020

**145**  
2021

##### MANAGEMENT

**150**  
2019

**74**  
2020

**116**  
2021

##### LEADERSHIP

**76**  
2019

**79**  
2020

**54**  
2021



#### AVERAGE HOURS OF TRAINING BY EMPLOYEE

**126**  
2019

**101**  
2020



**137**  
2021

#### NUMBER OF PARTICIPATIONS IN TRAINING

**184,555**  
2019

**185,496**  
2020



**242,151**  
2021

#### INVESTMENT IN TRAINING (IN MILLION BRL)

**40.7**  
2019

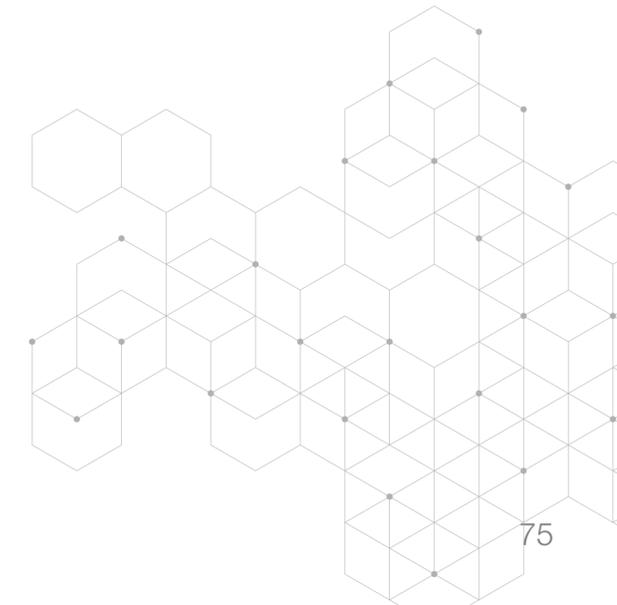
**41.2**  
2020



**47.8**  
2021

**AVERAGE  
AMOUNT INVESTED  
BY EMPLOYEE  
IN 2021:**

**BRL 1,928.66**



# SUSTAINABLE GROWTH OF COMMUNITIES

GRI 103-2 / GRI 103-3 / GRI-413-1

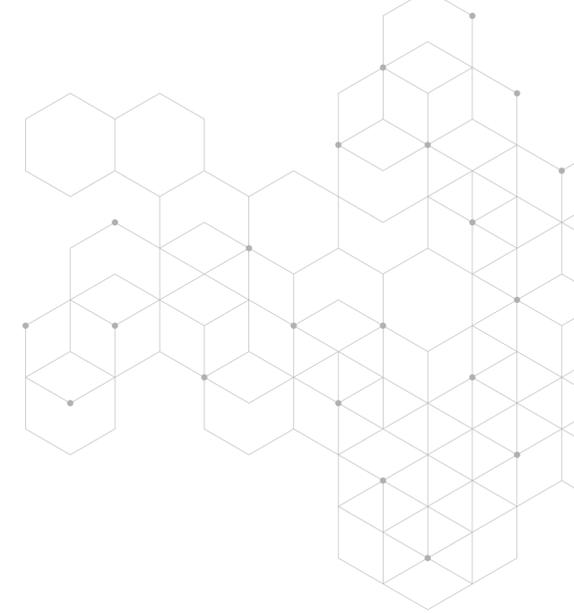
**MATERIAL SUBJECT**

SDGs



**IIRC CAPITAL**

Social and relationship capital



The local community is an important stakeholder impacted by a company's presence. Financial impacts, such as job creation and local economy, in addition to physical and environmental impacts due to the company's presence and its productive activities, and social impacts on the lives of its employees and also their families.

Local communities also impact the company through the people who make the company operate.

WE LIVE IN A SOCIAL ECOSYSTEM, THUS THE COMPANY'S CONTINUOUS RELATIONSHIP WITH LOCAL COMMUNITIES IS IMPORTANT TO PRODUCE VALUE FOR THE COMPANY AND SOCIETY IN THE SHORT, MEDIUM AND LONG TERM.



WEG operates in 48 industrial parks located in 12 countries, with different cultures and realities, where local communities have different impacts and needs.

WEG believes that transparency and respect are the basis for a good relationship with its stakeholders, and to improve the quality of life of the communities in which it operates, WEG supports social and educational projects related to:



**health**



**education**



**social inclusion**



**culture**



## WEG SOCIAL INVESTMENT GOVERNANCE



WEG maintains the Social Investment Group, which meets monthly to analyze the projects that arrive at the company and based on WEG Social Investment policy and budget, make the decisions.

The representatives of this group follow up the approved projects, having the competence to represent WEG before local entities when they involve social matters. To understand this process, [ACCESS THIS LINK.](#)

This governance is currently effective in the units of WEG in Brazil, which represents around 70% of the employees globally and covers the greatest volume of the company's industrial activities.

As for WEG subsidiaries outside Brazil, WEG's Social Investment Policy establishes that WEG subsidiaries abroad must assess projects locally, following the guidelines of this policy and submitting them to approval according to the unit's governance. We understand that, while following the company's guidelines, this flexibility is important for the units, as WEG operates in different locations, with different impacts and needs of the local communities.

## IMPACT ASSESSMENT

Considering WEG's management system model, we encourage Social Organizations in the territory where WEG is located to develop projects, and then the company works according to the demand. As the demands are evaluated by the Social Investment Group, it is checked whether the project complies with the requirements of the Social Investment Policy, at the same time considering aspects such as culture, education, social inclusion and health, which are WEG's areas of action. Thus, the criteria are used to approve projects that:

- Occur in cities where WEG keeps industrial operations;
- Derive from a private, non-profit entity, whose legislation enables tax deduction, and which have a recognized track record;
- Aim at a collective benefits;
- Cover and/or involve WEG employees and/or family members;
- Aim at social improvement and life quality of the population, especially children and adolescents;
- Are related to the necessities and interests of the community;
- Contribute to the sustainable development;
- Promote a positive image of WEG;
- Are kept by at least one more sponsor so as not to depend exclusively on WEG's resources;
- Are aligned with WEG's Code of Ethics and Policy of Prevention and Fight against Corruption and Other Detrimental Acts.
- Are aligned with one or more Sustainable Development Goals (SDGs).



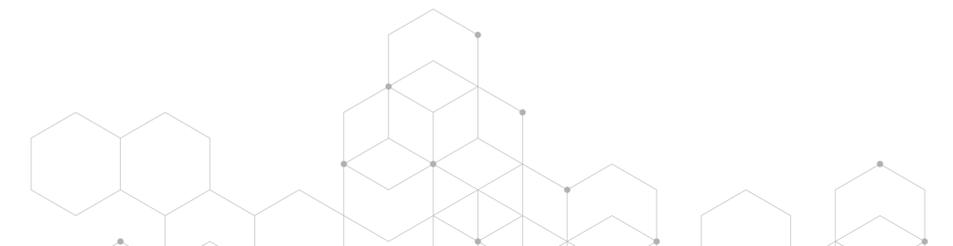
## SUSTAINABLE GROWTH MEETING

WEG seeks to engage its stakeholders through relationship activities with the organized civil society. One example is the annual event “Sustainable Growth Meeting”, which encourages thinking of the social performance of people, companies and tertiary sector entities in the community.

In 2021, the topic was the expansion of knowledge in the area of fundraising, with the participation of Ricardo Falcão and Father Vilson Groh. With the participation of 111 people, the result was an event with 98% satisfaction.

## AUDIT IN PROJECTS

Annually, WEG randomly chooses five projects to conduct an audit. We consider it a moment to go far beyond checking that the project is following the specifications presented to WEG and pointing out errors; it is a moment when we exchange experiences so that the project develops in an even more assertive way and uses its full potential.





## CONTACT

Local communities can contact WEG through the following channels:

[CLICK HERE](#)

COMMUNICATION AND APPLICATION OF PROJECTS FOR LOCAL COMMUNITIES

[CLICK HERE](#)

COMMUNICATION FOR COMPLAINTS AND/OR REPORTS

ANOTHER COMMUNICATION CHANNEL

[COMUNIDADE@WEG.NET](mailto:COMUNIDADE@WEG.NET)

[VOLUNTARIO@WEG.NET](mailto:VOLUNTARIO@WEG.NET)

## GOALS

### GOAL 2021 – ACCOUNTABILITY:

Extension of the actions in the relations regarding WEG Social Investments and Volunteering Program with the Community and Entities of the Tertiary sector in the cities where we have manufacturing units. The objective is to make local teams aware of the importance of a closer relationship with the community and present the WEG Social investment and Volunteering Program, encouraging entities to develop projects and request volunteering.

**Deliverable:** Hold meetings in at least 10 different cities.

*We held meetings in 11 cities in Brazil.*

### GOAL 2022

Expansion of the Solidarity Network Program - IR. Encourage managers and employees to allocate their income tax to social projects in advance by December.

# SOCIAL INVESTMENT



## Source of the Funds

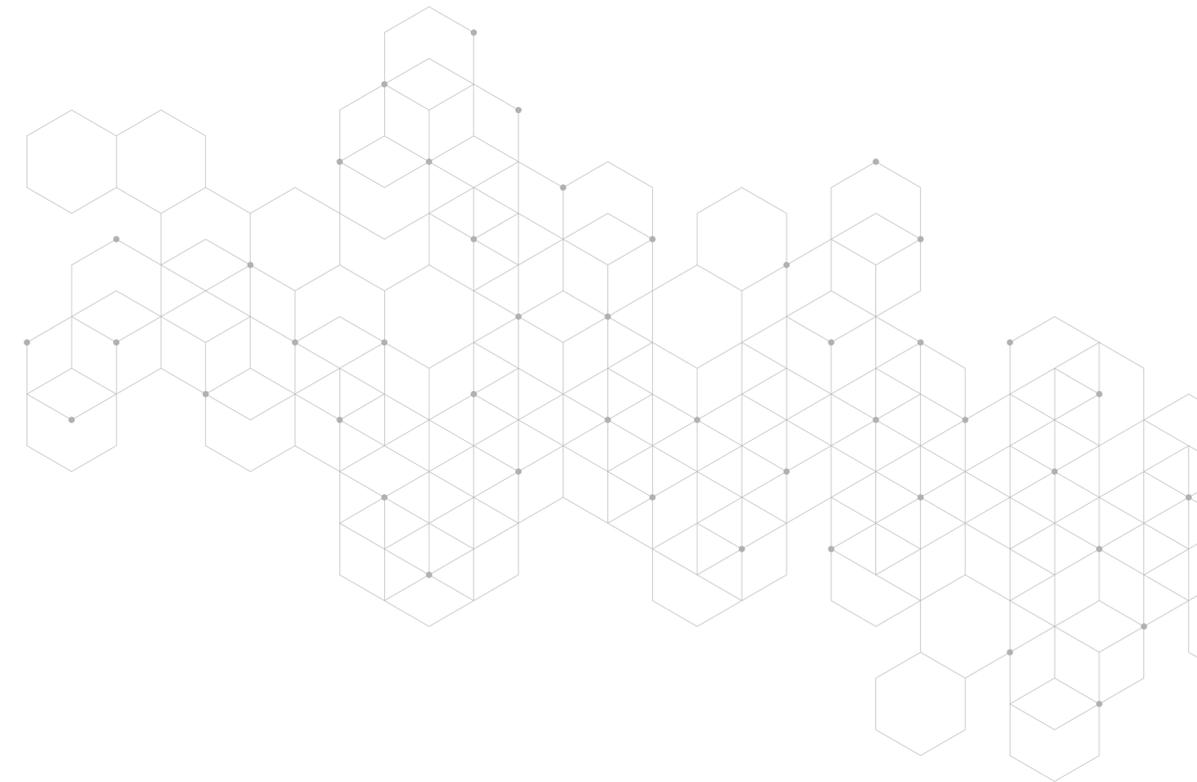
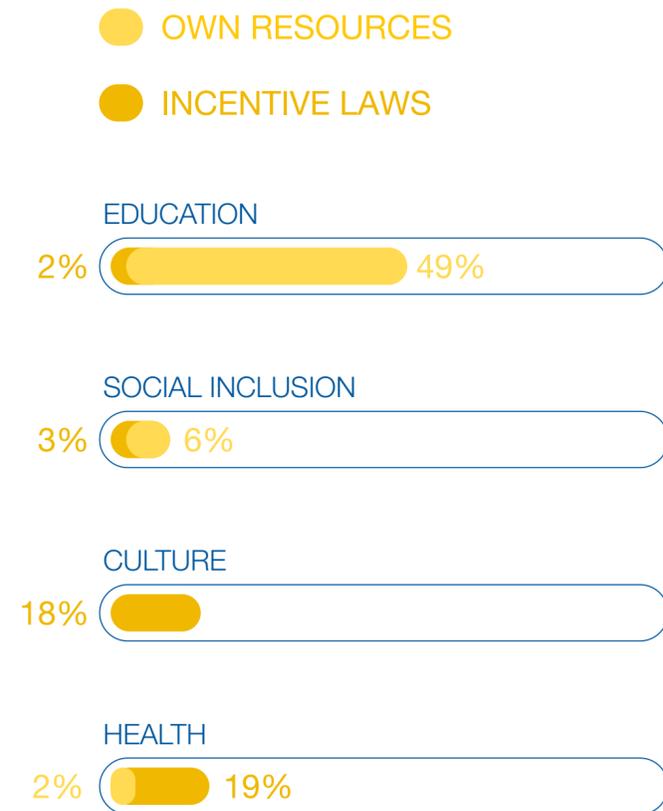


 MORE THAN **200,000** PEOPLE IMPACTED IN 2021

## SPONSORED PROJECTS



## PROJECTS SPONSORED BY AREA OF OPERATION



## EXAMPLES OF SPONSORED PROJECTS



# VOLUNTEERING

WEG has a Volunteer Program that in 2021 totaled 1,800 registered volunteers. The company is proud to see so many employees dedicating their time and attention to helping out in projects for the community.

The community can submit their demands to our volunteer program through a communication channel.

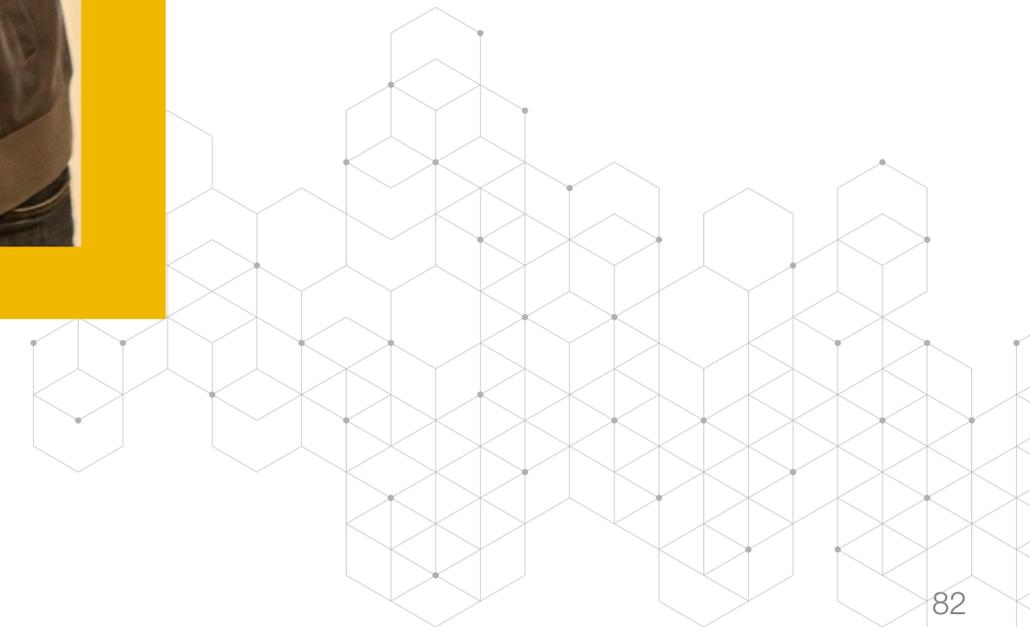
[CLICK HERE](#) TO ACCESS THE CHANNEL

The demands are analyzed by the Volunteer Group and disclosed to employees registered with the volunteer bank. At the registration, we encourage the community to mention which SDG each project is related to as a way to encourage contribution to the SDGs.

Considering a year that we still had impacts from the pandemic, volunteering was essential to support the front teams that had difficult days in the pandemic. At our unit in Portugal, our employees carried out the solidary mile action, which provided new physical activities, and all this mileage became food donated to needy entities. Another action conducted was to encourage blood donation with the participation of volunteers from the Jaraguá do Sul, Guaramirim, Manaus, Itajaí, Gravataí, Bento Goncalves and Monte Alto units.

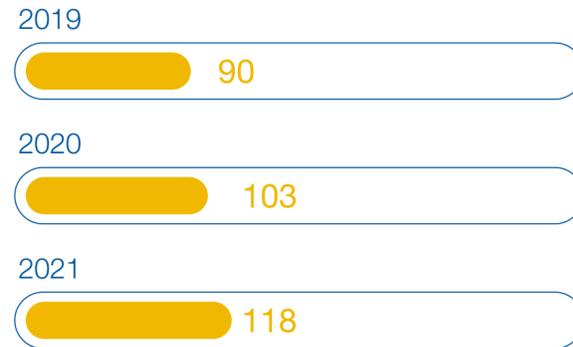


IN 2021, WE HAD THE PARTICIPATION OF 774 VOLUNTEER EMPLOYEES IN THE 118 ACTIONS CONDUCTED IN THE COMMUNITY.

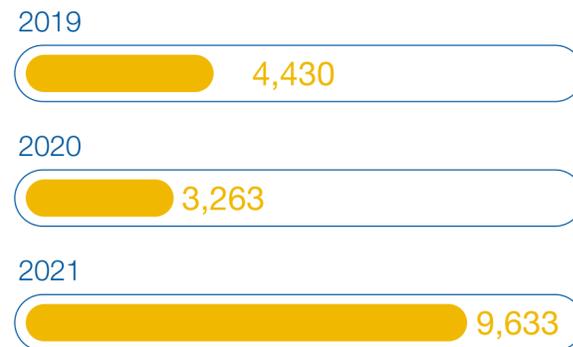


## VOLUNTEERING INDICATORS

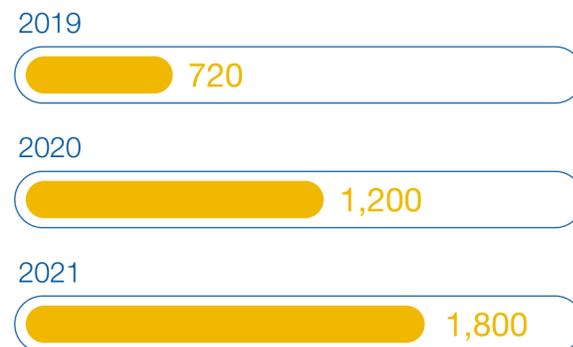
### NUMBER OF ACTIONS



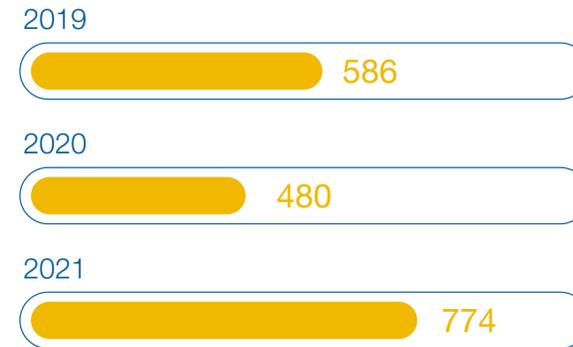
### VOLUNTEERING HOURS



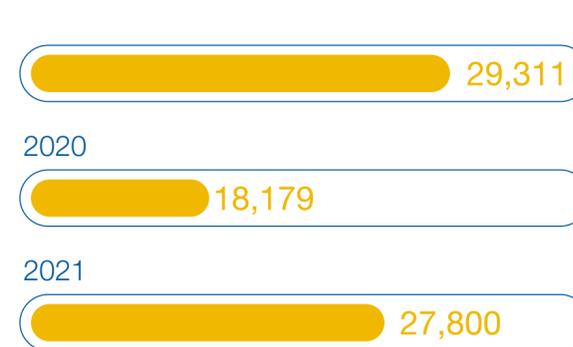
### VOLUNTEER BANK



### VOLUNTEERS INVOLVED



### BENEFICIARIES



### VOLUNTEERING SOCIAL TRANSFORMATION

#### Fields

- Education
- Environment
- Elders
- Social inclusion
- Technology
- Animal
- Health
- Technological social
- Campaigns
- Donations

*“I believe that volunteering is very important for people who are new to the city, bringing a sense of belonging that helps in much of the phase of getting used to being in a new place. Another very important aspect is that when we get together in the volunteer networks, we meet many people who become friends and important in each new step we take. I say that a fundamental action that happened to me while I was an intern was to work as a volunteer at FEMUSC. I met many people, strengthened bonds of friendship and felt connected with the city. As if I really were a fundamental part of the Festival.”*

**Daniela Iagher Dildey – Measurement Systems Development Section (Jaraguá do Sul -SC)**

## WEG SCIENCE AND TECHNOLOGY MUSEUM

At the WEG Museum, visitors have the opportunity to learn about everything, from energy generating processes to their applications in everyday life.

WEG is part of the history of electric energy in Brazil and in the world. Electricity is the basis of all the processes and solutions of the company, which today is a leader worldwide in the manufacture of motors, generators and transformers.

Connecting these stories, preserving the memory, and offering an interactive space for social inclusion were the biggest challenges of the project. With access for wheelchair users, elevator, tactile floor and tactile scale model, WEG Museum of Science and Technology is benchmark in accessibility and has become the ideal environment for emotion, reflection and citizenship.



THE MUSEUM HAD THE INSTALLATION OF PHOTOVOLTAIC SOLAR ENERGY. THE SYSTEM PRODUCES 74,310.69 KWH/YEAR AND SUPPLIES 70% OF THE ELECTRICAL ENERGY CONSUMED BY THE BUILDING.

## ACCESSIBILITY



TACTILE FLOOR INDICATORS



ELEVATOR



SPECIAL GUIDED TOURS



ACCESSIBLE BATHROOM



ACCESS RAMP



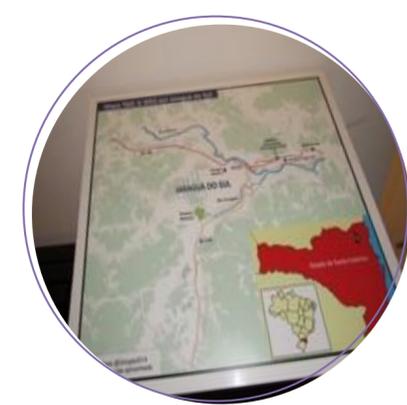
ADAPTED FURNITURE



SUBTITLES IN SIGN LANGUAGE



TACTILE GLOB



TACTILE MAP

# STAKEHOLDERS

DEVELOPMENT AND QUALIFICATION OF SUSTAINABLE SUPPLIERS \_\_\_\_\_ 88

RELATIONS WITH CUSTOMERS \_\_\_\_\_ 93

SHAREHOLDERS AND INVESTORS \_\_\_\_\_ 95

ORGANIZATIONS AND TRADE ASSOCIATIONS \_\_\_\_\_ 97



# STAKEHOLDERS

GRI 102-40 / GRI 102-43

WEG RELATES WITH DIFFERENT STAKEHOLDERS THAT HAVE A HIGHLY RELEVANT IMPACT ON ITS BUSINESS, AS WELL AS THEY ARE IMPACTED BY WEG'S ACTIVITIES.

Stakeholders are in different political, legal and cultural environments. In order to obtain continuous and sustainable growth, these relationships must be transparent and ethical. Therefore, solid and long-term relations are cultivated, which add and generate value for the stakeholders and for WEG's development. This engagement with stakeholders is continuous, through programs and practices that aim at strengthening these relations.



# DEVELOPMENT AND QUALIFICATION OF SUSTAINABLE SUPPLIERS

GRI 102-9 / GRI 102-10 / GRI 103-2 / GRI 103-3 / GRI 204-1 / GRI 308-1 / GRI 414-1

**MATERIAL SUBJECT**

SDGs



**IIRC CAPITAL**

Manufactured Capital; Human Capital; Social and relationship capital; Natural Capital.

WEG believes that the continuity of the entire value chain is linked to the co-responsibility of the organization for its suppliers and service providers to adopt a kind of management that uses economic, social and environmental criteria.

WEG's diversified business model, although with vertical characteristics, requires a large number of suppliers to meet our development needs. Management in the supply chain is continuous, with policies, tools and processes that are essential for the production process to occur with quality, with monitored and managed risks, and to take advantage of opportunities for continuous improvement in this process. As business partners, suppliers are encouraged to grow together with WEG.

## In this respect, the following practices stand out:

- Valuing of the local suppliers;
- Development of suppliers;
- Technological exchange;
- Product development: development of materials and components together with suppliers for future application to WEG products;
- Periodic audits;



- Online communication system (allowing suppliers to view the schedule of components and deliver the materials directly to the company's central stockroom);
- Relationship with service providers (training and awareness of safety and environment aspects so as to ensure that they perform their activities safely within the regulations in force).
- Development, selection and evaluation of suppliers based on Sustainability criteria: 100% of new suppliers are selected based on social, environmental and economic criteria through a Sustainability assessment form. Strategic suppliers also fill out the form, which assesses requirements related to environmental management, health and safety at work and social responsibility. The assessment generates a performance result, which allows verifying whether the supplier is in compliance with those requirements or if it needs an improvement plan to become a WEG supplier.
- Semi-annual communication with suppliers on aspects of sustainability, continuous improvement and good management practices in order to communicate and encourage their adoption of the ESG agenda.

## CODE OF ETHICS FOR SUPPLIERS

We encourage the dissemination of the Code directives in all suppliers' decision and operation scopes, and also in their respective supply chains.

In 2021, new and critical suppliers, class A and B, were asked to accept the WEG Code of Ethics for Suppliers so that they commit to following the guidelines of the Code.



### REPORTS AND QUESTIONS

A communication channel is available for any reports and/or questions about the Code of Ethics for WEG Suppliers.

**ACCESS HERE**

AVAILABLE CHANNELS FOR REPORTS.

**ACCESS HERE**

TO KNOW THE CODE OF ETHICS FOR SUPPLIERS

## RISK MANAGEMENT IN THE SUPPLY CHAIN

We follow a Corporate Risk Management Policy, which served as the basis for the elaboration of a mapping and contingency risk management policy in the company's supply chain. In this way, suppliers and critical materials can assess and verify and mitigate the possible risks to the associated operations.

WEG continuously monitors its distribution chain, so that we are in compliance with WEG's Code of Ethics for Suppliers and other company policies, which establish guidelines for protecting the right humans, environment and other aspects of socio-environmental responsibility.



## RESTRICTED SUBSTANCES

In order to reduce the use of restricted substances in our processes and products, we created the WEG Restricted Substances List, which undergoes periodic updates and is in line with the main national and international regulations. This list is used in different stages of WEG processes, such as the manufacture of products and packaging, the development of new materials and, mainly, with suppliers of raw materials, components and inputs.

Our List of Restricted Substances is also present in the Supplier's Code of Ethics and in the Supply Agreements of our supply chain, showing the importance of the subject within the company. In line with the interests of the company, our suppliers are committed to delivering their products to us in accordance with this list.

In line with the issue of restricted substances, WEG is committed to ensuring that its products are free of conflict minerals and, consequently, do not finance armed conflicts.

## SUPPLIER ACTIVITIES BY BUSINESS UNITS IN 2021

WEG has an internal division into five business units: Motors, Automation, Transmission & Distribution, Energy and Coatings. WEG's business areas and its product lines are structured as follows:

- **INDUSTRIAL ELECTRICAL AND ELECTRONIC EQUIPMENT**
- **APPLIANCE AND COMMERCIAL MOTORS**
- **ENERGY GENERATION, TRANSMISSION AND DISTRIBUTION**
- **COATINGS AND CLEARCOATS**

For the purpose of compiling data for the supply chain, the internal separation was maintained, but with an indication of which business area is related to each of the units.

### MOTORS

INDUSTRIAL ELECTRO-ELECTRONIC EQUIPMENT / APPLIANCE AND COMMERCIAL MOTORS

The Motors Business Unit has a wide supply chain of parts, services and raw materials, which includes companies from different regions of Brazil and abroad. In 2021, the company had commercial transactions with 5,405 suppliers in Brazil, with 73.60% of the volume of purchases made with local companies. 12.5% of the transactions carried out in Brazil, were in the states of Santa Catarina, Amazonas and Espírito Santo (states where WEG Motors has units). The other most representative regions in the purchase volume were São Paulo, Rio de Janeiro and Minas Gerais. The main supplier groups are in the following segments: steel sheets, steel rods, copper rods, rolling bearings, aluminum ingots, plastic parts, machined parts, processed metal parts, stamped parts, insulating materials, electric conductors, fasteners and brakes.

#### Main changes in the period of the report

In 2021, communication with suppliers was intensified, as well as WEG's reach in the Supply chain. A system for sending periodic notes on ESG topics was established for the purpose of raising awareness. Also, WMS Light was created, which is a manufacturing management system for suppliers based on WCM (World Class Manufacturing) principles, and Six Sigma training was conducted for selected suppliers.

## AUTOMATION

### INDUSTRIAL ELECTRO-ELECTRONIC EQUIPMENT / GENERATION, ENERGY TRANSMISSION AND DISTRIBUTION

2021 was marked by intensive actions in the search for reduced lead times and the development of alternative materials and suppliers due to the growing scarcity of inputs, especially electronic components. International logistics was a separate challenge due to the imbalance between demand and supply of containers, ships and ports. The Unit has a wide chain of suppliers, acquiring abroad around 40% of inputs, such as semiconductors, printed circuit boards, polymers, special alloys, electronic and magnetic components (reactors, transformers, inductors) and steel. In terms of quality, the chain kept its overall good performance, reaching 99.67% compliance.

#### Main changes in the period of the report

2021 was once again marked by the consolidation of the approval of materials for automotive applications and the expansion of the supply chain for products related to electric mobility. Intensive actions to improve the quality of suppliers also brought results, and the search for cost reduction reached BRL 5.5 million.

## COATINGS AND VARNISHES

In 2021 the Coatings Unit purchased its raw materials and other products from national and international suppliers. It did business with more than 2,000 suppliers. 56% of the total purchases were made in Brazil, of which almost 90% in the Southeast and South regions. Imported materials were purchased from the American, Asian, European and African continents. The main materials purchased included: Resins, Pigments, Solvents, Monomers, Hardeners, Reagents, Additives, Packaging, Fillers, Catalysts, and maintenance items.

#### Main changes in the period of the report

In 2021, the project to integrate WEG's manufacturing units in Argentina to the SAP System began. The Coatings Unit branch in this country is an important supplier of powder coatings and complements the unit's logistics chain by helping distribute liquid coatings, thinners, resins and clearcoats in the South American market. The integration of the branch to the SAP system will help the synergy in the processes between units, improving the exchange of information and streamlining the processes.

## TRANSMISSION & DISTRIBUTION

### ENERGY GENERATION, TRANSMISSION AND DISTRIBUTION

WEG Transmission and Distribution buys production materials of higher technological complexity from foreign suppliers. For other items, which are the majority and generally demand intensive use of labor, the volume of purchase is quite concentrated in the domestic market. In 2021, it did business with approximately 2790 suppliers, 97% from the domestic market, and 3% from abroad. The suppliers fall into different material categories, including: metal coils or sheets, insulating mineral oil, tap changers for transformers, paper fiber or polymer insulating materials, bushings with porcelain bodies, processed parts, machined parts or cast metal parts.

## ENERGY

### ENERGY GENERATION, TRANSMISSION AND DISTRIBUTION / INDUSTRIAL ELECTRONICS EQUIPMENT

The Energy Unit had commercial relations with more than 2,000 suppliers in 2021. During the period, WEG was committed to finding and strengthening regional partners, mainly in the South and Southeast regions, where its Motor, Generator, Service and Turbine plants are located. The families of materials that stand out are sheet metal, steel bars, copper bars and rings, insulating materials, worked, machined, cast or forged metal parts, among others.

#### Main changes in the period of the report

During 2021, the Energy Unit sought new partners in products and services for its line of wind turbines to meet the high demand. Partnerships sought to maintain the competitiveness of products and increase the participation of regional suppliers.



# RELATIONS WITH CUSTOMERS

102-6 / GRI 102-7

For WEG, proximity and availability to the customer is as important as its purpose: to develop technologies and solutions that contribute to building a more efficient and sustainable world. Therefore, generating relationships with different stakeholders and producing and sharing content to inform and keep people connected with the WEG universe is a constant commitment.

That creates a favorable atmosphere for a solid and lasting relationship between WEG and its customers.

Our customers play an important role in generating value for WEG and also for society. Considering the extensive diversity of product lines and solutions, WEG serves customers from different segments, such as agribusiness, mining, sugar and ethanol, civil construction, steel, water, pulp and paper, oil & gas, shipbuilding, electric mobility, smart grid, food and beverages.

In order to serve this large number of customers, inputs from all capitals are used, and as a consequence, value is generated, mainly in financial, social and relationship capital.



WEG HAS A PORTFOLIO OF MORE THAN 1500 PRODUCT LINES AND CUSTOMERS WORLDWIDE.

Also, as a consequence of the effects caused by Covid-19, virtual communication models were intensified. Knowing the importance of staying close to customers and continuing to participate and promote events, we chose to continue with the online method, bringing knowledge about the most diverse topics.

With a broad product portfolio and customers all over the world, it is natural that questions about our products and processes frequently arise.

Therefore, WEG developed a virtual assistant based on artificial intelligence, WENDi, whose primary function is to meet demands on technical issues, recruitment, investor relations, purchase of products, among other matters related to the company.

In 2021, WENDi had 104,481 service protocols, a monthly average of 8,700 consultations. That resulted in a 15% reduction in human assistance provided by WEG's technical and commercial teams.

WEG is constantly evolving and following trends to continuously meet customer needs efficiently, as well as respond to market changes.

## CUSTOMER TRAINING CENTER

Our customers play an important role in generating value for WEG and also for society. Helping people so that they can make appropriate choices and guide them in the correct use and dimensioning of our products, and thus excel in their useful life, are some of the objectives of the Customer Training Center (CTC). In this regard, offering up-to-date training, in line with the reality of the industry, with high quality and in an unparalleled diversity is what strengthens our relationships with different people and segments.

Since it was founded in 2000, approximately 50,000 people have taken one of the CTC's on-site courses, in addition to another 21,000 people who attended distance learning courses.

The CTC daily:

- Qualify customers to handle and use WEG products;
- Contribute to technical development;
- Promote the rational use of electric energy, generating a lower environmental impact;
- Strengthen relations with educational institutions.

Courses are offered to:

- Dealers/Distributors;
- Service Technicians;
- OEMs (Machinery Manufacturers);
- End Consumers;
- Technical Schools and Universities;
- Commercial Representatives;
- WEG employees.

## MONITORING OF MARKET TECHNOLOGICAL TRENDS

CTC is a center of excellence when it comes to technical training focused on products and solutions (mainly related to electric motors, industrial automation and industry 4.0) developed to meet the needs of different sectors of the industry.

Therefore, new courses are periodically launched, adapted to WEG's new initiatives. Specifically in 2021, the CTC exponentially expanded the offer of distance learning courses in the following topics:

- Electric Vehicle Supply Equipment and Uninterrupted Power Systems;
- Battery Energy Storage Systems;
- Maintenance of AC and DC Motors and Generators;
- Installation and Maintenance of Low Voltage AC Electric Motors.

To meet the growing demand for training, the CTC has the following structure:

- 1,200 m<sup>2</sup> of area for training customers;
- 4 large, equipped classrooms;
- 1 studio for Lives and video recording;
- 4 rooms for online courses and video lesson recordings;
- 4 instructors with exclusive dedication and 25 instructors with specific performance;
- Auditorium with 100 seats.

Also in 2021, the CTC trained 8,932 people through distance training, and we obtained 181,312 views in our video classes published on YouTube.

# SHAREHOLDERS AND INVESTORS

WEG S.A. (the “Company”) is a public company, holding company that is part of the WEG Group. With its shares traded at B3 under the ticker symbol “WEGE3”, the company has been listed since June 2007 in the special segment of corporate governance named “New Market” (Novo Mercado, in Portuguese). The company also owns American Depositary Receipts (ADRs) – Level I, which are traded in the OTC (over-the-counter) market in the United States under the ticker symbol WEGZY. Maintaining a continuous dialogue with shareholders and potential investors is a priority for us. In order to report activities and results and receive communications from stakeholders, different communication and relationship channels are used.

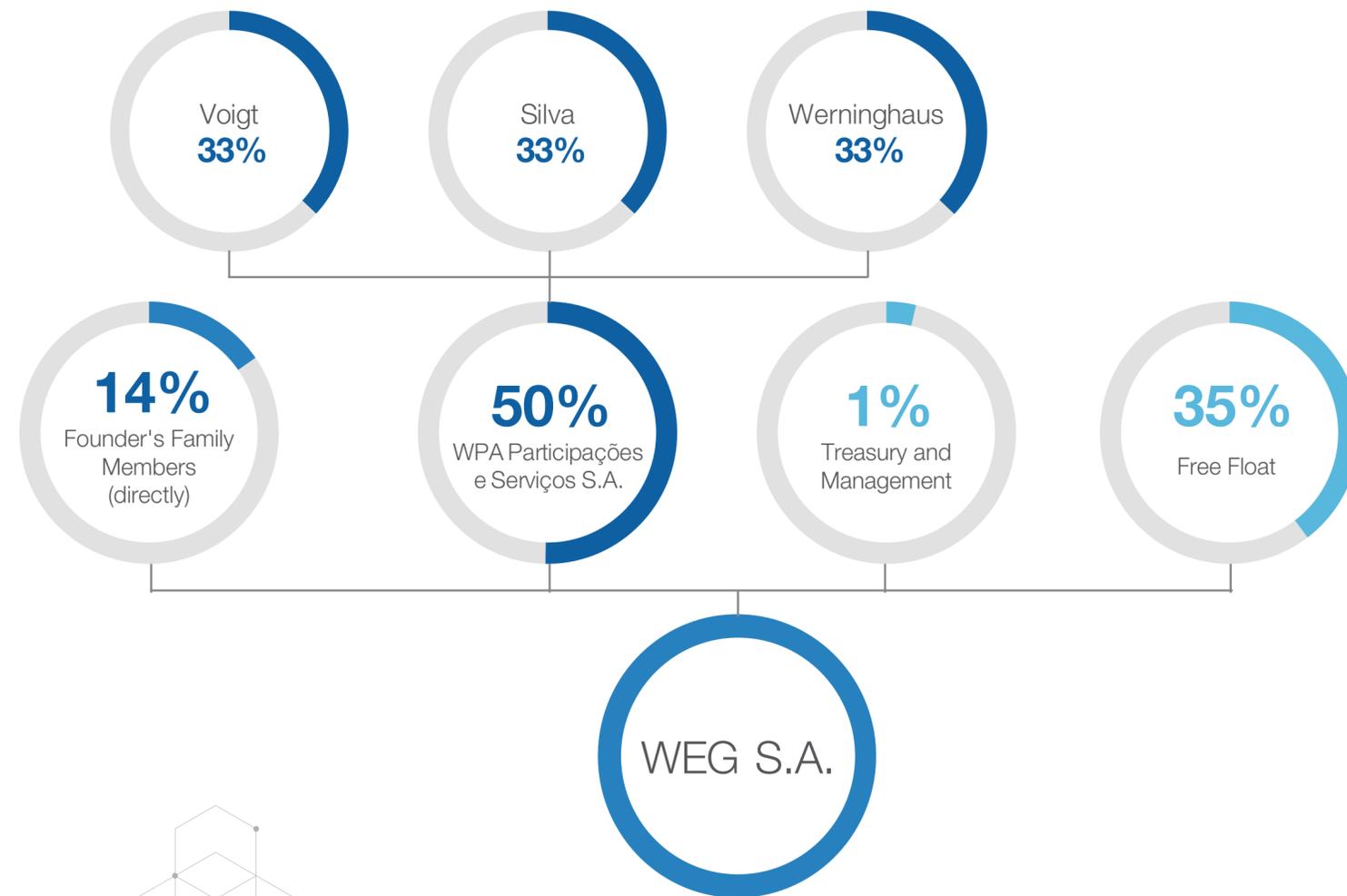
## WEG DAY

In the second half of 2021, WEG Day was held. Usually held annually in Brazil and in the USA, the event, due to the pandemic, was held virtually and with the participation of more than 300 Brazilian and foreign investors. In addition to watching the presentations on the results and new global business opportunities for the company, the participants were able to send questions to WEG’s CEO, Harry Schmelzer Jr., and to the CFO, André Luis Rodrigues.



## SHAREHOLDING STRUCTURE

On 12/31/2020, the percentage of the outstanding share capital (free float) was 35%, and the controllers, along with the company's administrators, held 65% of the total capital of the company.



## SHARES

At B3, WEG shares under the ticker symbol "WEGE3" devaluated by 12.9% in 2021. Ibovespa devaluated 11.9% in this period. We ended the year with the share quoted at BRL 32.98, at a market value of BRL 138.4 billion.

[CLICK HERE](#) FOR MORE INFORMATION

# ORGANIZATIONS AND TRADE ASSOCIATIONS

GRI 102-13

Committed to the country's growth through the generation of jobs and sustainable growth, WEG maintains active and continuous participation in Trade Associations, acting in various forums (Work Groups, Commissions, Chambers, Committees, Boards of Directors and Administration).

Depending on the nature of the topic, WEG participates through the Institutional Relations and Marketing Department or directly through representatives of the Business Units involved in the topics.

Internally, in the company, the subjects are discussed through specific Commissions and/or Committees formed by representatives of the respective areas involved. Such forums have the function of assessing proposals from the entities and recommending actions or positions on behalf of the company.

This participation process ensures that the Company's positions and actions in the various forums occur in a coordinated manner and are aligned with the reality of all businesses and markets in which WEG operates, effectively fulfilling its role of promoting the generation of jobs and a sustainable growth of the industry.

In addition, WEG adopts procedures for checking the regularity of Trade Associations and annually assesses its membership base in order to ensure that its actions and results are aligned with the company's governance and expectations.

**In this regard, we list below some Trade Associations that are part of the current WEG membership base:**

- ABDIB - Brazilian Association of Infrastructure and Basic Industries
- ABEEÓLICA - Brazilian Wind Energy Association
- ABIMAQ - Brazilian Association of Machinery and Equipment Industry
- ABINEE - Brazilian Association of Electrical and Electronic Industry
- ABNT - Brazilian Association of Technical Standards
- ABRAFATI - Brazilian Paint Manufacturers Association
- ABRASCA - Brazilian Association of Publicly Held Corporations
- ABSOLAR - Brazilian Solar Photovoltaic Energy Association;
- ABVE - Brazilian Electric Vehicle Association
- ACIJS - Business Association of Jaraguá do Sul
- ANPEI - National Association of R&D of the Innovative Companies;
- CEMEP - European Committee of Manufacturers of Electrical Machines and Power Electronics
- COBEI - Brazilian Committee of Electricity, Electronics, Lighting and Telecommunications
- NEMA - National Electrical Manufacturers Association of USA
- P&D BRASIL - Association of National Technological Development and Innovation Companies
- SINDIPEÇAS - National Trade Union of the Components Industry for Motor Vehicles
- SMEMS - Small & Medium Electric Machine Sub Association of China Electrical Equipment Industrial Association



# ■ ASSURANCE LETTER



## ASSURANCE STATEMENT

### STATEMENT BY SGS DO BRASIL LTDA. (SGS) REGARDING THE SUSTAINABILITY ACTIVITIES PROVIDED IN “INTEGRATED ANNUAL REPORT 2021” GIVEN TO WEG S.A.

#### NATURE AND SCOPE OF ASSURANCE

The SGS was hired by WEG S.A. to carry out the third-party assurance of their Integrated Annual Report 2021. The assurance scope, based on assurance methodology of sustainability reports of SGS, comprises the disclosure verification under GRI standards in 2021.

The information provided in “INTEGRATED ANNUAL REPORT 2021” and its presentation is a sole responsibility of WEG S.A. management structure. The SGS is not involved in the preparation of any material, including the in the said report, such as risk analysis, materiality tests and other critical issues that may affect severally the WEG S.A. business. We are liable for giving our opinion of the GRI disclosures and their texting, data, charts, and statement within the assurance scope in order to keep the WEG S.A. stakeholders informed.

The SGS Group has developed a set of assurance protocols for Sustainability Communication based on the best practices provided in GRI Sustainability Reporting Standards and the assurance standard **International Standard on Assurance Engagements - ISAE3000**, in addition to the evaluation of compliance with the recommendations of the International Integrated Reporting Council (IIRC). Such protocols offer different assurance levels depending on context and capacity of organization.

This report was assured considering our protocols to assess the content authenticity and its alignment with the recommendations of the International Integrated Reporting Council (IIRC), the requirements of GRI Sustainability Reporting Standards, (Universal Standards 101, 102 and 103) and the requirements of Topic-specific Standards (GRI 200, GRI 300 and GRI 400). Based on this context, the “INTEGRATED ANNUAL REPORT 2021” is considered as “Core option”.

The assurance process comprised (i) interviews with strategic employees involved in the process of compilation and preparation of the report, where disclosures, data and processes related to sustainability management and the collection of GRI disclosures were reviewed, (ii) review of the documentation presented by WEG S.A. and comparison with the information entered by the company in the report and (iii) evaluation of versions of this report for alignment with GRI standards and (iv) analysis of engagement activities with defined parties (stakeholders) and assessment of the form of sustainability as defined materials were and inserted in the context of the organization and in the content of this sustainability report. The accounting information of WEG S.A. contained and referenced in the “INTEGRATED ANNUAL REPORT 2021”, was not evaluated as part of this assurance process, but in a separate audit process, as well as information related to the greenhouse gas inventory were verified and underwent a specific audit process.

#### IMPARTIALITY AND COMPETENCE STATEMENT

The SGS Group is global lead in inspection, analysis and verifications services, operating in more than 140 countries and rendering services that includes management system certification, audits and trainings on quality, environmental, social and ethic segments, sustainability assurance reports and greenhouse gases verification. The SGS attests your independence against WEG S.A. A stating that is exempt from interest conflict with the organization, their subsidiary and stakeholders.

The assurance was carried out based on knowledge, experience and qualification for this service, and was carried out by:

- An Audit Lead on Assurance of Sustainability Report, a Lead auditor on Socioenvironmental programs, a Lead Assessor of Greenhouse Gases (GHG), Lead auditor on Renovabio program.



## ASSURANCE STATEMENT

### ASSURANCE OPINION

Limited assurance was requested and the work performed was sufficient and adequate for firm assurance. Regarding the verification carried out in the methodology, processes and data presented by WEG S.A., we attest that the information and data contained in the disclosures of the "INTEGRATED ANNUAL REPORT 2021" are reliable and a reliable and balanced representation of the sustainability activities developed by WEG S.A. in the base year 2021. The SGS gives the opinion that the report disclosures can be used by the company's stakeholders as part of their company evaluation processes. The organization chose the Core Option level of assurance, which meets its needs.

In our opinion, based on what was verified and on the materials presented by WEG S.A., the content of the report fully meets the requirements of the GRI Standards.

### RECOMMENDATIONS, FINDINGS AND CONCLUSIONS OF ASSURANCE

- The WEG S.A. Report, "INTEGRATED ANNUAL REPORT 2021" is in line with the recommendations of the International Integrated Reporting Council (IIRC), the Sustainability Reporting Standards (Universal Standards 101, 102 and 103) and also with the requirements of the Topic-specific Standards (GRI 200, GRI 300 and GRI 400), Essential Option (Core Option).
- WEG S.A. presents its Report with 06 material topics: greenhouse gas emissions; sustainable growth of communities; health and safety and well-being; diversity and inclusion; sustainable products; development and qualification of sustainable suppliers. The consolidation of these 06 material topics led to a selection of GRI indicators for the preparation of this report, as well as served as the basis for presenting the information and data contained in the "INTEGRATED ANNUAL REPORT 2021". In our view, the themes resulting from the study reflect the impacts of WEG S.A.'s activities in a balanced manner and the report covers information on all topics considered as materials for the industry and stakeholders.
- The transparency with which the organization reports information as social investments is highlighted in the "INTEGRATED ANNUAL REPORT 2021", demonstrating in its document the value in donations through incentive laws, as well as with its own resources, and the number and nature of complaints received in its ethics channel.
- As an opportunity for improvement and greater robustness in the presentation of information we understand that the material topic "development and qualification of sustainable suppliers" may have information related to disclosures 103-2 - The management approach and its components and 103-3 - Evaluation of the management approach in the next sustainability report more detailed in upcoming sustainability reports, as well as material topics "greenhouse gas emissions", "health and safety and well-being", "diversity and inclusion" have defined goals.
- Also as an opportunity for improvement and challenge, WEG S.A. has the search for the reporting of all disclosures in a global way, and not only of its operations in Brazil.
- As for the partial publication of information related to disclosures, disclosure 413-1 - Operations with local community engagement, impact assessments, and development aimed at the local community as part of the service.



## ASSURANCE STATEMENT

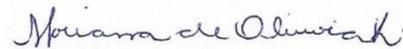
Finally, SGS believes in the importance of transparency and congratulates the company for the initiative of ensuring its report, as well as promoting sustainability in its actions and disseminating its code of conduct and compliance at all levels of the organization.

**May 31st, 2022**

**Executed by and on behalf of SGS.**



**Fabian Peres Gonçalves**  
Business Manager - Sustainability



**Mariana de Oliveira Klein**  
Lead Auditor for Sustainability Report



# GRI INDEX AND SASB AND TCFD ATTACHMENTS





# GRI CONTENT SUMMARY

GENERAL CONTENTS	CONTENT	PAGE NUMBER AND/OR URL	OMISSION
GRI 102: GENERAL DISCLOSURES 2016	102-1 Name of the organization	WEG S.A.	
	102-2 Activities, brands, products, and services	19	
	102-3 Location of headquarters	Av. Prefeito Waldemar Grubba, 3.300 – 89256-900 – Jaraguá do Sul – SC - Brasil	
	102-4 Location of operations	14	
	102-5 OWNERSHIP AND LEGAL FORM	42	
	102-6 Markets served	93	
	102-7 Scale of the organization	93	
	102-8 Information on employees and other workers	15	
	102-9 Supply chain	88	
	102-10 Significant changes to the organization and its supply chain	Acquisition of Balteau Produtos Elétricos On September 14, 2021, WEG announced an agreement for the acquisition of 100% of the share capital of Balteau Produtos Elétricos Ltda., a company of transformer for instruments and measurement sets, located in the city of Itajubá, Minas Gerais State, Brazil.	
	102-11 Precautionary Principle or approach	47	
	102-12 External initiatives	WEG voluntarily endorses the Sustainable Development Goals (SDGs). In this report, the material subjects are correlated with the goals of the SDGs.	
	102-13 Membership of associations	97	
	102-14 Statement from senior decision-maker	3	
	102-16 Values, principles, standards, and norms of behavior	34	
	102 -17 Mechanisms for advice and concerns about ethics	40	
	102-18 Governance structure	42	
	102-40 List of stakeholder groups	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Investors</li> <li>• Customers</li> <li>• Suppliers</li> <li>• Local community and organized civil society</li> <li>• Trade associations</li> </ul>	

GENERAL CONTENTS	CONTENT	PAGE NUMBER AND/OR URL	OMISSION
GRI 102: GENERAL DISCLOSURES 2016	102-41 Collective bargaining agreements	82% of the scope of global employees covered by the survey. Of them, 88% of employees are covered by collective bargaining agreements.	
	102-42 Identifying and selecting stakeholders	7	
	102-43 Approach to stakeholder engagement	8	
	102-44 Key topics and concerns raised	9	
	102-45 Entities included in the consolidated financial statements	<a href="https://api.mziq.com/mzfilemanager/v2/d/50c1bd3e-8ac6-42d9-884f-b9d69f690602/b09366de-6947-bc7b-55fc-b717c6c8f2b4?origin=1">https://api.mziq.com/mzfilemanager/v2/d/50c1bd3e-8ac6-42d9-884f-b9d69f690602/b09366de-6947-bc7b-55fc-b717c6c8f2b4?origin=1</a> Pages 29 e 30	
	102-46 Defining report content and topic Boundaries	7	
	102-47 List of material topics	10	
	102-48 Restatements of information	56	
	102-49 Changes in reporting	6	
	102-50 Reporting period	2021	
	102-51 Date of most recent report	In June 2021, with the publishing of the "Integrated Annual Report 2020"	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	sustentabilidade@weg.net	
	102-54 Claims of reporting in accordance with the GRI Standards	This report was prepared in accordance with the GRI Standards: Essential option	
	102-55 GRI content index	102	
	102-56 External assurance	98	
GRI 306: WASTE (2020)	306-5 Waste directed to disposal	59	
GRI 404: TRAINING AND EDUCATION (2016)	404-1 Average hours of training per year per employee	75	
	404-2 Programs for upgrading employee skills and transition assistance programs	71	
<b>GREENHOUSE GAS EMISSIONS</b>			
GRI 103: MANAGEMENT APPROACH (2016)	103-1 Explanation of the material topic and its Boundary	11	
	103-2 The management approach and its components	55	
	103-3 Evaluation of the management approach	55	

GENERAL CONTENTS	CONTENT	PAGE NUMBER AND/OR URL	OMISSION
GRI 305: EMISSIONS (2016)	305-1 Direct (Scope 1) GHG emissions	57	
	305-2 Energy indirect (Scope 2) GHG emissions	57	
	305-3 Other indirect (Scope 3) GHG emissions	58	
<b>HEALTH, SAFETY AND WELL-BEING</b>			
GRI 103: MANAGEMENT APPROACH (2016)	103-1 Explanation of the material topic and its Boundary	11	
	103-2 The management approach and its components	64	
	103-3 Evaluation of the management approach	64	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)	403-1 Occupational health and safety management system	65	
	403-5 Worker training on occupational health and safety	66	
<b>DEVELOPMENT AND QUALIFICATION OF SUSTAINABLE SUPPLIERS</b>			
GRI 103: MANAGEMENT APPROACH (2016)	103-1 Explanation of the material topic and its Boundary	11	
	103-2 The management approach and its components	88	
	103-3 Evaluation of the management approach	88	
GRI 204: PROCUREMENT PRACTICES (2016)	204-1 Proportion of spending on local suppliers	90	
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)	308-1 New suppliers that were screened using environmental criteria	88	
GRI 414: SUPPLIER SOCIAL ASSESSMENT (2016)	414-1 New suppliers that were screened using social criteria	88	
<b>DIVERSITY AND INCLUSION</b>			
GRI 103: MANAGEMENT APPROACH (2016)	103-1 Explanation of the material topic and its Boundary	12	
	103-2 The management approach and its components	68	
	103-3 Evaluation of the management approach	68	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY (2016)	405-1 Diversity of governance bodies and employees	70	Throughout the publication process, we analyzed various solutions to examine Diversity and Inclusion data, as we face legislative and data privacy issues in many of the markets in which WEG operates. WEG reinforces its policies and practices for respecting and valuing diversity, multiculturalism and plurality, and is evaluating ways to collect and report related information.

GENERAL CONTENTS	CONTENT	PAGE NUMBER AND/OR URL	OMISSION
<b>SUSTAINABLE GROWTH OF THE COMMUNITIES</b>			
GRI 103: MANAGEMENT APPROACH (2016)	103-1 Explanation of the material topic and its Boundary	12	
	103-2 The management approach and its components	77	
	103-3 Evaluation of the management approach	77	
GRI 413: LOCAL COMMUNITIES (2016)	"413-1 Operations with local community engagement, impact assessments, and development programs"	78	
<b>SUSTAINABLE PRODUCTS</b>			
GRI 103: MANAGEMENT APPROACH (2016)	103-1 Explanation of the material topic and its Boundary	12	
	103-2 The management approach and its components	23	
	103-3 Evaluation of the management approach	23	

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB): SECTOR INDICATORS

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASUREMENT	CODE	ANSWER
Energy management	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT-IG-130a.1	(1): 1.999.206 GJ (555.335 MWh). (2) / (3): In Brazil, about 85% of the energy consumed comes from a renewable source. Additionally, in 2021, 10% of the WEG group's energy was acquired from renewable sources through the purchase of renewable energy certificates (I-REC).
Employee Health & Safety	(1) Total recordable incident rate (TRIR) (2) Fatality rate (3) Near miss frequency rate (NMFR)	Quantitative	Rate	RT-IG-320a.1	(1): 1.61 (2): 0.02 (3): 3.74* (*Brazil data)
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles.	Quantitative	Gallons per 1,000 ton-miles	RT-IG-410a.1	N/A
	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Gallons per hour	RT-IG-410a.2	N/A
	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines.	Quantitative	Grams per kilowatt-hour	RT-IG-410a.4	N/A
Materials Sourcing	Description of the management of risks associated with the use of critical materials.	Discussion and Analysis	N/A	RT-IG-440a.1	<p>WEG has a restricted substances policy, demonstrating its commitment to responsible procurement and defining guidelines and responsibilities so that its products and packaging are in compliance with the regulations applicable globally.</p> <p>This policy is supported by a global restricted substance list and internal procedures that detail how regulations and directives such as REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), RoHS (Restriction of Certain Hazardous Substances), TSCA (Toxic Substances Control Law), among others, are met.</p> <p>For the restricted substances and conflict minerals regulations to be met, we monitor our supply chain, establishing governance with suppliers to mitigate the risk of using conflict minerals and restricted substances. We explain our commitment to complying with regulations and directives through the Supplier Code of Ethics and the Supply Agreement.</p>

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASUREMENT	CODE	ANSWER
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services.	Quantitative	Reporting currency	RT-IG-440b.1	WEG has the Replacement Plan, a program that encourages the replacement of old motors that present low performance, are broken or have frequent problems in their operation. Through this plan, used motors of any brand are taken as part of the payment for a new WEG motor. In the Replacement Plan, the motors are destroyed and do not fully return to the WEG production process.
Activity Metrics	Number of units produced by product category.	Quantitative	Number	RT-IG-000.A	A breakdown of revenue by activity is provided on page 22.
	Number of employees.	Quantitative	Number	RT-IG-000.B	36.987

## TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

TCFD RECOMMENDATION	DISCLOSURE WEG
<b>GOVERNANCE</b>	
a) Describe how the Board oversees climate change-related risks and opportunities.	<p>The Board of Directors stipulates strategic guidelines and approves investments and actions in relation to sustainability at WEG, including those related to climate change. As described in the Board's internal regulations, the guideline is to ensure the company's perpetuity within a long-term and sustainable perspective, which incorporates economic, social, environmental and good corporate governance considerations in the definition of business and operations. This Board assignment applies to both risks and opportunities. The Board analyzes and monitors the mapping of the company's risk annually, encompassing risks related to climate change. In this regard, it guides on related policies and actions. In 2021, the Board demanded actions related to the subject and monitors it. Also in 2021, the WEG Group's Strategic Planning was revised, and the purpose was defined: "Develop technologies and solutions to contribute to building a more efficient and sustainable world." In the business plan, analyses of trends and scenarios indicated strong demands from society related to solutions to fight climate change, making our strategy strongly aligned with the global climate needs.</p>
b) Describe the Board's role in assessing and managing risks and opportunities related to climate change.	<p>The company's Insurance and Risk Department, which within the organizational structure is part of the Financial Department, conducts WEG's corporate risk management. The Department consolidates the mapped and updated risks of the entire WEG group and presents the result of the risk analysis annually to the Board of Directors. In this process, the Board is updated in relation to the company's risks and decides on related actions. The risk categories assessed are established by WEG's Corporate Risk Management Policy, which is in line with ISO 31.000. Climate risks are covered in different categories. According to the result of applying these criteria, appropriate and proportionate actions are defined for the identified risk, whether of financial or strategic impact. In addition to the risk management process, the strategic planning process is periodically reviewed, and in the last review cycle, opportunities and business drivers aligned with solutions for a low-carbon economy were identified.</p>
<b>STRATEGY</b>	
a) Describe the risks and opportunities related to climate change that the organization has identified in the short, medium and long term.	<p><b>RISKS</b> In accordance with the WEG Group's Risk Management Policy, it is considered:</p> <ul style="list-style-type: none"> <li>• Short term: Period of up to 2 years.</li> <li>• Medium term: Period from 3 to 5 years.</li> <li>• Long term: Period over 5 years.</li> </ul> <p><b>Identified risks:</b></p> <ol style="list-style-type: none"> <li>1. Emerging regulation: Orders on the regulation of existing products and services. Time horizon: Medium term</li> <li>2. Acute physical: Cyclone, hurricane, typhoon. Time horizon: Short term</li> <li>3. Acute physical: Flooding. Time horizon: Short term</li> </ol> <p><b>OPPORTUNITIES</b> Description of opportunities: Products and services: Development of new products and services through R&amp;D and innovation. Time horizon: Short term</p> <p>Resource efficiency: Use of more efficient production and distribution processes. Time horizon: Short term</p> <p>Markets: Access to new markets Time horizon: Medium term</p>

## TCFD RECOMMENDATION

## DISCLOSURE WEG

## STRATEGY

b) Describe the impacts of risks and opportunities related to climate change on the organization's business, strategy and financial planning.

1. Emerging Regulation: Orders on the regulation of existing products and services.

Time horizon: Medium term

New regulations that set new energy efficiency limits may reduce revenue from certain product lines in certain markets

Magnitude: Low

2. Acute physical: Cyclone, hurricane, typhoon.

Time horizon: Short term

In regions where WEG has manufacturing facilities, especially in the state of Santa Catarina (Brazil), where the main plants are located, there are historical records of cyclones and storms, which can impact the organization's operations, halting production punctually/for a period of time necessary to reestablish affected infrastructure/machinery necessary for the production process.

Magnitude: Medium / Low

3. Acute physical: Flooding.

Time horizon: Short term

In regions where WEG has manufacturing facilities, especially in the state of Santa Catarina (Brazil), where the main plants are located, there are few records of floods capable of impacting the organization's operations, stopping production punctually/for a period of time necessary to reestablish affected infrastructure/machinery necessary for the production process.

Magnitude: Medium / Low

Description of opportunities:

Products and services: Development of new products and services through R&D and innovation.

Time horizon: Short term

Innovation plays an important role in the company's financial impact. Innovation index (percentage of sales of products launched in the past five years) in 2021 was 56.4%.

Analyzing our financial percentage indicator, the sales of global premium motors in 2021 was 71.6% of the total industrial motors. Due to the commitments of countries and organizations to the decarbonization journey, we see opportunities to increase this percentage of premium motor sales.

For WEG, technological innovation mainly refers to the development of new technologies, new products, materials and tests, aiming at increasing efficiency, reducing costs, improving quality and reducing raw materials used in products.

Magnitude: High

## TCFD RECOMMENDATION

## DISCLOSURE WEG

## STRATEGY

b) Describe the impacts of risks and opportunities related to climate change on the organization's business, strategy and financial planning.

Resource efficiency: Use of more efficient production and distribution processes.  
Time horizon: Short term  
Two examples of programs are:

The WEG Manufacturing System (WMS) program has eco-efficiency and cleaner production as its management practice. This program is based on the WCM concepts, principles and techniques (World Class Manufacturing). The WMS is based on technical and management pillars, including the Environment Pillar, which aims at:

- Reducing environmental impacts;
- Reducing consumption of energy and water resources;
- Reducing scrap;
- Reducing losses and waste.

The objectives and indicators of the environment pillar of the program linked to the productive process are related to:

- Electricity, fuels and compressed air;
- Waste;
- Input consumption;
- Chemical cleaning

## WEG KAIZEN

WEG Kaizen is one of the forms of participative management that promotes the participation of employees in activities for problem solution and continuous improvement that generate positive results in all processes.

Time horizon: Short term  
Magnitude: Medium/High

Markets: Access to new markets  
Time horizon: Medium term

WEG evaluates the markets also considering the long term. We work on solutions for markets, such as electric mobility, with integrated solutions for electric vehicles, always focused on the development of technologies that contribute to the sustainable growth of the planet. WEG launched and continuously develops its line of electric motors and frequency inverters for electric traction, combining efficiency and quality for different applications:

- Light vehicles such as golf carts, industrial tow trucks, forklifts, and the like;
- Drive of auxiliary loads such as compressors, pumps, and fans installed on vehicles;
- Medium vehicles such as delivery trucks, minibuses and vans;
- Heavy vehicles such as buses and trucks;
- Locomotives and railway vehicles such as trains, monorails, light rail vehicles and streetcars;

In 2021, we can highlight initiatives in the area of electric mobility, such as the supply of a traction motor for the launch of the world's first 100% electric armored car. Also, this year, the first tests were carried out for the use of electric motors in aviation, a partnership between WEG and Embraer. These examples show that this opportunity is being realized and has growth potential in new markets.

Other examples of products and solutions with potential to increase revenue through access to new and emerging markets are: photovoltaic systems, wind turbines, batteries and energy storage, charging stations for electric vehicles, Waste-to Energy (solutions for generating energy from waste gasification) etc.

Magnitude: High

## TCFD RECOMMENDATION

## DISCLOSURE WEG

## STRATEGY

c) Describe the resilience of the organization's strategy, considering different climate change scenarios, including a scenario of 2 °C or less.

Climate change has a strong relationship with WEG's strategy. In the review of WEG's strategic planning, macro trends and scenarios that WEG is exposed to were analyzed, such as global warming containment, while reconciling economic growth with greater energy consumption and reducing the use of fossil fuels.

Using the studies provided by the IEA and studies based on IEA, such as those developed by EPE, we evaluate the macro trends of the markets in which we operate in the electric energy sector. In this way, our businesses seek to meet the needs identified by IEA for conducting the energy transition.

The IEA NZE 2050 transition scenario indicates global development trends that drive global investments in infrastructure, enabling the transition scenario. In this regard, WEG seeks to capture these opportunities in this scenario.

Within this scenario, WEG established the following strategic objectives:

- Contribute to building a more efficient and sustainable world by investing in energy efficiency, renewable energies, energy storage and electric mobility
- Be a world benchmark in motors, gearboxes, generators, transformers and electric drives
- Strengthen the industrial automation business, including solutions for the digitalization of industry and energy systems, as well as products for electrification in civil construction and infrastructure
- Develop the business globally through consistent ESG practices

The strategic directions were defined to keep the focus on the following businesses:

- Motion Drive
- Electrification
- Automation
- Energy Generation
- Grid
- Advance in electrification solutions for the new world of mobility
- Develop digital solutions as a complementary and integrated offer to all WEG businesses

WEG also established its Purpose in 2021, which plays a fundamental role in the company's strategy, as it defines the reason for the organization's existence and the meaning that it has for society and how it contributes to the solution of socio-environmental problems. In addition, it provides synergy between mission, vision and values.

**WEG Purpose: Develop technologies and solutions to contribute to building a more efficient and sustainable world.**

Therefore, the impact of risks and especially opportunities is relevant for this strategy, as well as the strategy is relevant for WEG to be an important player to fight climate change.

TCFD RECOMMENDATION

DISCLOSURE WEG

RISK MANAGEMENT

a) Describe the processes used by the organization to identify and assess risks related to climate change.

The identification and assessment of risks related to climate change takes place through WEG's corporate risk management process. This process is guided by the Corporate Risk Management Policy, which establishes the steps:

- a) Identification of risks based on risk families (External, Strategic, Financial, People, Compliance and Governance, and Operations) and divided into classes, such as environment and climate issues, which are a class of the Operations family). The "operations" family also contains classes related to upstream and downstream logistical risks. The "Strategic Risks" family contains classes of risks related to customers, and the External Risks Family contain classes related to Natural Events (floods, storms etc.).
- b) Risk Analysis: encompasses the stages of severity classification (assessed in the spheres of human being, quality, environment, EBTIDA impact and image), and frequency (unlikely, remote, possible and probable), which are related to the event occurrence horizon.
- c) Risk Assessment: Result of crossing severity and frequency, resulting in the degree of risk (magnitude)
- d) Risk Management: definition and execution of actions to treat risks.
- e) Monitoring Risks are monitored annually according to their degree of risk and reported to the Board of Directors, which decides on strategic actions accordingly. This process applies to all units of the WEG Group, as well as affiliates and controlled companies.

b) Describe the processes used by the organization to manage risks related to climate change.

Risk classification considers aspects such as severity and frequency, which are related to the event occurrence horizon. The crossing between severity and frequency establishes this identification and consequently the risk management process. Once identified and classified, the risks are managed according to the result of the classification of each one, and appropriate and proportionate actions are defined for the risk. This flow is applied to all risk categories monitored by the company, including those that include climate risks. As described in the Governance recommendation a), the risks are presented and assessed annually by the Board of Directors.

c) Describe how the processes used by the organization to identify, assess and manage risks related to climate change are integrated into the organization's overall risk management.

The process of identifying, assessing and managing risks related to climate change at WEG is currently integrated into the general risk management process. This process is guided by the Corporate Risk Management Policy, which considers the risk families: external, strategic, financial, people, compliance and governance, and operations. Climate issues are part of the operations family class. The "operations" family also contains classes related to upstream and downstream logistical risks. The "Strategic Risks" family contains classes of risks related to customers, and the External Risks Family contain classes related to Natural Events (floods, storms etc.) All risks go through the same management process.

**TCFD RECOMMENDATION**      **DISCLOSURE WEG**

**METRICS AND GOALS**

WEG uses the GHG Protocol and IPCC (Intergovernmental Panel on Climate Change) methodology to calculate its GHG emissions. In 2021, a third party verified the emissions inventory. GHG emissions are reported annually. The collected data allow the company to understand how it is impacting, and where it has opportunities for improvement to reduce its impacts and analyze its evolution compared to previous years. It also helps understand the risks and opportunities related to its impact.

a) Report the metrics used by the organization to assess the risks and opportunities related to the climate change according to its strategy and risk management process.

In 2021 WEG improved its emissions inventory process—the improvements included:

- Review of Scope 1 calculation method.
- Inclusion of calculation of Scope 3 emissions, in eight categories.
- Expansion of the scope of monitored units, including the company's business addresses. In this regard, 100% of WEG's global addresses were included in the 2021 GHG emissions inventory.

In addition to the emissions data reported in the group's inventory, we have indicators for energy use, energy intensity, energy mix, investments in R&D for low-carbon products and new technologies.

Specifically looking at opportunities, there are percentage metrics of products aligned with the low-carbon economy compared to other products, according to IEA taxonomy. For example, the indicator of high energy efficiency motors sold by the Motor Unit and wind energy in the Energy Unit.

b) Report Scope 1, Scope 2 and, if applicable, Scope 3 greenhouse gas emissions and the risks related to them.

WEG's GHG emissions were calculated based on the GHG Protocol and IPCC (Intergovernmental Panel on Climate Change) methodology.

GHG emissions in 2021:

SCOPE 1:

2019: 32,370

2020: 33,392

2021: 47,719

SCOPE 2:

2019: 98,334

2020: 86,494

2021: 103,556

SCOPE 3:

2019: Not calculated

2020: Not calculated

2021: 26,872,637

The continuous growth of the organization presents a risk of rising emissions, something that the company has been working on seeking greater efficiency in its processes. Also, it looks for other ways to reduce its impact risk. In 2021, for example, WEG ensured that 10% of energy consumption came from renewable sources by purchasing renewable energy certificates (I-REC).

c) Describe the targets used by the organization to manage the risks and opportunities related to climate change, and the performance against the targets.

Currently, emission reduction targets are broken down by department and established annually. These goals are set through the WEG Quality and Productivity Program Goals Program. Until 2021, the goals were mainly focused on reducing energy consumption (Scope 2).

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