



20

INTEGRATED
ANNUAL
REPORT

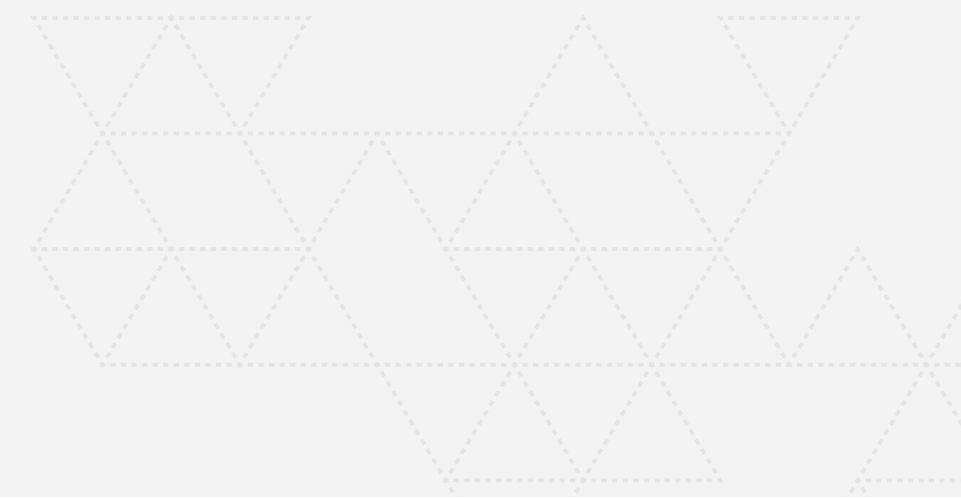


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Message from the CEO



WE ARE AMONG
THE 1,000 PUBLIC
HELD COMPANIES
IN THE WORLD
THAT INVEST
THE MOST IN
INNOVATION

Harry Schmelzer Jr.
WEG's Chief Executive Officer



As in any ecosystem, a company's health and productivity are related to its ability to adapt and change without losing its essence and stability. 2020 was a challenging year for the whole world, and it was not any different for us at WEG. Great part of our businesses was affected. However, our financial discipline and our great capacity to innovate enabled us to recalculate some routes in order to preserve both the business and our employees. We worked quick and effectively on measures to prevent the spread of the virus among our employees around the world. We supplied masks, adopted social distancing practices, established a home office structure, diversified production methods and managed to keep the company operating safe and productively.

We produced and donated alcohol gel sanitizer and manufactured, in record time, ventilators, a device of paramount importance which is helping save lives. Our resilience was put to the test, and once again we proved our solidity, showing that one of the great qualities of this company is its determination to overcome challenges.

In business, we invested in infrastructure, electrical mobility, renewable energy and other solutions in line with a low-carbon economy and with lower environmental impact, as we understand that this is one of the essential paths for more sustainable development.

Our entry into the digital world, with solutions for Industry 4.0, has taken our customers on a journey in search of higher manufacturing efficiency, in addition to an extensive control of their factories, anytime and anywhere, and that has never been more important and necessary.

To strengthen our work on ESG-related issues and further strengthen our relationship with stakeholders, we designated a direction to address sustainability and created a specific committee for the subject.

With ethics, integrity and transparency, we are contributing to the development of our employees, customers, investors and communities where we operate, pursuing our mission of continuous and sustainable growth without ever losing sight of our simplicity and our ideals.

Thank you all and have a good reading!

COVID-19

2020 WAS MARKED BY THE TERRIBLE COVID-19 PANDEMIC, WHICH UNFORTUNATELY HAS CLAIMED COUNTLESS LIVES AROUND THE WORLD AND ALSO IMPACTED THE ECONOMY AND THE DAILY LIFE OF SOCIETY. TO FIGHT AND MITIGATE THE IMPACTS OF THE PANDEMIC, WEG HAS BEEN WORKING ON DIFFERENT FRONTS:



MAIN MEASURES TO MITIGATE THE EFFECTS OF COVID-19 ON SOCIETY:

- Production of Ventilators for ICUs to help fight the pandemic. After a major industrial conversion process, which took just over 30 days, the Company delivered 1000 ventilators for Federal and State governments to equip hospital ICUs.
- Import of 101 infusion pumps and four video laryngoscopes to be donated to the ICUs of hospitals in the regions where the company operates (Jaraguá Hospitals, in the city of Jaraguá do Sul/SC, Santo Antônio Hospital, in the city of Guaramirim/SC and Hospital Misericórdia, in the city Blumenau/SC, Hospital Irmandade da Santa Casa, in the city Sertãozinho/SP).
- Donation of 235 thousand surgical masks and R\$1.936.000,00 to hospitals in the cities where the company operates (Jaraguá do Sul/SC, Guaramirim/SC and Linhares/ES).
- Donation of 30 thousand surgical masks to the Health Department of Jaraguá do Sul/SC for use in public health service centers.
- Donation of six thousand liters of 70% alcohol.

- Development of the COVID Monitor App, in a partnership with the city of Jaraguá do Sul, to help identify and monitor patients with COVID-19.

- Production, in its coating factory, of alcohol gel sanitizer for internal use and donation to institutions.

- Donation of funds to repair 15 ventilators that were out of order.

- Hiring of more than 200 local seamstresses to produce disposable masks and give them to its employees. More than 1 million disposable masks have been produced and handed out since the pandemic began.

- More than BRL 2.7 million to support social projects in the Community to confront the pandemic.

MAIN MEASURES TO MITIGATE THE EFFECTS OF COVID-19 ON EMPLOYEES AND BUSINESS

WEG HAS TAKEN PROTECTIVE, PREVENTIVE AND MITIGATING MEASURES SINCE THE BEGINNING OF THE COVID-19 PANDEMIC, AIMING AT PRESERVING THE INTEGRITY OF ITS EMPLOYEES AND MINIMIZING ANY IMPACTS ON ITS OPERATIONS AS MUCH AS POSSIBLE. AMONG THE MEASURES ADOPTED WE CAN POINT OUT:

- Adoption of protective measures and social distancing in order to preserve the health of our employees and other stakeholders.
- Temperature measurement of every employee daily.
- Continuous work of communication with employees.
- Mandatory use of masks.
- Suspension of national and international travel.
- Adoption of quarantine according to criteria established by the authorities.
- Adoption of vacation mechanisms, time bank and home office for part of the management employees in Brazil and abroad.
- Partial or total restriction of operations, according to criteria established by local authorities.
- Business continuity plan developed for 100% of the operations.
- Random testing to identify asymptomatic cases.
- Creation of the "zero day" protocol applicable to all WEG units.
- Creation of the Crisis Committees in all WEG units.

EXAMPLES OF ACTIONS AT WEG UNITS IN THE WORLD

INDIA



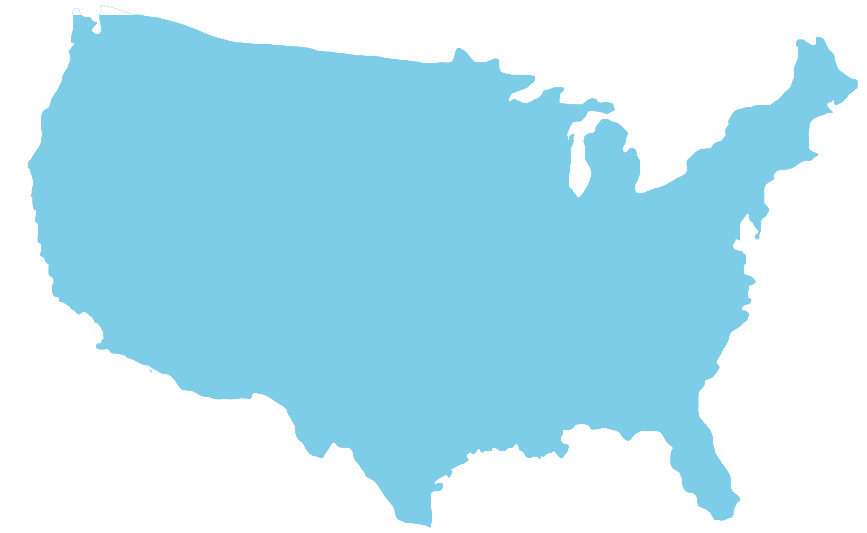
- Covid-19 tests for employees.
- Purchase of mask, disinfectant and other arrangements to contain the spread of COVID-19.
- Additional transport to maintain social distancing.

CHINA



- Distribution of pandemic prevention materials: masks, gloves, protective clothing, alcohol sanitizer, etc.
- Measurement of body temperature twice a day.
- Regular disinfection at the manufacturing plants.
- Adoption of safety protocols at meals, such as use of disposable cutlery, tables separated by barriers, tables sanitized immediately after meals.

USA



- Adoption of COVID -19 safety practices for meetings in open places and during the employees' lunch procedure.

EXAMPLES OF ACTIONS AT WEG UNITS IN THE WORLD

MEXICO



- A psychological support campaign was implemented for those who wanted to talk about their feelings related to COVID-19 (anxiety, stress, fear), and 30 people requested therapy in 2020. The sessions were given by a psychologist weekly in one-hour sessions.
- The pandemic affected the in-person training program, which represented almost the entire program planned for 2020. Thus, online training was promoted, and the most important course platform was “Ubits”, in which employees were provided with access free of charge for 30 days with unlimited courses. The result was more than 700 courses completed.

COLOMBIA



- Protocols to enter and leave the facilities, temperature measurement.
- Installation of disinfection points.
- Provision of personal protection elements for employees.
- Provision of corporate transport for employees, ensuring protocols for social distancing, as well as thorough cleaning and disinfection of vehicles.
- Provision of a subsidy to assist mobility in a sanitary emergency situation, thus encouraging the use of one's own vehicle.

ABOUT THE REPORT

DEAR READER,
WELCOME TO WEG'S INTEGRATED ANNUAL REPORT.

INTERACTIVE INDEX

An interactive index is provided on the side of the pages in order to facilitate browsing the topics covered in this report.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

To check how WEG practices are aligned with each SDG, click on the icons below:

SDGS: HIGH IMPACT



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Other SDGs impacted by our actions.



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[CLICK HERE TO LEARN MORE ABOUT THE SUSTAINABLE DEVELOPMENT GOALS \(SDGS\).](#)

METHODOLOGICAL REFERENCES

This report was arranged according to the guidelines of the **Global Reporting Initiative (GRI)** and the **International Integrated Reporting Council (IIRC)**.

Materiality



INTERNAL CONSULTATION

The internal consultation involved our global senior management, and it was carried out through:

- **Direction:** CEO and all members of the Executive Board and other Directors appointed pursuant to the bylaws.
- **Board of Directors:** Two board members, one being independent.
- **Managing Directors:** Five directors representing the countries that have the greatest socio-environmental and economic impact for the company: USA, China, South Africa, Mexico and Germany.

CONSULTATION WITH STAKEHOLDERS

The consultation sought to understand the perspectives and perceptions of the main stakeholders from different countries, who are an essential part of the process to identify our material issues. The stakeholders consulted were:

- **Employees:** Members of the six countries in which WEG has the greatest socio-environmental and economic impact (Brazil, USA, China, South Africa, Mexico and Germany). They were chosen by the respective Managing Directors of each country.
- **Investors:** 10 global investors.
- **Customers:** 10 global customers.
- **Suppliers:** 10 global suppliers.
- **Local community and organized civil society:** 5 social entities.
- **Trade associations:** 5 trade associations.

FORM OF CONSULTATION

The consultation process was online.

RESULT

To apply the consultation, 18 topics relevant in the context of sustainability were identified. Within this scope and with the possibility of including new topics, we carried out a consultation with internal staff and the main stakeholders.

The action was intended to identify the aspects with capacity and potential to affect our value generation, impacting our strategy, governance and performance. And the result will be used as an important source for planning and aligning our report with our stakeholders' expectations and demands.

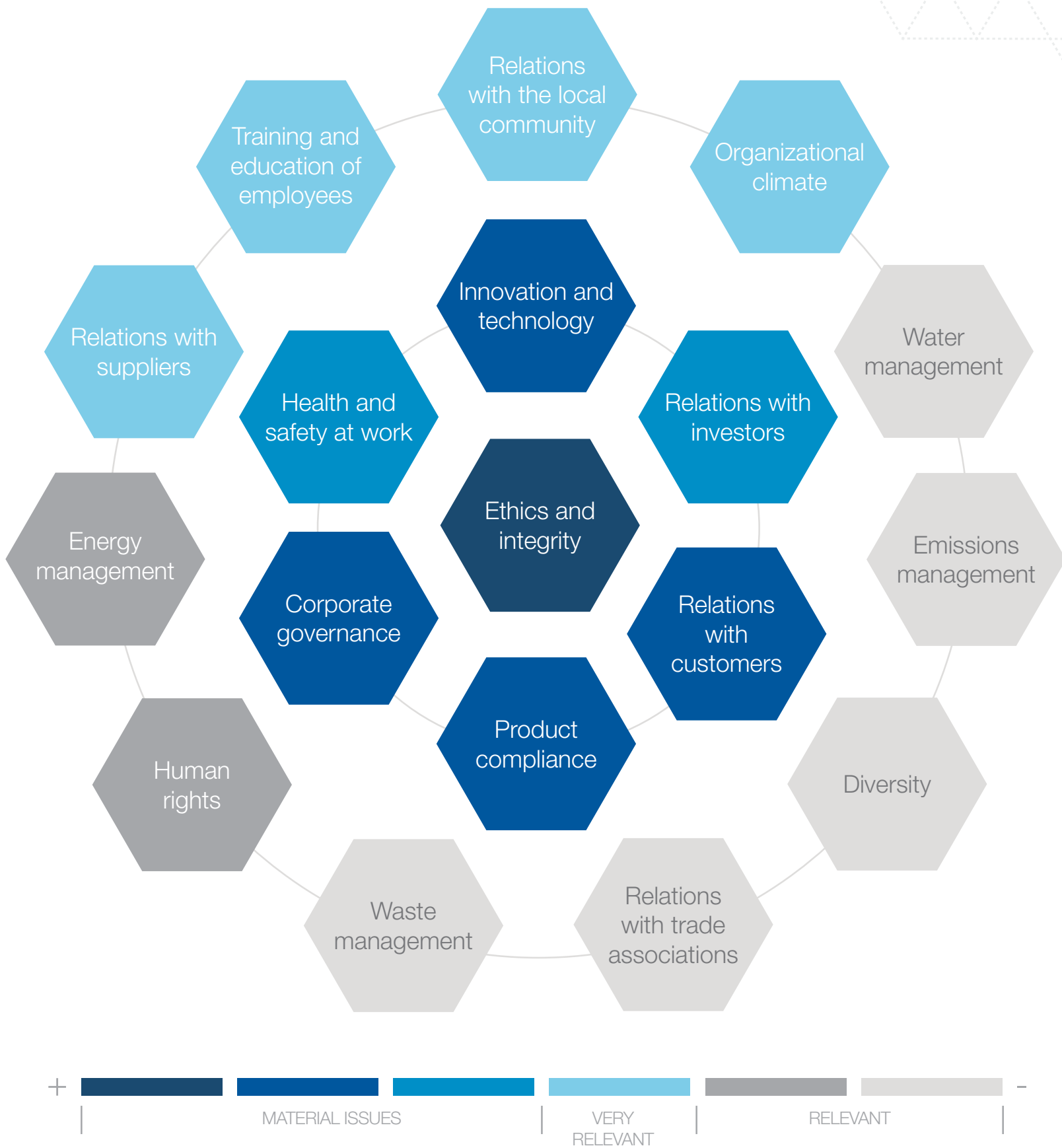
The consultation process classified the following aspects:

NEXT CYCLE

The next materiality cycle is scheduled for the second semester of 2021.

RELATION OF MATERIAL TOPICS TO CAPITALS:

- Financial Capital: Inovation and technology
- Intellectual Capital: Inovation and technology
- Human Capital: Ethics and integrity; Health and safety at work
- Social and relationship capital: Ethics and integrity; Investor relations; Customer relations.





WEG

12 GLOBAL PRESENCE

15 OUR BUSINESS

30 INNOVATION AND TECHNOLOGY

34 ETHICS AND INTEGRITY

42 CORPORATE GOVERNANCE



GLOBAL PRESENCE



47 **Manufacturing Plants**
12 COUNTRIES


Commercial operations in
36 countries


Distributors in
120 countries


Sales to over
135 countries


More than
1,400
Service Centers worldwide

Our Work Force

TOTAL EMPLOYEES - GEOGRAPHICAL REGION

71.8%
SOUTH AMERICA

13.3%
NORTH AMERICA

7.9%
ASIA PACIFIC

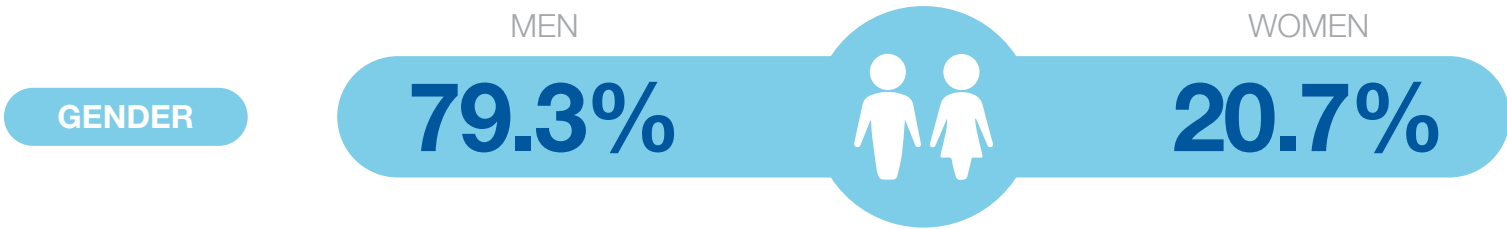
5.0%
EUROPE

2.0%
AFRICA

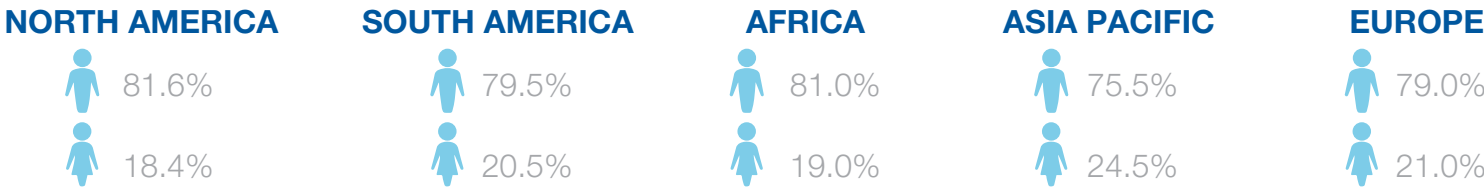


	2018	2019	2020
HISTORY	31,104	31,830	33,342
SOUTH AMERICA	22,102	22,950	23,925
NORTH AMERICA	3,962	4,077	4,450
ASIA PACIFIC	3,052	2,729	2,645
EUROPE	1,319	1,426	1,670
AFRICA	669	648	640

EMPLOYEES BY:



GENDER - GEOGRAPHICAL REGION



TYPE OF JOB

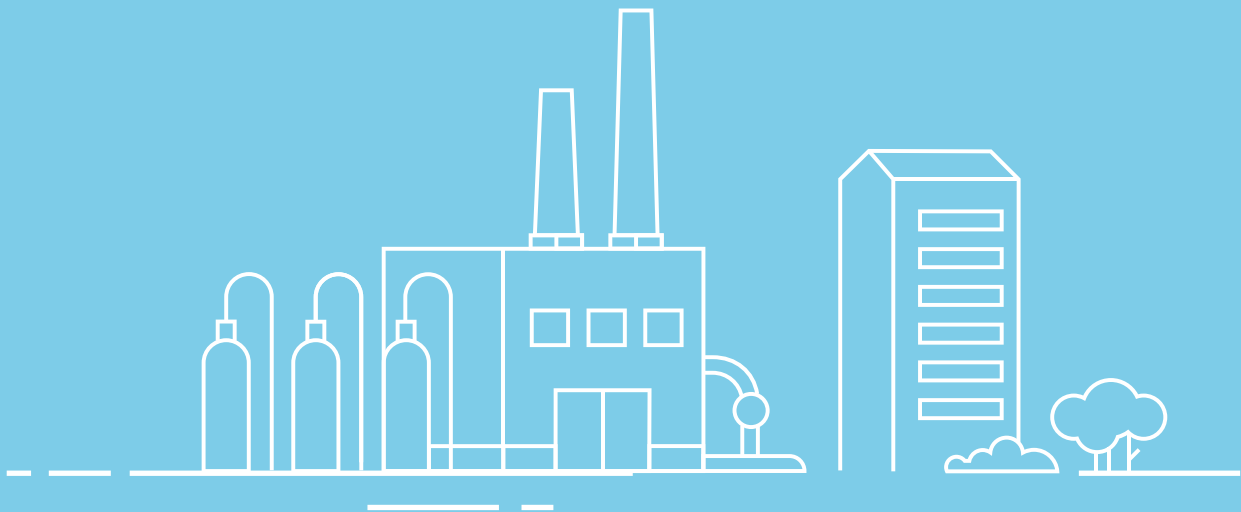
EMPLOYEES

89.4%















OUTSOURCED WORKERS

10.6%



TYPE OF JOB – GEOGRAPHICAL REGION

NORTH AMERICA	SOUTH AMERICA	AFRICA	ASIA-PACIFIC	EUROPE
 99.3%	 88.0%	 98.3%	 84.0%	 100%
 0.7%	 12.0%	 1.7%	 16.0%	 0%
 EMPLOYEES		 OUTSOURCED WORKERS		

SHIFT

FULL TIME











99.9%



PART TIME

0.1%

SHIFT – GEOGRAPHICAL REGION

NORTH AMERICA	SOUTH AMERICA	AFRICA	ASIA-PACIFIC	EUROPE
 99.9%	 99.9%	 100%	 100%	 96.2%
 0.1%	 0.1%			 3.8%
 FULL TIME		 PART TIME		

TYPE OF CONTRACT

PERMANENT













97.0%



TEMPORARY

3.0%

TYPE OF CONTRACT - GEOGRAPHICAL REGION

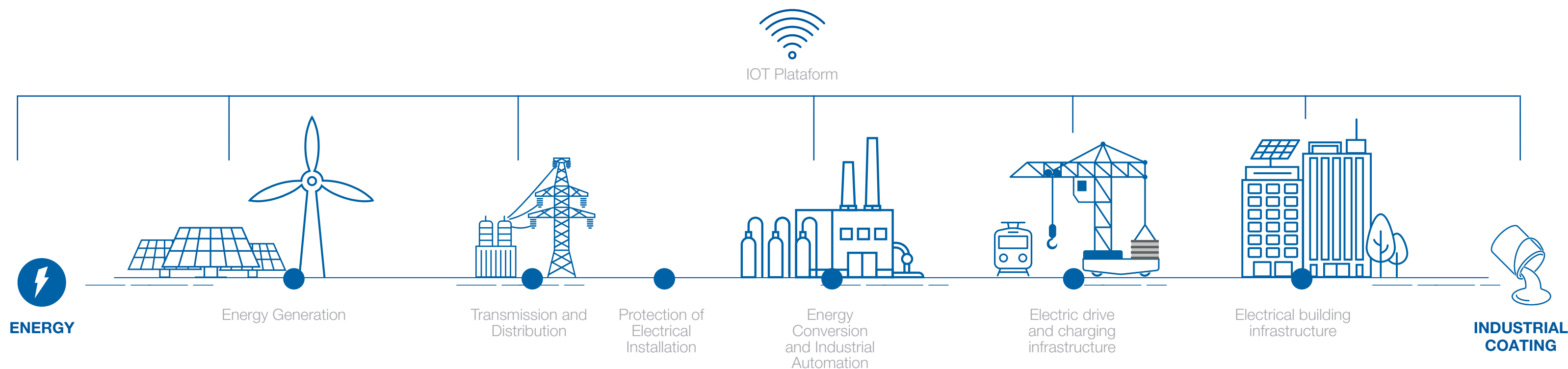
NORTH AMERICA	SOUTH AMERICA	AFRICA	ASIA-PACIFIC	EUROPE
 93.1%	 99.0%	 98.3%	 86.6%	 98.5%
 6.9%	 1.0%	 1.7%	 13.4%	 1.5%
 PERMANENT		 TEMPORARY		

OUR BUSINESS

WEG'S STRATEGIC VISION IS TO **PROVIDE COMPLETE AND EFFICIENT SOLUTIONS** WITH A FULL LINE OF ELECTRICAL MACHINES, FROM GENERATION TO CONSUMPTION.

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

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.

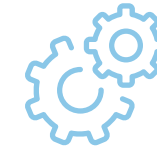


Competitive advantages

UNIQUE BUSINESS
MODEL CREATES
IMPORTANT COMPETITIVE
EDGE RESULTING IN GROWTH
AND SUSTAINABLE ROIC*



ROIC = Return on invested capital



VERTICALIZATION

It allows production flexibility and a very competitive cost structure.



FINANCIAL FLEXIBILITY

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



DIVERSIFICATION

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

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

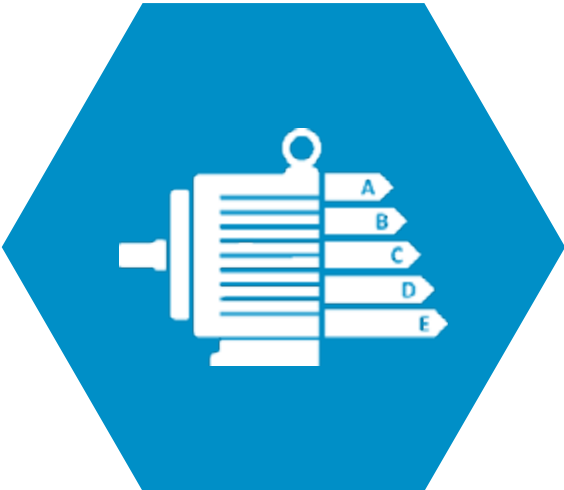
Our production system is also based on modular expansion, avoiding idle production capacity, maximizing return on capital and reducing demand risks.

Our industry is undergoing major changes

Megatrends are creating changes in demand standards and new business opportunities.

ENERGY AND INDUSTRIAL EFFICIENCY

- Electric motors account for about 70% of industrial electrical consumption.
 - Electric consumption is by far the largest component of the total cost of ownership of electric motors.
- Clear trend towards the regulation of more efficient electric motors.
- Industrial production and energy management drive investments.

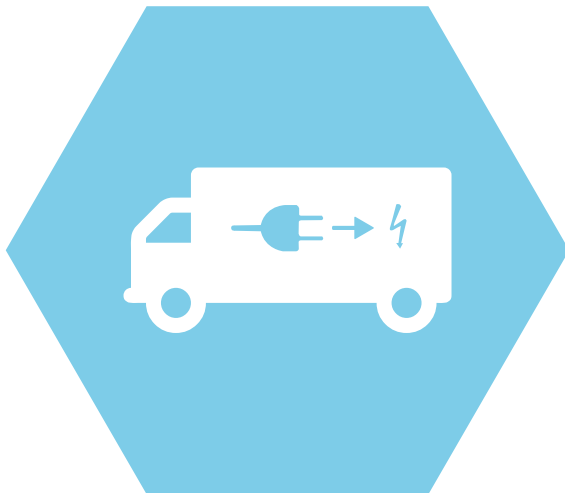
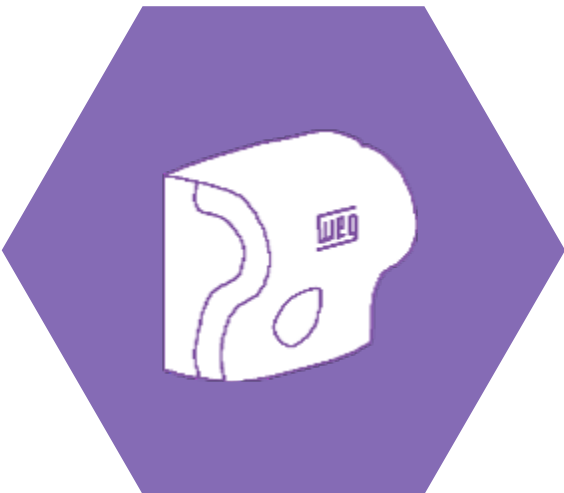


RENEWABLE ENERGY

- Global trend towards the reduction of GHG emissions.
- Renewables allow distributed generation;
- With the right price incentives, technology is achieved with cost effectiveness.
- The variety of sources increases the system stability and energy availability.

DIGITAL SOLUTIONS

- There will be more sensors, more automation, more generation and efficient use of electricity.
- New products developed and offered to the market.



ELECTRICAL MOBILITY

- Increasing urbanization requires alternatives.
- Electricity is the most efficient method.
- Exclusively electric, hybrid and alternative fuels will grow faster than the market.
- Powertrain solutions can adapt to other modes of transport.

Solutions in line with a low-carbon economy and lower environmental impact

The global climate and environmental issues demand urgent solutions to reduce the impacts on industries, city structures and the way in which society develops. A model aligned with a low-carbon economy is important to mitigate the environmental and social impacts produced by the current development model.

We work with high technology in line with sustainable concepts in all our business units. The solutions are designed for cities and industries (B2B).



AFFORDABLE AND CLEAN ENERGY

7.2 Substantially increase the share of renewable energy in the global energy matrix.

7.3 By 2030, double the global rate of energy efficiency improvement.



DECENT WORK AND ECONOMIC GROWTH

8.2 Achieve higher productivity levels of the economies by means of diversification, technological modernization and innovation, including by focusing high added value sectors and labor-intensive sectors.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.4 By 2030, modernize infrastructure and rehabilitate industries to make them sustainable, with increased efficiency in the use of resources, and greater adoption of clean and environmentally friendly technologies and industrial processes; with all countries acting according to their respective capabilities.



CLIMATE ACTION

13.2 Integrating climate change measures into national policies, strategies and plans.

Highlights

W22 MOTOR: GREATER ENERGY SAVINGS FOR THE INDUSTRY.

Companies from all over the world direct their projects towards initiatives related to sustainability, always looking for innovative technologies that can improve the performance of their solutions.

The change in the Brazilian energy efficiency legislation, passed in 2019, has relevant effect on the business of the Motors unit and its customers, as well as on the entire national energy mix, due to the reduction in consumption and demand for electric energy to drive the motors.

As a consequence, there is a substantial decrease in atmospheric emissions from power generation. Always thinking ahead, even before the announcement of the new law, WEG maintained its focus on increasingly efficient motors, such as the W22 IR3 Premium, which complies with the standard, and the W22 Super Premium and W22 Ultra Premium, which exceed the efficiency level determined by the Brazilian legislation.

The motors of the W22 platform are also available in the W22 Magnet, W22 WELL, W22 Mining, W22 Wash, W22Xec, W22Xtb and W22Xdb lines.

Check out the characteristics:

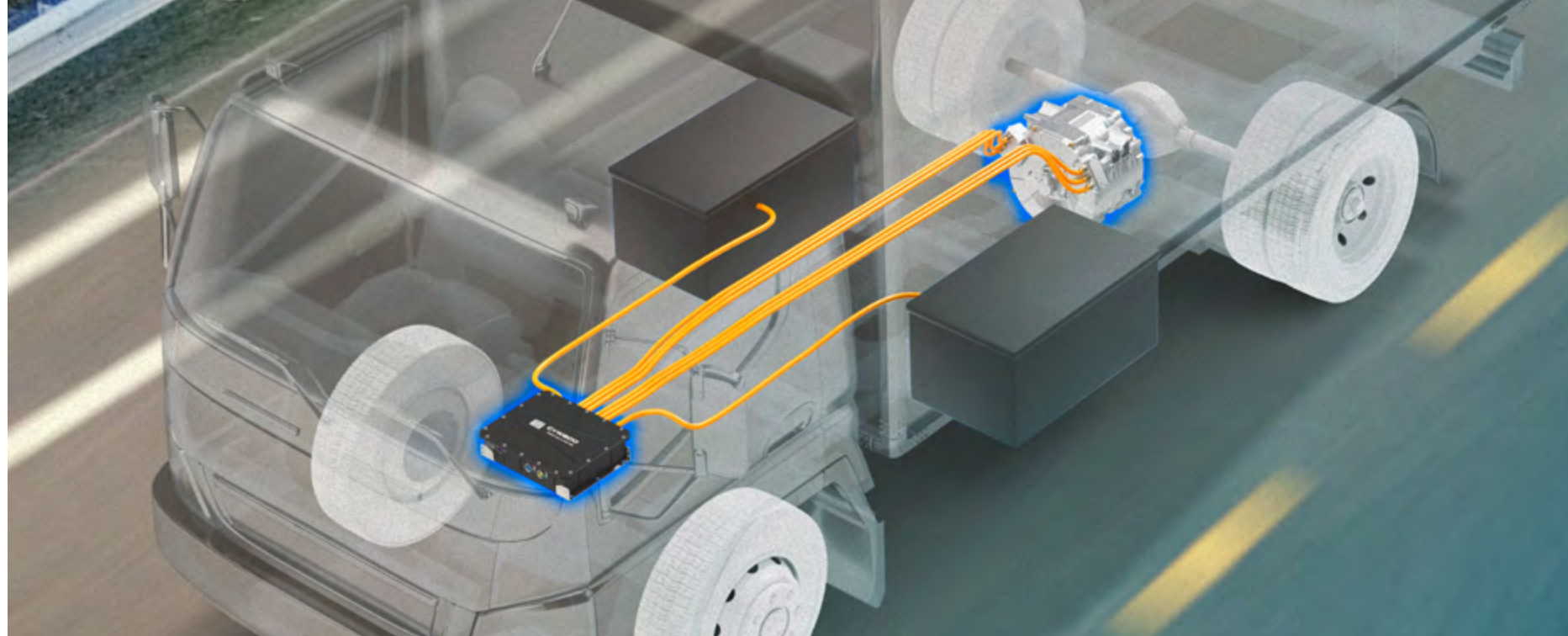
- Extremely high efficiency levels for the various industrial segments.
- Low operating cost.
- Efficiency level complying with the Brazilian law requirements (IR3 or higher).

WEG has the motors with the highest efficiency levels of the market, such as the W22 line, which reduces energy consumption, offers excellent cost effectiveness and, consequently, greater productivity and lower costs for the industry.

SALES IN NUMBER OF MOTORS:

GLOBAL MARKET	2018	2019	2020
% over total	49.4%	51.9%	66.5%

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



ELECTRICAL MOBILITY

Integrated solutions for electric vehicles

Electric vehicles leave the world greener for being part of the vehicle group called “zero emissions”. In addition to not polluting, they are pretty quiet and provide lower operating and maintenance costs than the internal combustion solution. In addition, they are more efficient, recovering energy from the braking and helping the traditional braking system of the vehicle by means of the regenerative electric braking (KERS).

Always focusing on the development of technologies that contribute to the sustainable growth of the planet, WEG continuously develops its line of electric motors and frequency inverters for electric drive. WEG's electric drive solutions contribute to lighter and more efficient vehicles, combining efficiency and quality for different applications:

- Heavy vehicles such as buses and trucks.
- Medium vehicles such as delivery trucks, minibuses and vans.
- Locomotives and railway vehicles such as trains, monorails, light rail vehicles and streetcars.
- Vessels such as platform supply vessels and pusher tugs.
- Drive of auxiliary loads such as compressors, pumps, and fans installed on vehicles.

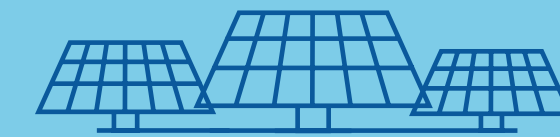
WEMOB electric vehicle charging stations

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 2020, WEG supplied ten WEMOB charging stations for the VEM Paraná project, developed by the Brazilian Industrial Development Agency, by the Itaipu Technological Park and by the Paraná State Government to encourage the adoption of sustainable policies and the dissemination of innovative business models in urban mobility. Providing a capacity of up to 22 kW, simultaneous charging of two vehicles and remote management via IoT platform in the cloud, the WEMOB line offers all energy measurements with authenticated access control for shared use.

Energy storage system

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 ESSW line stands out for being a solution fully developed to meet the specific demand of each project.



SOLAR POWER

Watching closely the evolution of photovoltaic solar energy in Brazil and using all of its technological experience, today WEG is consolidated as one of the main suppliers of products and solutions for solar power plants in the country. One of the highlights in 2020 was the signing of the contract with Nebras Power, a global energy development and investment company, and with Canadian Solar, one of the largest developers of solar energy projects in the world, for the supply of Solar E-houses of 7.0 MW and 8.0 MW.

In addition, WEG supplied complete turn-key conventional substations for a solar power plant in Mexico. The Horus Project, as it is known, will support the customer in the export of 100 MW of energy by supplying a 34.5 kV-to-230 kV electrical substation and a 230 kV transmission line. The customer regards this project as its most important undertaking in the Mexican market.

WIND POWER



WIND POWER GENERATION HAS ACHIEVED A SIGNIFICANT PARTICIPATION IN THE GLOBAL ENERGY MIX, AND IT HAS **CONSTANTLY GROWN IN BRAZIL**, WHICH JUSTIFIED SETTING UP WIND POWER EQUIPMENT MANUFACTURING PLANTS.

We, as part of this market since the 1990's, started the activities in the segment by developing and supplying generators and other equipment for wind power generation.

Subsequently, in addition to the components, we manufactured wind turbines. Since 2013, when we supplied the first wind turbines, around 650 MW in wind turbines have been installed. Believing that renewable energies are fundamental to a low-carbon economy, we continue to make constant investments in this segment.

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. 122 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 1.1 GW of installed power, thus maintaining WEG among the main players in the Brazilian market.

In addition to the investments to develop the new platform, WEG also started the internationalization process of its wind energy business. In 2021, a 4.2 MW wind turbine prototype is expected to be installed in India, enabling WEG to supply this important market, which is our target. Furthermore, investments will be made in the factory to enable this plant to produce wind turbines to serve the export market.



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. The market hired and built several small and medium-sized plants in 2020. For 2021, the market is expected to continue with a great demand, as there are plans to hold auctions to hire energy. Energy consumption has increased with the recovery of the economy, so there will be an increase in demand from all sources.



The Transmission and Distribution Unit (T&D) has been working on the development of equipment that requires the least number of natural resources in its manufacture, and now, inserted in the context of industry 4.0, we offer digital solutions for managing asset conditions, preventing unnecessary expenses with unscheduled downtime and promoting an increase in the energy efficiency of the Brazilian electrical distribution system.

COMPACT TRANSFORMERS FOR MOBILE SUBSTATIONS

A line of compact transformers for substations has been developed, an innovative product with greater power density and a corresponding reduction in the volume of natural resources needed to manufacture this equipment. Such development is focused on the sustainable management of the product life cycle with the rational use of natural and energy resources.

The compact transformers for mobile substations have natural and synthetic esters as thermo-insulating technology, fluids fully aligned with WEG guidelines to adopt technologies that are less aggressive to the environment.

TRANSFORMERS FOR APPLICATIONS IN WIND POWER SOLUTIONS

Development of the line of transformers for applications in wind power solutions. The product was designed in conjunction with WEG Transformers USA, WEG Energy and Northern Power Systems, using innovative concepts for greater thermal efficiency. The reduction in the total mass made it suitable for installation in the nacelle of the wind turbines. New product with thermal insulating fluids fully compatible with WEG guidelines for sustainability and preservation of the environment.

WEG TRANSFORMER FLEET MANAGEMENT

The WEG TRANSFORMER FLEET MANAGEMENT solution enables the monitoring of oil and dry type transformers to support the management of industrial plants, and solar and wind farms. Its main functionalities are related to the management of the equipment conditions, indication of the useful life spent, assessment and diagnosis of the oil condition, energy management and fleet management (installed machines). In addition, the solution offers preventive maintenance management, configurable alarm generation and automatic generation of periodic equipment reports.



WEG SMARTGRID TRANSFORMER SCAN

The WEG SmartGrid Transformer Scan main purpose is to monitor and detect non-technical losses (energy theft) in the electricity distribution system. The solution, coupled to the pole-mounted distribution transformer, performs the micro energy balance in regions with potential for non-technical losses and monitors the evolution of the load in the distribution system. Additionally, the solution has functionalities for asset management, monitoring the main electrical and thermal quantities of the equipment and indicating the useful life spent. The solution is available on a on-premise or cloud platform.

POWDER COATING SOLUTIONS WITH LESS IMPACT:

- Low temperature coatings capable of curing at lower temperatures (170°C) and in a few minutes, which guarantees greater productivity by increasing the speed of the production line, and thus reducing energy costs.
- Superdurable coatings with Qualicoat certification, guaranteeing much longer durability, up to 20 years.



ELECTROINSULATORS

Reducing VOC emissions is a worldwide trend, which is why WEG supplies the market with water-soluble varnishes applied to small motors used in household appliances, electric car motors and larger motors up to 350 hp.

COATINGS THAT PROMOTE LESS ENVIRONMENTAL IMPACT

- Lines of Water-Based (VOC free) and heavy metal-free coatings, ensuring lower pollutant emissions.
- High-solids coatings, with greater coverage, producing higher yields and, consequently, lower costs and waste.
- Polyaspartic coatings and high-generation coatings, which reduce the number of coats and emissions of volatile organic components.
- Polyurea-based coatings, which are extremely resistant and flexible coatings with excellent sealing.
- Antifoulings paints capable of lowering friction coefficients in paints of vessels in order to reduce fuel consumption.
- Coatings that ensure thermal comfort, reducing the temperature of the environments.
- Water-based tinting system for automotive refinishing, being the first national supplier of this technology.

WEG'S LONG-TERM STRATEGY



CORPORATE ASPIRATION OF CONTINUOUS AND SUSTAINABLE GROWTH, AIMING AT HISTORIC GROWTH RATES WITH DISCIPLINE IN RELATION TO ORGANIC AND NON-ORGANIC EXPANSION

"More and better":

Our products/markets enjoy a strong organic growth trend. For example, the global market for the electric motor industry is independently estimated to grow 5 to 10% per year. If we can maintain our position in the market, both of leadership and/or strong brand recognition, we will have a competitive edge in this healthy growth dynamics.

International Expansion:

We will continue to expand to new geographies, taking advantage of our strong position in the electric motors market to leverage the expansion of the product line. We will also continue to invest in our factories abroad, replicating Brazil's verticalization model.

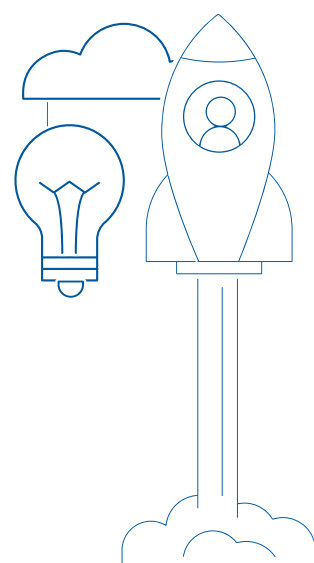
New Businesses:

We will continue to expand the product line in businesses/products that complement the offer and allow us to offer our customers more complete and efficient solutions.

Performance of business areas in 2020

The diversified product line allows strong growth in different market cycles:

WEG's business areas and its product lines are structured as follows:



Industrial Electro-Electronic Equipment

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

Energy Generation, Transmission, and Distribution

- Alternators
- Thermal and hydro turbines
- Generators
- Wind
- Solar
- Power transformers
- Dry-type transformers
- Distribution transformers
- Substations

Commercial and Appliance Motors

- Commercial motors
- Home appliance motors

Paints and Varnishes

- Powder coatings
- Liquid coatings
- Electrical insulating clearcoats

2020 Net revenue

DOMESTIC MARKET 44%



19%

ENERGY GENERATION, TRANSMISSION, AND DISTRIBUTION

17%

INDUSTRIAL ELECTRO-ELECTRONIC EQUIPMENT

4%

COMMERCIAL AND APPLIANCE MOTORS

3%

PAINTS AND VARNISHES

EXTERNAL MARKET 56%



36%

INDUSTRIAL ELECTRO-ELECTRONIC EQUIPMENT

16%

ENERGY GENERATION, TRANSMISSION, AND DISTRIBUTION

4%

COMMERCIAL AND APPLIANCE MOTORS

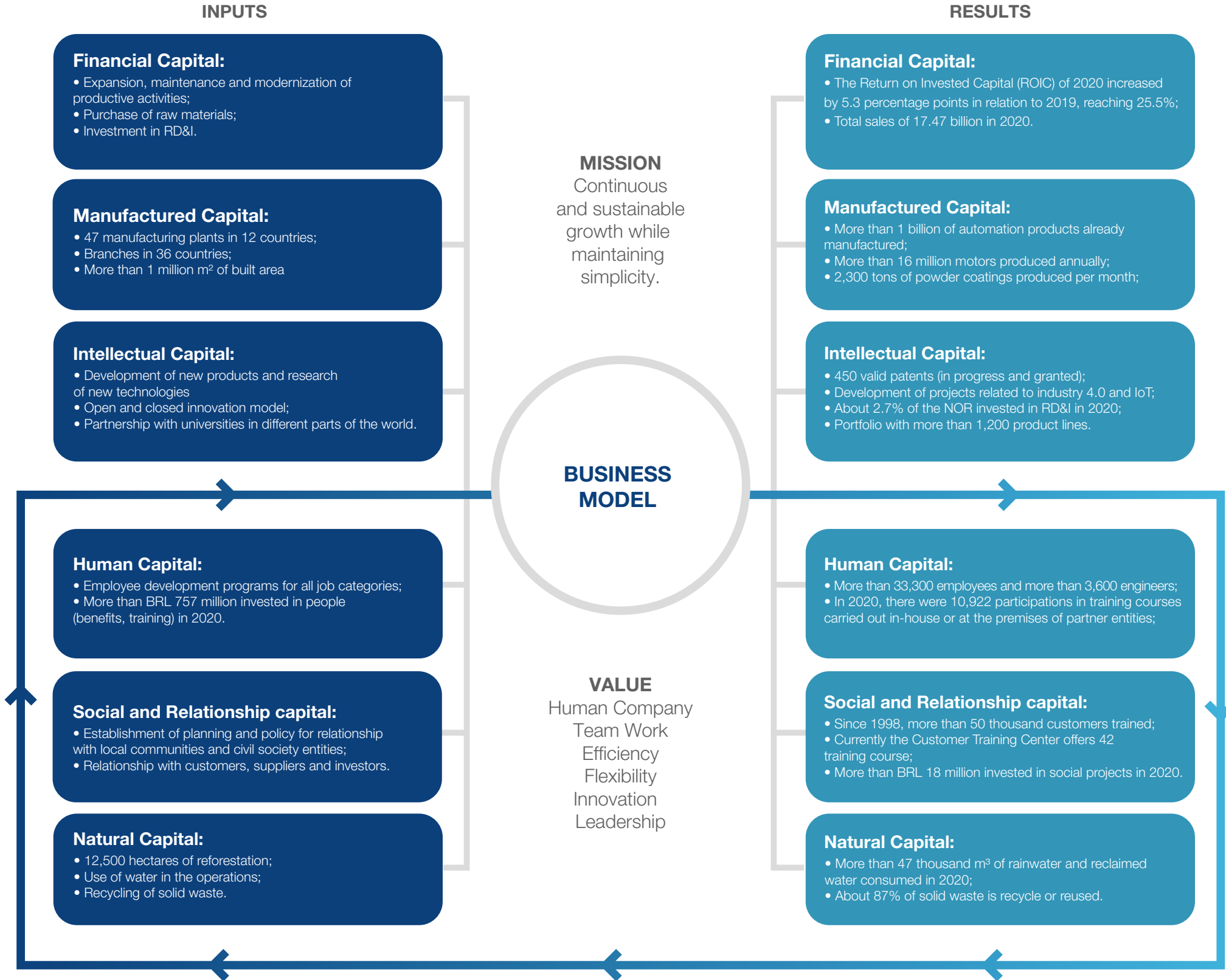
1%

PAINTS AND VARNISHES

Weg business model in the IIRC capital perspective

According to the IIRC framework (International Integrated Reporting Council), the generation of value produced by the organization over time manifests itself through increases, decreases or changes in capital caused by activities and products of the organization. There are six capitals: Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural.

Following the IIRC figure of “Value generation process” as a reference, we present the transformation of those capitals at WEG and their respective value generation for WEG and for society.



INNOVATION AND TECHNOLOGY

Following a mixed model of innovation (open and closed), our RD&I (Research, Development and Innovation) made a substantial contribution to the development of new technologies and to our growth in 2020. The main solutions developed are aligned with our research focuses: competitiveness, reliability and connectivity.

INNOVATION FOCUS

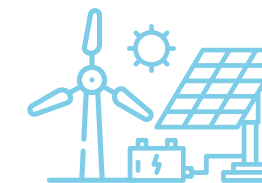
Field of work:



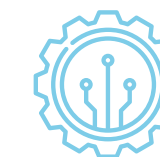
**ELECTRICAL
MOBILITY**



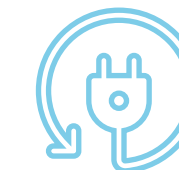
**DIGITAL
SOLUTIONS**



**RENEWABLE
ENERGY**



**TECHNOLOGICAL
MATERIALS**



**ENERGY AND
INDUSTRIAL
EFFICIENCY**

COMPETITIVENESS

RELIABILITY

CONNECTIVITY

INNOVATION IN NUMBERS

**BRL
468.9
MILLION**

invested in 2020,
approximately
2.7% of the net
operating revenue.

450

globally valid
patents (in
progress and
granted)

Innovation index
(percentage of
the total sales in
products launched in
the past five years):

50.7%

109

research/test
laboratories in
the world.

Highlights and recognitions

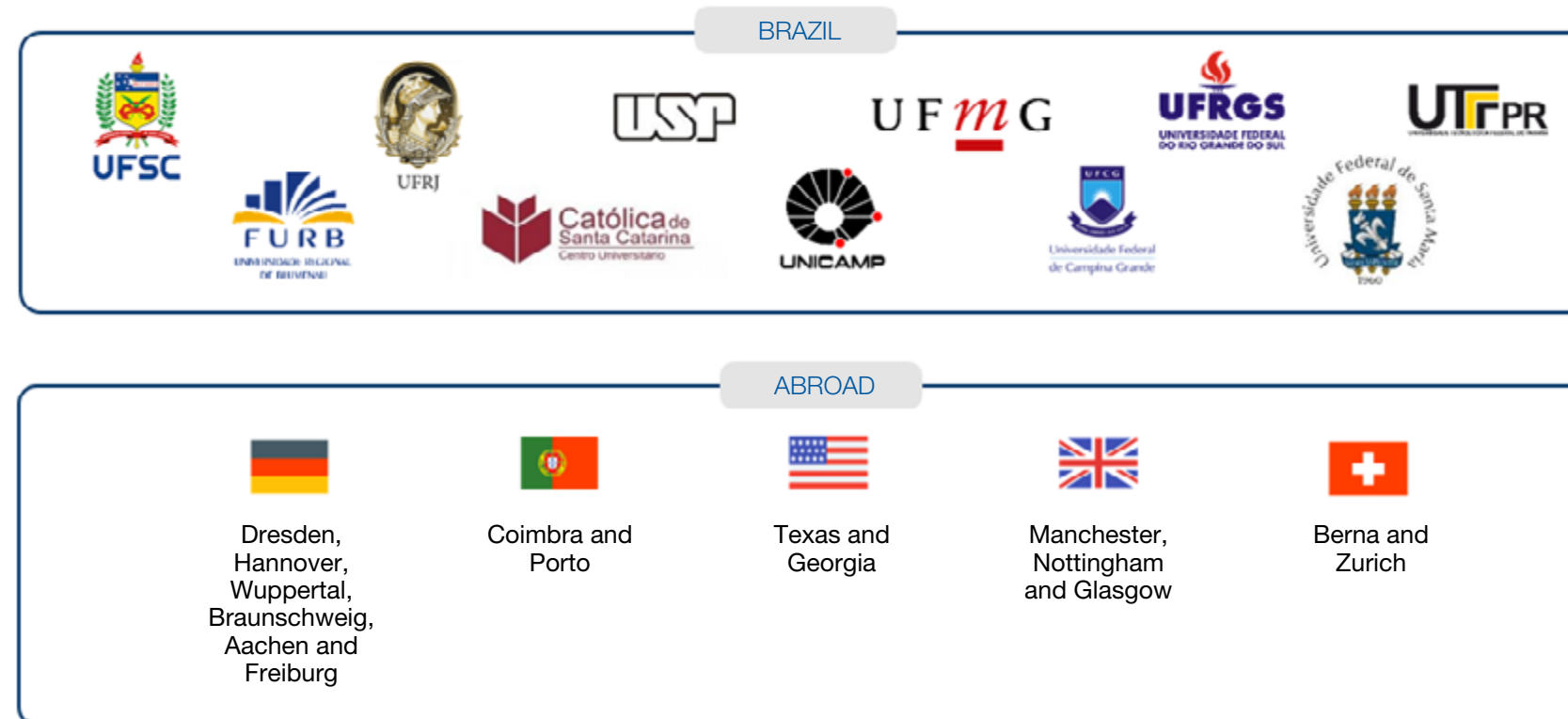


VALOR INOVAÇÃO BRASIL AWARD.

WEG has been among the top ten since the first edition of the award.

PARTNERSHIP WITH THE BEST ENGINEERING SCHOOLS

WEG has or recently had partnerships in Brazil and abroad.



Scientific and Technological Committee | First Meeting: 1998

PARTNERSHIP WITH STARTUPS

Since 2018, WEG has been working more intensively in the open innovation model. Throughout 2019, 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

HIGHLIGHT:

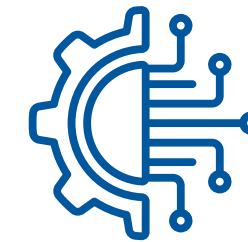
In 2020, **we created an online registration platform**, in a continuous flow system, for startups interested in solving problems related to our demands.

In 2020, more than 340 startups signed up for our initiatives aimed at open innovation on topics such as: Monitoring, Artificial Intelligence, Digitization and Technological Materials.

WEG Digital Solutions



WEG DIGITAL SOLUTIONS ARE AN ECOSYSTEM THAT CONNECTS AND INTEGRATES EQUIPMENT AND SENSORS, CAPABLE OF COLLECTING AND STORING DATA AND TRANSFORMING IT INTO INFORMATION THAT ENABLES YOU TO MONITOR, CONTROL AND AUTOMATE OPERATIONS, MAKING ANALYSES IN REAL TIME.



It is the application of WEG's expertise to develop more efficient technologies for the continuous growth of Industry 4.0. Manufacturing Execution Systems or simply MES is the term used to designate systems focused on managing production activities and that establish a direct link between planning and the shop floor.

The Internet of Things (IoT) is a technological concept that connects everyday items to the world wide web. They are physical objects, vehicles, buildings, industrial equipment, plants and other structures that have sensors and connection to a network capable of collecting and transmitting data. WEM (WEG Energy Management) is a software application for managing the consumption of resources such as electricity, water, gas, compressed air and fuels in industrial, residential or commercial applications.

ACQUISITIONS IN 2020

In 2020, WEG acquired the Startups/Companies:



WEG now has 51% of BirminD's share capital, with the possibility, provided for in the contract, to increase its participation in the business in the future.

Founded in 2015 in the city of Sorocaba/SP, BirminD is a company that provides solutions for industrial optimization focused on providing the most advanced concepts of industrial analytics, one of the pillars of industry 4.0.

The company has medium and large customers, offering solutions for industrial analysis, optimization of control loops and evaluation of the financial return on services even before executing them and without the need for an automation or data science specialist, just by using machine learning and artificial intelligence.



WEG now holds 51% of Mvisia's share capital, with the possibility, provided for in the contract, of increasing its participation in the business in the future.

The acquisition is part of the company's strategy of adding new resources to WEG Digital Solutions and to the WEGnology® IoT platform, recently launched with the objective of meeting the demands of Industry 4.0.

Founded in 2012 at the Innovation, Entrepreneurship and Technology Center of São Paulo University (USP), Mvisia is one of the leading national companies in the field of Computer Vision for Industry. It has its own software and vision systems and strong know-how in embedded processing applications and machine learning algorithms for videos and images, providing integration with MES systems used in the industry, as well as cloud processing via mobile devices or integration with the open WEGnology® platform.

ETHICS AND INTEGRITY

ETHICS AND INTEGRITY
ARE ESSENTIAL ASPECTS
TO DEVELOP A SOCIETY
OR COMPANY **SOLID AND
CONSISTENTLY.**



It is a theme that permeates all sectors of society, where poor management and/or attitude can generate serious consequences for economic and socio-environmental sustainability, affecting the processes related to inputs and results of the value generation of all capitals (financial, manufactured, intellectual, human, social and relationship, and natural).

Good ethical management and/or attitudes in business and relationships, in addition to being a principle, add and generate value, for instance, by establishing a harmonious environment that fosters the development of employees and their performance in productive and administrative processes, as well as in relationships with stakeholders with less risk and more opportunities.

In this context, the establishment of a robust system that is constantly improved in terms of policies, tools and actions is essential to avoid related risks and to maintain continuous and sustainable growth.

We use as strategy the application and continuous improvement of a compliance system, which has specific policies and guidelines, risk mapping and prevention, a reporting system, independence of the area in charge, and continuous qualification of employees in general and specifically focused on strategic areas.

Corporate policies and guidelines

We have established specific and targeted policies for certain topics involving ethical issues. These policies establish guidelines for each subject to make it clear what we expect and the positioning for each issue, namely:

PREVENTION AND FIGHT AGAINST CORRUPTION AND OTHER DETRIMENTAL ACTS

The Policy, applicable to WEG S/A and all of its subsidiaries, represents a synthesis of the company's guidelines and forms a set of internal mechanisms for integrity, audit, prevention and fight against corruption. Corruption is defined as the act or wrongful effect, aiming at obtaining an advantage for one's own or another.

Also included in this Policy is the compliance with national and foreign legislations, such as the Foreign Corrupt Practice Act (FCPA) from the United States and the UK Bribery Act (UKBA). This Policy covers all administrators, members of the Audit Committee, managers, employees, suppliers, customers, commercial representatives and other people who may act on behalf of and authorized by WEG.

The Policy is revised every two years or whenever there are reasons to justify its revision in a shorter period, with approval by WEG's Executive Direction, ad referendum of the Board of Directors of WEG S.A.



PEACE, JUSTICE AND EFFECTIVE INSTITUTIONS

- **16.3** Promote the rule of law, nationally and internationally, and guarantee equal access to justice for all.
- **16.5** Substantially reduce corruption and bribery in all its forms.
- **16.6** Develop effective, accountable and transparent institutions at all levels.
- **16.8** Broaden and strengthen the participation of developing countries in the institutions of global governance.

[CLICK HERE TO LEARN THE FULL POLICY.](#)

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 THE FULL POLICY.](#)



PRIVACY

Privacy and the commitment to protect personal data of our 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 THE FULL POLICY.](#)

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 THE FULL POLICY.](#)



CODE OF ETHICS

In addition to specific policies, the company has a Code of Ethics that gathers guidelines on several topics that guide the company's position and expectations regarding its employees.

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 evolvement 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.

[ACCESS HERE WEG CODE OF ETHICS.](#)

DIVERSITY

Respecting diversity is part of WEG's business and is included in the Social Responsibility Policy and in the Code of Ethics, being a guideline for all employees to minimize risks arising from prejudice and discrimination.

Valuation and opportunities are focused on the skills and abilities of each employee, on their development and on the activities they carry out daily, regardless of race, gender, religion, age, sexual orientation and so forth.

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

Course description:

Know and understand diversity, its challenges and opportunities to minimize risks arising from prejudices and discriminations. 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 are the diversities (gender, disability, race/ethnicity, nationality, place of birth, 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.

Length: 4 hours

Number of classes since 2017: 04

Number of participants since 2017: 111

In 2020: 1 class with 26 participants.

Note: The course in its base is a classroom course, but exceptionally in 2020 it was carried out online.



RISK MANAGEMENT

Within our Corporate Risk Management System and its categories, we can identify risks related to ethics and integrity.

Such identification is essential to have the monitoring of and occasional mitigation plans for potential risks.

The system is assessed globally and has the following risk categories: Strategic, Financial, People, Compliance & Governance and Processes.

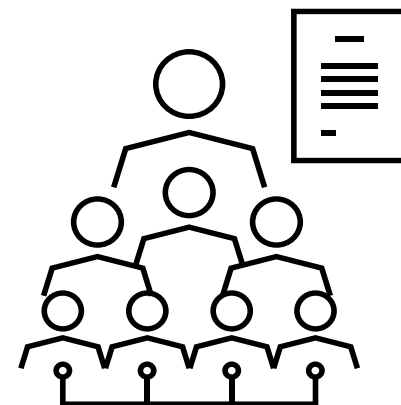
Continuous training of employees

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

WEG provides regular training for all administrators, members of the Audit Committee, 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.

261
employees
trained in 2020

**History
of trained
employees:**
2018: 653
2019: 656



TRAINING OF NEW EMPLOYEES IN THE CODE OF ETHICS

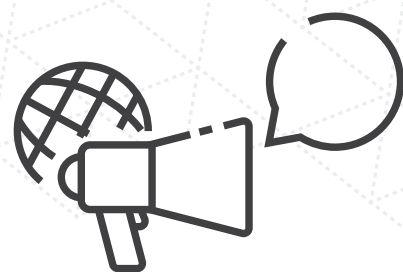
When new employees are hired, they are trained in the topics covered by the Code of Ethics, which addresses human rights, so that the Code is accessible and clearly understood by all employees. After the training, the new employee receives a copy of the Code of Ethics and signs the acknowledgement of receipt and term of commitment to the Code of Ethics.

Whenever updated, the Code is presented to all employees, who must sign the term of commitment again. WEG seeks to make its employees aware of the importance of the subjects that compose the Code by means of internal communication actions.

2,748 employees trained
in 2020

History of trained employees:
2018: 2,297
2019: 2,367

Reporting management system



In order to report violations of the Code of Ethics and other policies, we provide different communication channels globally, namely:



WEG Site



E-mail



Telephones



Letter



Communication to immediate supervisor (leader, manager or director)

The provided information is kept confidential, except for situations in which WEG has the legal obligation to inform the authorities. The cases that are not included in the document are discussed by the Code of Ethics Management Commission together with the Human Resources Direction, which is responsible for this management tool.

NUMBER OF EMPLOYEES



COMPLETED REPORTS:

Total reports assessed.

	2019	2020
Valid	85	82
Invalid	206	309
Total	291	391

Total valid reports.

CATEGORIA	2019	2020
Work and climate relation Organizational	13	31
Discrimination and Harassment	21	17
Internal Policies and Regulations or Legislation	18	14
Stakeholder Relations	19	13
Fraud and Theft	12	6
Others	2	1
Total	85	82

REPORTS RECEIVED BY CHANNEL:

CHANNEL	2019	2020
Telephones	75%	56%
E-mail	15%	33%
Site	8%	10%
Personally	1%	-
Letter	1%	1%

REPORTS UNDER INVESTIGATION:

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



Regarding valid reports, WEG applies disciplinary measures and other actions, in accordance with its internal policies.

CORPORATE GOVERNANCE



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 company's commitment is to keep working within the same principles of transparency, fairness and accountability to shareholders and other stakeholders. In this context, WEG joined the B3 New Market listing segment.

The administration of the WEG Group is exercised by the:

- Board of Directors, with deliberative functions;
- Board of Executive Officer, with representative and executive functions;
- Audit Committee.

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 2020, 12 meetings were held with 100% participation of the members.

MEMBERS



Décio da Silva
President



Nildemar Secches
Vice President



Dan Ioschpe
Member
(Independent)



Martin Werninghaus
Member



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



**Sérgio Luiz Silva
Schwartz**
Member



Siegfried Kreutzfeld
Member

EXECUTIVE BOARD

THE BOARD OF EXECUTIVE OFFICERS IS COMPOSED OF **ELEVEN MEMBERS:**

one Chief Executive Officer, a Chief Financial Officer and Investor Relations Officer and other Officers. All members of the board of executive officers 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 board of executive officers:

OTHER DIRECTOR APPOINTED PURSUANT TO THE BY-LAWS – WEG S.A.



Daniel Marteleto
Godinho
Director



Wilson José
Watzko
Director

AUDIT COMMITTEE

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

MEMBERS (DATE OF ELECTION: 04/28/2020 – TERM OF OFFICE: 1 YEAR)

Alidor Lueders	Effective Member
Vanderlei Dominguez da Rosa	Effective Member
Adelino Dias Pinho	Effective Member

REMUNERATION

The achievement of goals and indicators regarding economic, environmental and social performance is the objective that guides all actions of the organization. For this reason, members of the Board of Directors and the Executive Direction receive, in addition to fixed remuneration, variable remuneration in accordance with the achievement of goals.

This form of compensation promotes consistent and transparent sharing of results, as well as the alignment of the interests of the company, directors and shareholders, in accordance with the best management and corporate governance practices. Proportion between the highest salary and the average of the employees (Brazil): 40.17

Risk management



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

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



STRATEGY:

capacity to anticipate, protect itself and/or adapt to changes.



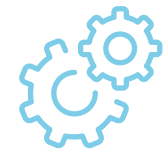
FINANCIAL:

capacity to obtain and/or preserve financial resources.



PEOPLE:

company's capacity to attract, develop, retain and keep human resources available.



PROCESS:

capacity to use the available resources effectively and efficiently.



COMPLIANCE & GOVERNANCE:

ability to develop its activities following policies, internal control rules, laws and regulations, as well as capacity to protect itself against fraud and ensure the correct operation of its information technology systems and infrastructure.

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

Sustainability governance / ESG



Considering the importance, complexity and dynamism of the sustainability / ESG theme, WEG works continuously to strengthen its governance processes and in 2020 took important steps in this direction.

CREATION OF THE CHIEF SUSTAINABILITY OFFICER POST

In 2020, WEG created a new chief sustainability officer post. The current HR Director, Hilton José da Veiga Faria, became the HR and Sustainability Officer.

CREATION OF A SUSTAINABILITY COMMITTEE

In 2020, WEG created a Sustainability Committee with a multidisciplinary team, including representatives from the five business units, a representative from abroad, and representatives from the company's strategic areas, such as IR and environment. The HR and Sustainability Officer and the Institutional Relations and Marketing Officer also participate in this Committee. The committee reports to the Executive Direction.

INFORMATION DISCLOSURE COMMITTEE

The responsibilities of the Information Disclosure Committee (IDC) 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 IDC reports to the Executive Direction.



ENVIRONMENTAL MANAGEMENT

49	ENVIRONMENTAL MANAGEMENT
51	INVESTMENTS IN ENVIRONMENT
52	PERFORMANCE INDICATORS



Environmental management

The environment and, consequently, environmental management are an extremely important pillar, because its management is related to guaranteeing a minimum level of quality of life and prosperity.

The effects of environmental problems—such as climate change, scarcity of resources and other challenges that the world faces—affects the global economy and generates impacts, challenges and consequent opportunities in the other capitals of the company, such as financial, manufactured, intellectual, human and social and relationship.

At WEG, we continuously work on processes that reduce environmental impacts, basing the activities on preventive measures to protect the environment—such as the conservation of natural resources and management of emissions and waste generation—on investments in technologies and on constant process improvement by establishing environmental objectives and targets.



RESPONSIBLE CONSUMPTION AND PRODUCTION

12.2 By 2030, achieve sustainable management and efficient use of natural resources.

12.5 By 2030, substantially reduce waste generation by means of prevention, reduction, recycling and reuse.

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

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

ANNUAL TARGETS

WEG QUALITY AND PRODUCTIVITY PROGRAM (WQPP)

WQPP 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 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 WQPP goals and projects considers different categories, as follows:

- Specific Goals Program - SGP
- Technological Development Program - TDP
- Annual Standardization Program - ASP
- WEG Safety and Ergonomics Program - WSEP
- Continuous Improvement Program - CIP
- Environment Program - EP

Environment Program - EP

The Environmental Management System establishes the following objectives: to optimize the use of materials raw materials and inputs, develop processes and products that are less harmful to the environment and optimize waste and effluent management in manufacturing processes.

According to the program evaluation criteria, the company distributes up to 12.5% of the net profit to all employees in Brazil.

IN 2020, 139 ENVIRONMENTAL GOALS WERE OUTLINED IN THE PWQP BRAZIL PROGRAM.

ENVIRONMENTAL IMPROVEMENT PROGRAMS

WEG KAIZEN

WEG Kaizen is one of the forms of participative management that promotes the participation of employees in problem solution and continuous improvement activities 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 GAINST
2018	571
2019	1,185
2020	1,104



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 the concepts, principles and techniques of WCM - 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.
 - Consumption of inputs.
 - Chemical cleaning.

Investments in 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 and depreciation of devices and expenses with materials and maintenance.

Equipment: Related to the purchase of equipment for environmental control.

Management: Related to the remuneration of 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 2020:

BRL MIL		
INVESTMENTS IN 2019	AMOUNT	%
Environmental control	4,394	43.65%
Equipment	802	7.96%
Management	4,870	48.38%
Total	10,066	100.00%

SUSTAINABLE PACKAGING AND BIODIVERSITY PRESERVATION

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.

AREAS	
Reforestation	6,026.09 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"

Certifications

ACCESS WEG'S ISO 14001 AND 50001 ENVIRONMENTAL CERTIFICATIONS HERE.

Performance indicators



As of this publication, all environmental performance indicators will present a history.

WATER

WATER CONSUMPTION - ABSOLUTE (m³/year)



WATER CONSUMPTION (m³/year) / NOI - NET OPERATING INCOME



WATER CONSUMPTION BY SOURCE (%)



41.2%
PURCHASED WATER
(PUBLIC UTILITY
COMPANY)

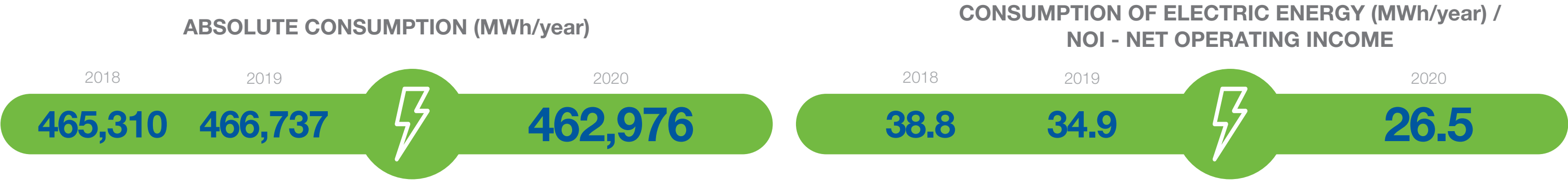
34.0%
GROUND
WATER
(WELL)

19.5%
SURFACE
WATER
(RIVERS, LAKES
AND OCEANS)

4.5%
REUSE
WATER
(RECYCLED
OR REUSED)

0.8%
RAINWATER

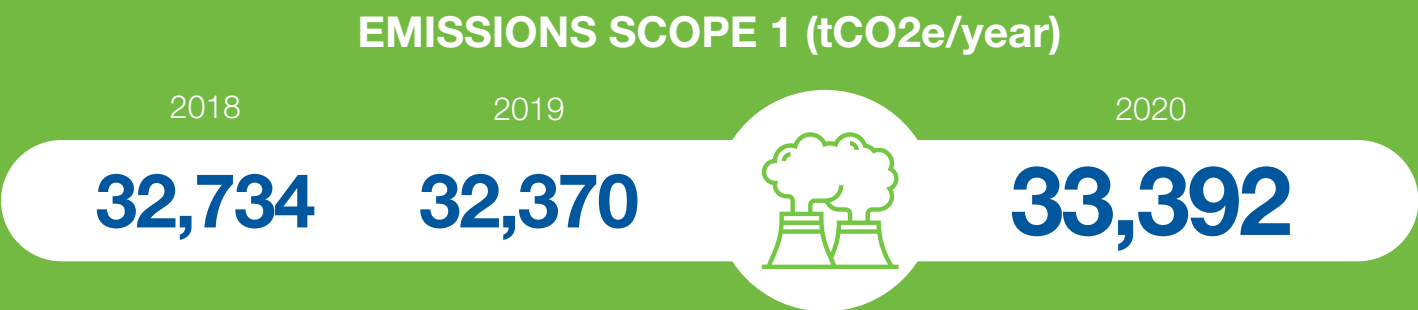
ELECTRIC ENERGY



CO₂ EMISSIONS

Greenhouse gas emissions - SCOPE 1

Scope 1 refers to the emission of Greenhouse Gases resulting from production processes. Currently, within this scope, we calculate emissions from fuel consumption.



EMISSIONS SCOPE 1 (tCO₂e/year) / NOI - NET OPERATING INCOME



Greenhouse gas emissions - SCOPE 2

Scope 2 refers to the indirect emissions of Greenhouse Gases resulting from the purchase of electric energy.



EMISSIONS SCOPE 2 (tCO₂e/year) / NOI - NET OPERATING INCOME



SOLID WASTE

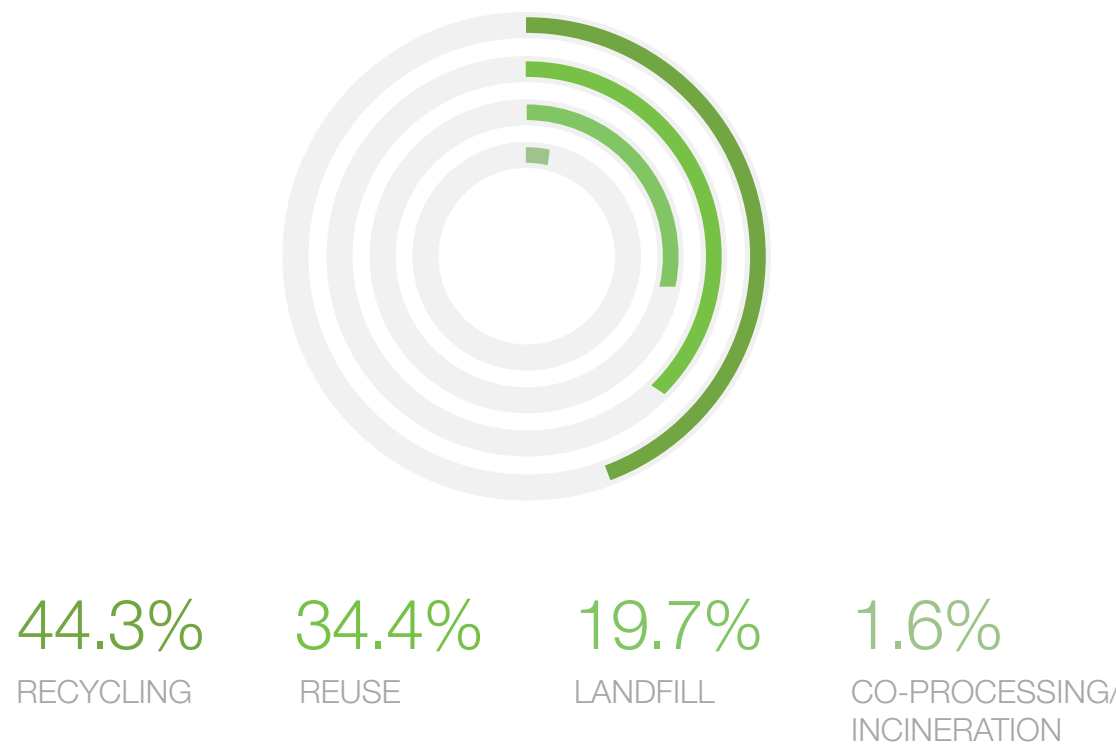
SOLID WASTE GENERATION - ABSOLUTE (ton/year)



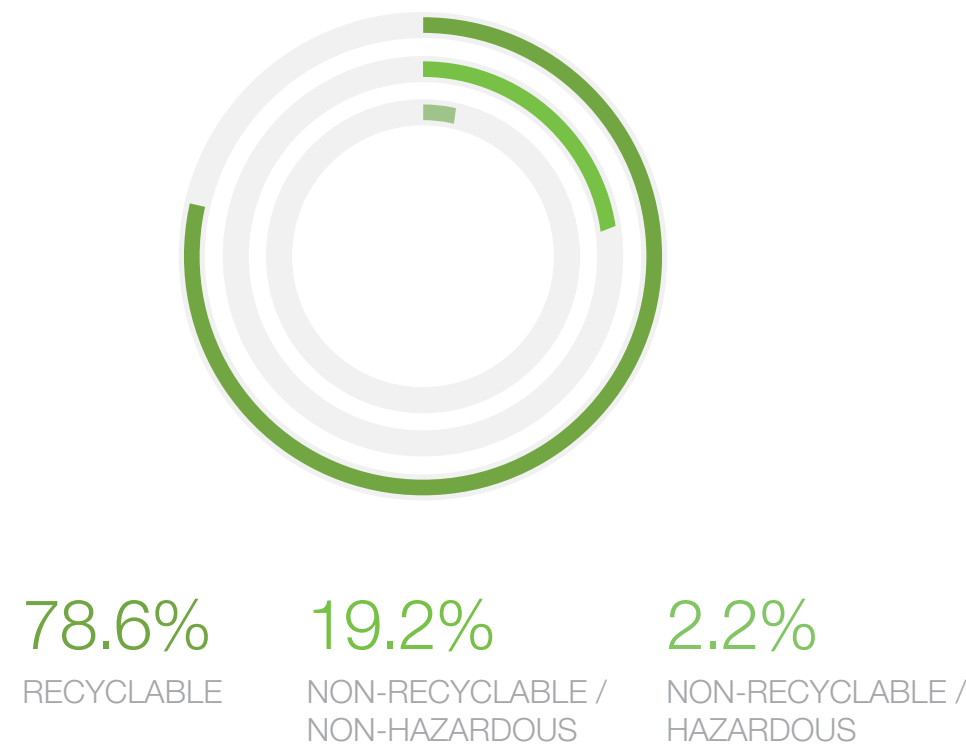
SOLID WASTE GENERATION (ton/year) / NOI - NET OPERATING INCOME



TYPE OF DISPOSAL
(Quantity (ton))



GENERATION BY TYPE
(Quantity (ton))



PEOPLE

57 HEALTH AND SAFETY AT WORK

61 TRAINING AND DEVELOPMENT





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

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.

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 and safety at work

Seeking to promote a healthy and safe environment for our employees, we are guided by our occupational safety policy to structure programs and processes that promote awareness and dissemination of the prevention culture.

We have established as a policy to value the health and safety of people in the development of their activities, products and services, and thus we are committed to:

- 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.

Governance

HEALTH AND SAFETY COMMITTEE

Formed by directors, the Committee is responsible for evaluating and approving improvement projects for safety and ergonomics in the workplace. 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)
- One Managing Director
- Three Industrial Directors
- One Production Director
- Health and Safety Manager

STRUCTURE OF HEALTH AND SAFETY PROFESSIONALS

In 2020 in Brazil, we had 1,310 employees working with safety and health. Those employees had different roles, as shown below:

- | | |
|---|---|
| • Safety Engineer | • Heads of Health and Safety Sections |
| • Occupational Physician | • Occupational hygiene and documentation |
| • Occupational Health Nurse | • Ergonomics Analyst |
| • Occupational Health Nursing Assistant | • Internal Committee on Accident Prevention |
| • Occupational Safety Specialist | • Fire Warden |

Continuous process improvement

WMS PROGRAM – SAFETY PILLAR

Since 2017 we have been implementing the WMS Safety Pillar tools in the model areas in the 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 accidents and their causes.
- **Step 2:** Prepare action plan and horizontal expansion.
- **Step 3:** Establish the initial safety standards (procedures).
- **Step 4:** Carry out 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 responsibility at each level, as required to implement the system.



PERSONAL PROTECTIVE EQUIPMENT

We have professionals responsible for analyzing and developing Personal Protective Equipment, taking into account:

- Occupational and Operational Risks.
- Changes in Work Process (Machines, Tools).
- Cost-effectiveness of the PPE.
- High consumption of PPE in certain areas.
- People with disabilities.
- Requests from specific areas (Procurement, Occupational Health, WEG Hearing Conservation Program and Production Departments).
- PPE performance analysis.
- Compliance with Regulatory Standards and Legislations in force.
- Potential to reduce costs.

MACHINES AND EQUIPMENT

We evaluate machinery and equipment (purchased or manufactured in-house), aiming at assessing risks and the existence or need for control measures, thus maintaining safe working conditions.

- Evaluation prior to the purchase or in-house manufacture:** The assessment is carried out by the safety technician responsible for the area where the machine or equipment will be installed or another SSSOH professional. The assessment analyzes machines existing at the company, projects and technical specifications of suppliers, legal requirements and technical standards, and the occurrence of accidents involving this process or similar ones.
- Assessment of the machine or equipment to release it for use:** When the machines or equipment are manufactured in-house, a prior assessment is carried out by the safety technician of the Tooling Section; if there is any unsafe condition, the change can be made before installation at the place of operation. The moment the machines or equipment are installed, it will be checked if the items proposed in the assessment prior to the purchase or in-house manufacture were considered or if there is a need for additional items.

The safety technician performs the assessment to release the machine or equipment to start activities. After 90 days, a new assessment is carried out, verifying the effectiveness of the protection devices.

INVESTMENTS

INVESTMENT IN SAFETY N SAFETY (IN MILLION R\$)	2018	2019	2020
Adjustment of machines and equipment	3,3	3,7	3,8
Investment in PPES	10,8	11,5	15,0

Abroad, the investment in safety was about BRL 19 million in 2020.

HIGHLIGHTS/RESULTS 2020

- 21% reduction in the total number of accidents in relation to 2019 at WEG Motors.
- 18.4% reduction in the total number of minor injury events compared to 2019 at WMO, WEN, WAU, WDC, Jaraguá do Sul/SC and Guaramirim/SC business units.
- 11.5% reduction in dangers and risks associated with the production processes involving the Model Areas of the WMS management system (WEG Manufacturing System) - Safety Pillar.
- Implementation of tools in new areas (Expansion 2) of the Safety Pillar according to the WMS (WEG Manufacturing System) methodology.
- Video with directions on Safety at Work was implemented to carry out induction training for service providers.
- The Zero Day Protocol was implemented, with actions to fight the pandemic.

Performance indicators

INJURY RATE

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



LOST-TIME INJURY FREQUENCY RATE (LTIFR)

(Number of injuries with time loss per million hours worked)



INJURY RATE - BY REGION AND GENDER

(Number of people involved in accidents every 200 thousand hours of work by region and gender)

		2018	2019	2020
SOUTH	Men	1.22	0.80	0.87
	Women	0.08	0.12	0.08
SOUTHEAST	Men	0.91	0.77	0.55
	Women	0.04	0.00	0.03
NORTH	Men	0.80	0.77	0.33
	Women	0.00	0.00	0.00

RATE OF LOST WORKING DAYS

(Number of days employees missed due to accidents with sick leaves every 200 thousand hours)



RATE OF MISSED WORKING DAYS - BY REGION

(Number of days employees missed due to accidents with sick leaves every 200 thousand hours)

	2018	2019	2020
SOUTH	32.56	29.40	32.96
SOUTHEAST	25.94	23.33	35.61
NORTH	1.60	1.55	2.64

ABSENTEEISM RATE

(Percentage of absences in days in relation to the working hours logged)



ABSENTEEISM RATE - BY REGION

(Percentage of absences in days in relation to the working hours logged)

	2018	2019	2020
SOUTH	1.6	1.4	2.0
SOUTHEAST	0.8	0.7	1.1
NORTH	2.5	2.5	3.1

ACCIDENTS AND OCCURRENCES AND SEVERITY COEFFICIENT

Accidents and occurrences

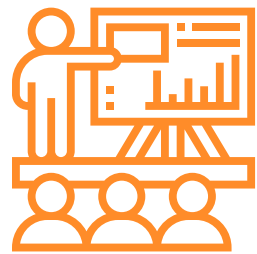


Severity Coefficient



NUMBER OF DEATHS OF EMPLOYEES AT WORK: ZERO

Training and development



"MORE THAN INVESTING IN PRODUCTS, **WE HAVE TO BET ON PEOPLE**, BECAUSE ANY RESULT WILL ALWAYS BE ASSOCIATED WITH THE PARTICULAR WAY IN WHICH PEOPLE DEVELOP THEIR WORK".

Eggon João da Silva

The results are achieved by people. This is only possible through programs and policies that value and promote people's health and safety and encourage and provide conditions for qualification and professional growth.

Those aspects have a direct impact on quality, synergy and productivity. Since our founders, we have had a very strong conviction in this regard, and historically, since the early years, those processes have been improved, being an essential reason for achieving our objectives and goals in the governance, social and environmental scopes.

Therefore, we constantly seek to improve and strengthen policies and processes that involve and impact our employees, especially considering that we operate in different countries, cultures and economies in the world, added to our constant expansion, which naturally brings challenges, risks and related opportunities.

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.



QUALITY EDUCATION

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

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 2020, 19,527 employees participated in this process.

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

EDUCATIONAL LEVEL RAISING PROGRAM

YOUTH AND ADULT EDUCATION (YAE):

Since 2010, WEG has provided employees in Jaraguá do Sul region with the opportunity to raise their educational level, free of charge, through the Youth and Adult Education program (YAE), which is aimed at young people and adults who were unable to complete their high school. The program is carried out in a partnership with SESI (Social Service for Industry).

By 2020, 555 employees graduated from this program.

SCHOOL SUPPORT:

it is intended to provide scholarships to employees for technical, graduate, postgraduate and language courses. In 2020, 649 school aids were granted for the employees' development.

IN-COMPANY GRADUATE STUDIES:

It enables the employees of the company to update and specialize in different branches of engineering and business management. Graduate studies can be specialization or a master's degree. By 2020, twenty specialization courses and three mastering degrees in technical areas were completed by means of agreements with reputable education institutions. The programs involved approximately 929 employees.

Professional qualification programs

PROFESSIONAL QUALIFICATION OF APPRENTICES

Since its early years, WEG has invested in the training and professional qualification of apprentices, resulting, over the years, in a qualified workforce prepared for the challenges and strategies of the company. The apprentice recruitment process takes place twice a year, and WEG has currently 358 apprentices in Brazil attending its programs.

CENTROWEG – YOUNG APPRENTICE

The apprentice has guaranteed training at WEG Training Center (CENTROWEG). The technical school develops skills, qualifying 16 to 18-year old young people to work in activities that require technical training. CENTROWEG started its activities on April 23, 1968 in the city of Jaraguá do Sul, and today it is also present at the branch in the city of Linhares.



THE SCHOOL HAS **21 LABORATORIES** FOR PRACTICAL ACTIVITIES AND SEVEN CLASSROOMS ARRANGED IN A BUILT-UP AREA OF 2,550 M² WITH 12 PROFESSIONALS.

Courses offered and length:

- Machining: 1,600 hours
- Electromechanical assembly: 840 hours
- Information technology: 2,886 hours
- Electronics: 3,278 hours
- Electrotechnics: 3,200 hours
- Tooling: 3,200 hours
- Mechanical maintenance: 3,180 hours
- Chemistry: 2,700 hours

Apprentices receive benefits such as:

- Apprentice wages.
- Subsidized meals.
- Subsidized transportation.
- Health and dental plan.
- Profit sharing.
- Private pension plan.
- Free learning materials.
- Job opportunity upon graduation.

Results of the program

- Annually, about 150 professionals graduate;
- More than 4,000 young people have already studied at CENTROWEG since its creation.
- 48% of the 4,000 people that studied at CENTROWEG remain working at the company until today.
- More than 122 management positions are occupied by students who participated in the program.

QPAP - PROFESSIONAL QUALIFICATION OF PRODUCTION APPRENTICES

The objective of the program is to qualify apprentices age 17 to 24 for the production areas in functions or activities that require technical knowledge and/or mastery of equipment used in industrial processes.

Currently, the Program is directed to the Coatings Business Unit, qualifying apprentices in Coating, Resin and Clearcoat Manufacturing processes in a 480-hour course, taught along six months.



**75 apprentices have already been
trained in this Program in 5 years.**

Apprentices who graduate from the course are offered the opportunity to join the company.

IN-COMPANY TRAINING

We value the development of employees and offer in-company training in technical and behavioral areas, with courses in-person or distance learning. The courses are developed by internal instructors, which allows the development of the employee, ensuring one of the company's values – simplicity. In 2020, due to the COVID-19 pandemic, in-person courses were interrupted, and the synchronous training method was introduced through videoconference, adapting to the new Normal. 64,848 participations (the same employee may participate in more than one event) were registered in in-company training.

OPEN EXTERNAL OR IN-COMPANY TRAINING COURSES

WEG maintains a partnership with several external education and professional development entities to provide employees with opportunities for training and improvement. In 2020, there were 10,922 participations in external training courses at partner entities or in-company.

QPOP - PROFESSIONAL QUALIFICATION OF PRODUCTION OPERATORS

The Program started in 2002 and, since then, has sought to offer professional development opportunities to employees in the production areas by increasing the level of technical knowledge. It complements on the job training, focusing on the “why” of task execution, thus contributing to improving the quality and productivity of processes.

More than 30 courses are available, aimed at the manufacturing processes of the Motors, Automation, Energy and Transformers business units.

Each course length is of approximately 100 hours, along 6 months.

In 2020, due to the COVID-19 pandemic, the in-person courses of this program were suspended, and the development of the content in the distance learning (asynchronous) format began. In this change, it was noticed that this methodology is a trend in the program to reach a wider audience, including other branches of the WEG Group. More than 400 QPOP students were trained in subjects in the distance learning format in 2020.

QPET - PROFESSIONAL QUALIFICATION FOR ENGINEERS AND TECHNOLOGISTS

Program intended for engineers and technologists who work in the technical, industrial and commercial areas of the Energy, Motors and Transmission & Distribution business units. It aims at providing technical knowledge directed to the reality of the job. Started in 2012, the Program has already trained more than 290 employees in Brazil, Mexico, China and Portugal.

QPSS - SIX SIGMA PROFESSIONAL QUALIFICATION

WEG has invested globally to train its employees in the Six Sigma methodology so as to seek operational excellence in all of its business units.

The Professional Qualification Program in Six Sigma started at WEG in 2015 and, since then, more than 1,300 employees have been trained at the Master Black Belt, Black Belt, Green Belt and Yellow Belt levels, both in technical and administrative areas. In 2020, the training of employees in the Design for Six Sigma methodology (the action preventive mode of the method) was completed, resulting in a consistent action to solve problems in the product conception phase.

As a result of the program, more than 1,900 projects were accomplished at WEG business units in Brazil, Argentina, Mexico, the USA, Portugal and China, reducing costs by BRL 82 million and improving the quality of products and processes.

For the coming years, the program is expected to expand to include employees from all WEG business units in Brazil and abroad, in addition to involving suppliers, thus increasing the business sustainability, the speed to serve our customers and the company's competitiveness.

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 that consists of identifying employees with potential to take management positions, as well as to develop a specialist career. Based on this assessment, an individual development plan is drawn up.

LEADERSHIP ACADEMY

It started in 1979, always considering that leadership can be developed internally, and that it is up to each leader to identify and develop their potential successors. WEG Management Competences are the basis for the construction of the content, and for each hierarchical level, a Development Program is available:

- a. Professional Development – Intended for employees who do not work as managers and need development in aspects of leadership to take future positions;
- b. Head of Section Development – Intended for Heads of Section;
- c. Management Development – Intended for Department Managers;
- d. Executive Development – Intended for Executive Officers.

One of the highlights of the Leadership Development Program is WEG leadership week, which provides new leaders with immersion in WEG culture and highlights the importance of their role in the people management process.

LEADERSHIP DEVELOPMENT PROGRAM (DC)		
LEADERSHIP DIMENSION	MODULES	LENGTH
Strategic	10	57
Processes	18	140
People	16	148
TOTAL	44	345

SUCCESSION PLAN

The company has a tool to map the current executives and identify possible and potential successors. Potential talents are indicated by immediate supervisors and validated by a specific committee.

The objective is to identify potential heads of section, managers and directors in the medium and long term, recognize/value the people of the company and plan the development/growth of those employees who stand out, preparing them for the future. Therefore, a development plan is generated to prepare them for new roles in up to three years.

SEMINAR ON MANAGEMENT PRACTICES

It was developed to share good people management practices as a way to stimulate the internal benchmarking among managers. These meetings are held monthly with predetermined subjects based on organizational climate indicators and management competence reviews. In 2020, due to the COVID-19 pandemic, the seminars were adapted from in-person to synchronous using videoconference, expanding the participation for branch leaders in Latin America.

Number of participations:



COACHING

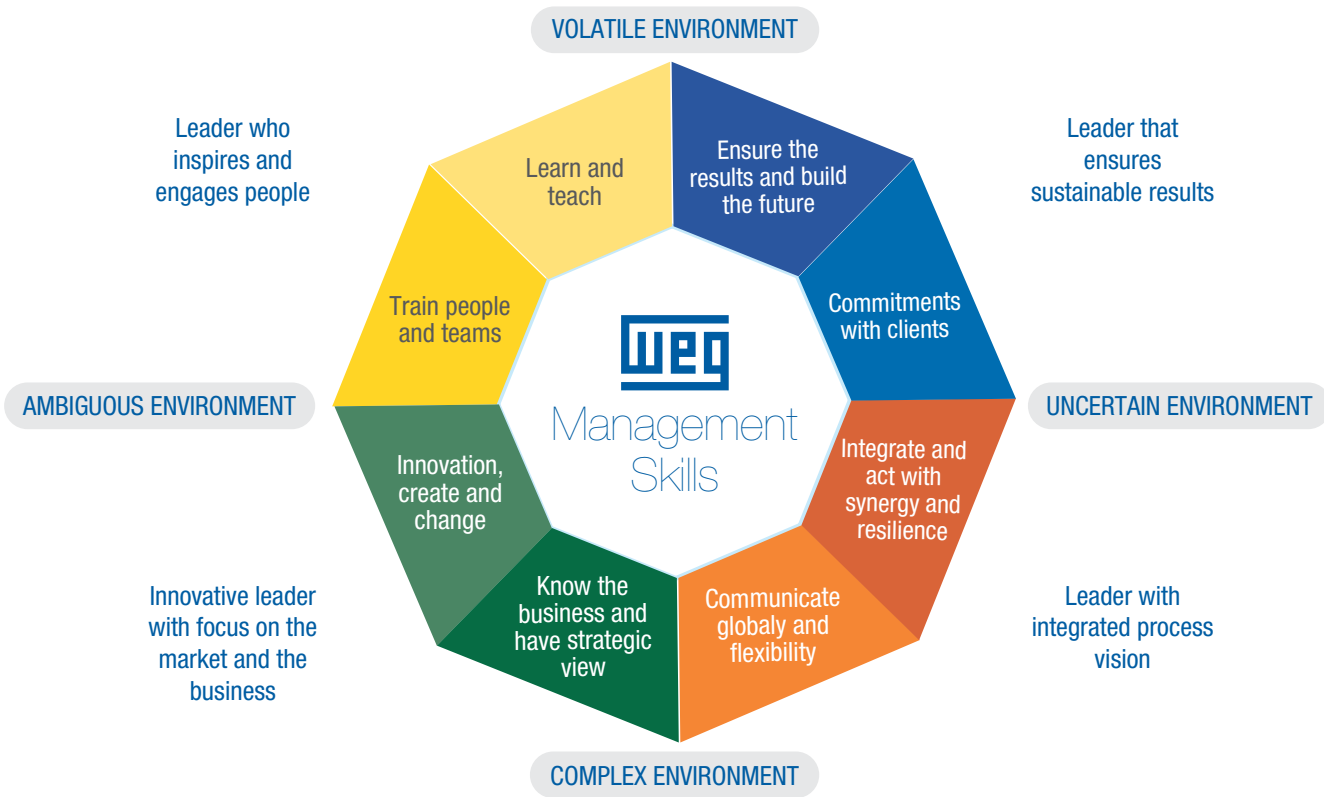
In order to promote self-awareness and enhance management skills, WEG offers the Coaching process free of charge. This is another tool that contributes to the development of leadership skills and impacts the career development and management quality.

Number of students:



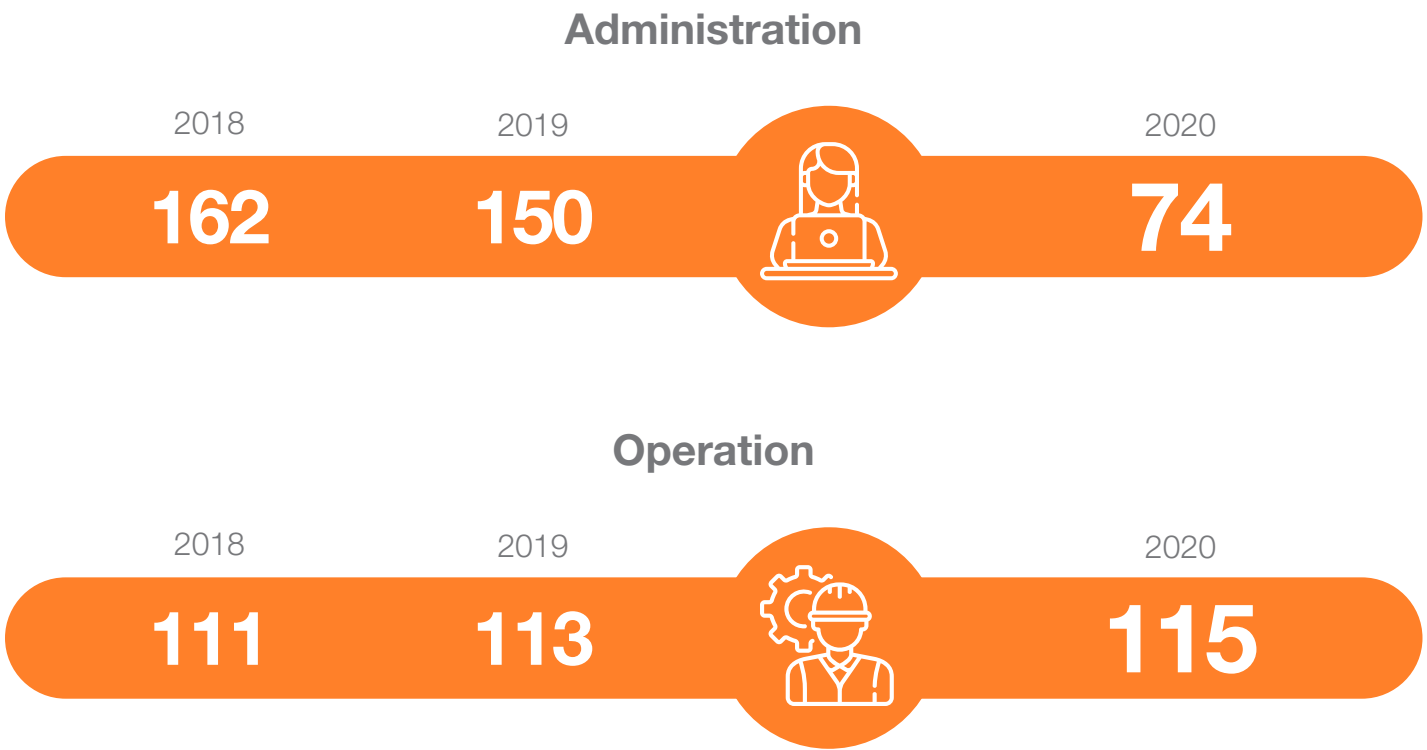
MANAGEMENT COMPETENCE REVIEW

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.



Training Indicators

AVERAGE OF TRAINING HOURS





STAKEHOLDERS

70 CUSTOMERS

72 SHAREHOLDERS AND INVESTORS

74 SUPPLIERS

78 LOCAL COMMUNITIES



We have relations with different stakeholders that significantly impact our business, and who we impact as well. In order to achieve continuous and sustainable growth, these relationships must have well-aligned ethical aspects.

THEREFORE, WE CULTIVATE
A **SOLID AND LONG-TERM**
RELATIONSHIP THAT
ADDS AND GENERATES
VALUE FOR OUR PRIORITY
STAKEHOLDERS AS WELL AS
FOR OUR DEVELOPMENT.



CUSTOMERS

WEG has a portfolio of more than 1200 product lines and customers worldwide. Our customers play an important role in generating value for WEG and also for society. In order to serve this large number of customers, we use many inputs from all capitals, and, as a consequence, value is generated, mainly in financial, social and relationship capital.

As one of our values, we will always develop new efficient manners to respond to situations of change and meet the needs of the customers. We have, in our structure, policies and processes that strengthen our relationship with our customers and stimulate a more sustainable value chain.

Customer training center

Since it was founded in 2000, about fifty thousand people have already been trained in in-person courses at WEG Customer Training Center, in addition to approximately twelve thousand people in distance learning.

The customer training center has the objective to:

- 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. Who can attend the courses?
- Dealers.
- Service Technicians.
- OEMs (Machinery Manufacturers).
- End Consumers.
- Technical Schools and Universities.
- Commercial Representatives.
- WEG employees.

Monitoring of market technological trends

Periodically, new courses are launched, adapted to WEG's new initiatives, and, in 2020, there was mainly an expansion of distance learning in the following topics:

- Solar Power.
- Frequency Inverters.
- Motor Control and Protection.
- Electric Motors.
- Energy Efficiency in Electric Motors.
- PLC Clic.
- Liquid and Powder Coatings.
- Machine Retrofitting for NR12.
- Shielded Busbar - Busway.
- Generators.

Facilities:

- 1,200 m² of facilities.
- 4 large, equipped classrooms.
- 1 studio for lives and video recording.
- 4 instructors with exclusive dedication and 25 instructors with specific performance.
- Auditorium with 100 seats.

Histórico de participantes

	2018	2019	2020
CLASSROOM	3,004	3,277	256
DISTANCE LEARNING	584	633	8,277
TOTAL	3,588	3,910	8,533

2020:

8277 people trained in distance learning, **256** in-person and **128,879** views of video classes published on YouTube.be.



Courses:

- 40 in-person.
- 17 in distance learning.
- 44 video lessons.

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 on stock exchange in Brazil since 1971, and, since June 2007, in the special segment of corporate governance named “New Market” (Novo Mercado, in Portuguese). The company also owns, since 2010, 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.

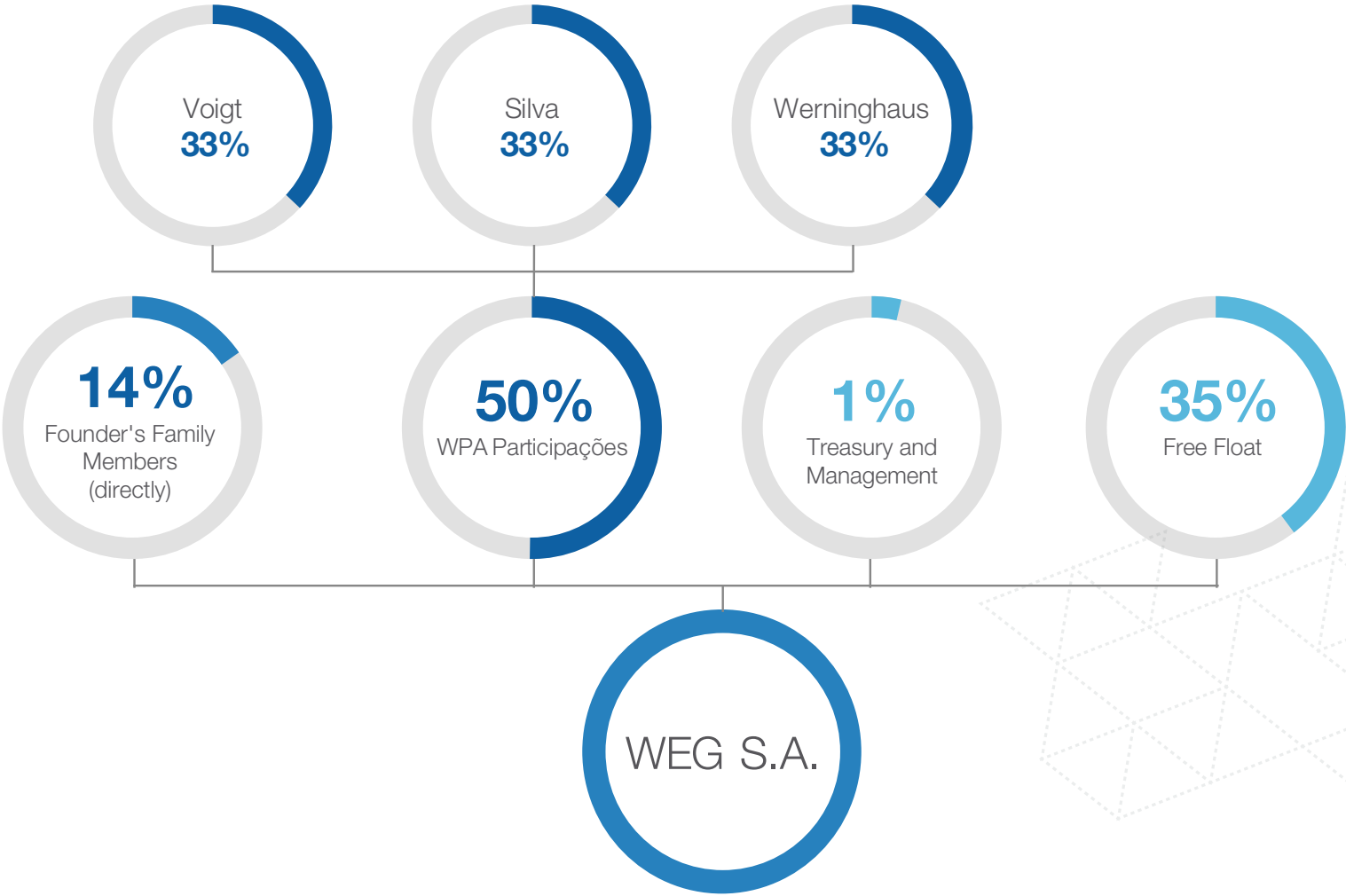
WEG DAY

In the second half of 2020, 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 400 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.

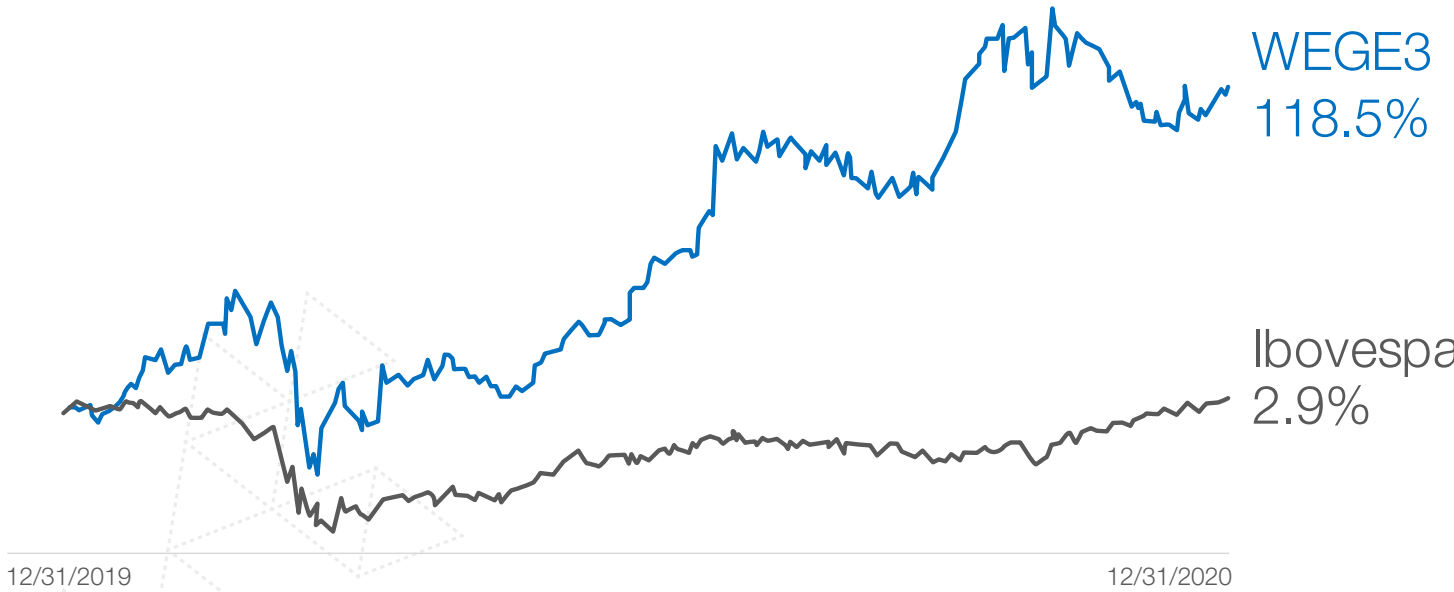
SHAREHOLDING STRUCTURE

In December 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.



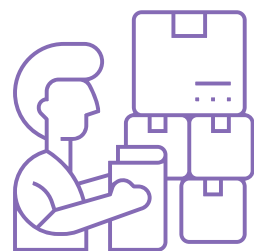
SHARES

At B3, WEG shares under the ticker symbol “WEGE3” appreciated by 118.5% in 2020. Ibovespa appreciated 2.9% in this period. We ended the year with the share quoted at BRL 75.74, with a market value of BRL 159.00 billion.



FOR FURTHER INFORMATION, ACCESS OUR INVESTOR RELATIONS PAGE HERE

Suppliers



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.

Our diversified business model, although with vertical characteristics, requires a large number of suppliers to meet our development needs. The supply chain management – with policies, tools and processes that guarantee compliance with the policies – is essential for our production process to occur with quality and monitored and managed economic and socio-environmental risks, as well as for the identification of opportunities to improve our process constantly. As business partners, our suppliers are encouraged to grow together with the company. To that end, we point out the following practices:

- Valuing of the local suppliers;
- Development of suppliers;
- WEG Assured Quality Program (certification granted by WEG);
- 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 assessment of suppliers based on Sustainability criteria: New and strategic suppliers answer the Sustainability assessment form. The assessment form considers requirements related to the environment, health and safety management 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.



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.

DENOUNCEMENTS AND QUESTIONS

We provide different communication channels for any reports and/or questions, such as our website, e-mail, telephone and letter.

[TO LEARN ABOUT THE SUPPLIER CODE OF ETHICS, CLICK HERE](#)

RISK MANAGEMENT IN THE SUPPLY CHAIN

We follow an Enterprise Risk Management Policy, which served as the basis for the preparation of a mapping and Contingency risk management policy in the group's supply chain. Thus, suppliers and critical materials can be assessed in order to investigate and mitigate possible risks associated with the operations.

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 2020

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 2020, the company did business with 5,192 suppliers, 90.71% of the purchases were from companies in Brazil.

From the total business carried out in Brazil, 40.73% 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

Among the main changes in relation to 2020, we can point out the updating of the code of ethics for suppliers, including a topic on Conflict Minerals and risk management.

Creation and inclusion of the Sustainable Purchasing course in workplace training, under the topic Knowing Sustainable Purchasing Concepts, which addresses concepts, WEG policies, business sustainability practices, WEG practices and major global sustainability initiatives.

AUTOMATION

2020 was marked by the expansion of the supply chain, reaching more than 1,500 suppliers, from a great variety of sectors, from screws to semiconductors, due to the manufacture of ventilators and the development of new products. Due to the global situation with the pandemic of the new coronavirus, the increase in the lead-time of inputs, mainly in the national market, has caused shortages, hindering the progress of the production process in all segments.

Despite its highly complex products, the Unit purchased 39% of its raw materials in Brazil. Among the different materials purchased globally are semiconductors, printed circuit boards, polymers, special alloys, electronic parts and magnetic components (reactors, transformers, inductors) and steel. In terms of quality, the chain improved its overall result, reaching 99.66% compliance.

Main changes in the period of the report

2020 was marked by the development of the supply chain for ventilators in record time and by the expansion and consolidation of the supply chain for products related to electrical mobility. Intensive actions to improve the quality of suppliers also brought results, and the search for cost reduction reached BRL 4.5 million.

COATINGS

In 2020 the Coatings Unit purchased its raw materials and other products from national and international suppliers. It did business with more than 1,800 suppliers. Purchases in Brazil accounted for 55% of the total amount purchased, of which 90% were made in the Southeast and South regions.

Imported materials were purchased from the American, Asian, European and African continents. The main purchased materials were: pigments, solvents, additives, mineral fillers, catalysts, hardeners, monomers and reagents, resins, packages, mineral and vegetable oils, industrial equipment, among others.

Main changes in the period of the report

In 2020, the new plant started operations in Mexico, producing powder coatings and liquid coatings. With its strategic location to serve the markets of Central and North America, the new plant complements the logistics chain together with the units in Santa Catarina, São Paulo, Argentina and the distribution center in Pernambuco.

ENERGY

The Energy Unit did business with over 2,000 suppliers in 2020, of which approximately 90% are from Brazil (97% of them located in Southern and Southeastern Brazil). WEG always encourages its business units to buy from regional suppliers so as to strengthen the local economy and generate opportunities. The suppliers fall into different material categories, including: metal sheets, steel rods, copper rings and rods, insulating materials, processed metal parts, machined parts, cast parts or forged parts.

TRANSMISSION & 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 2020, it did business with approximately 2308 suppliers, 96% from the domestic market, and 4% 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.

Local communities

A company in operation naturally ends up generating impacts on society, especially on the communities located in its surroundings, and it has responsibilities in this regard. The impacts generated may be positive (ranging from promoting employment, with an impact on the local economy, to meeting local demands for the sustainable development of those communities) and negative (with possible harmful social, environmental and economic impacts on the local population).

IN THIS CONTEXT, WE HAVE OPERATIONS IN **47 MANUFACTURING SITES** LOCATED IN TWELVE COUNTRIES, WITH DIFFERENT CULTURES AND REALITIES, WHERE THE LOCAL COMMUNITIES ARE SUBJECT TO DIFFERENT IMPACTS AND HAVE DIFFERENT NEEDS.



Something that facilitates this process is that our good relationship with local communities is cultural, which has been taking place since the first years of our activities, with the strong presence of our founders. An example is CENTROWEG (Youth Training Center), the first major project that started in 1968 and remains very relevant for the Company today.

We also strengthened our relationship through 19 editions of “WEG Community Action”, a project that over the years has had significant relevance, giving the community free access to services and instructions related to health, education, sanitation, culture and social well-being, as well as providing the making of ID cards, among others. Based on the example of the “WEG Community Action” events, the public administration started to carry out the “Move Jaraguá” event, which is now in its 14th edition.

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 the WEG SI policy and budget, carry out the deliberations.

The representatives of this group follow up the approved projects, having the competence to represent WEG before local entities when they involve social matters.

WEG social investment management



TO UNDERSTAND THIS PROCESS, VISIT THIS LINK

Contact

We maintain a communication and project registration channel for local communities:

CLICK HERE

Another form of contact is by email: comunidade@weg.net

GOALS

GOAL 2020:

Audit four sponsored projects, and, in addition to evaluating the project application, the audit will help the entities improve the weak points of the project. Assisting in project management.

Goal performance: 100% complete; the whole conversation and analysis was a partnership where the two parties were able to grow and develop.

GOAL 2021:

Extend the actions in the relations regarding the Social Investments and the WEG Volunteering Program with the Community and Entities of the 3rd sector in the cities where we have a 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 at least in 10 different cities.

Social articulation



SUSTAINABLE DEVELOPMENT GOALS - SDGS

SDGs in the Volunteering Program:

Through the WEG Volunteering Program, we showed employees registered in our bank of volunteers the lecture: Volunteering in times of pandemic. After the lecture, the volunteers were invited to take voluntary actions linked to the SDGs of their homes. In total, there were more than 40 actions with the participation of 80 volunteers.

SDGs on a daily basis:

We work on internal campaigns so that all hierarchical levels will be aligned with what WEG does and with the objectives to which it is contributing.

In the course of 2020, we carried out the dissemination of WEG social projects based on the SDGs in the social media of the WEG museum with weekly posts.

We started with a general explanation of the SDGs and continued by posting social projects sponsored by WEG, WEG volunteering actions and WEG products.

SDGs in the registration of social projects:

All projects registered with WEG to request support are oriented to determine to which of the SDGs the project can contribute. We understand that this way, we will connect and understand the importance of contributing to a better world, knowing to which direction to go.

Inclusion in practice:

WEG's partnership with APAE (association of parents and friends of people with disabilities) of Jaraguá do Sul-SC occurs through volunteer work at the institution, through involvement in the institution's executive board and/or council, as well as through specific actions. The relationship extends through a group from APAE, the Conviver Group, which assembles kits (with nuts and bolts) that are shipped with motors (WEG products) to customers in Brazil and abroad.

AMA (association of friends of autistic people) is another entity that we support through specific projects and with which we maintain a partnership through the "Embracing with Art" project, consisting of the acquisition of birthday and wedding cards made with recycled paper by AMA.

13TH SUSTAINABLE GROWTH MEETING – COMMUNITY

To encourage reflection on the social performance of people, companies and third sector entities in the community, in September, WEG held the 13th WEG Sustainable Growth Meeting – Community.

The event was held virtually and was attended by 96 representatives from 75 entities operating in the third sector, in addition to people from the community interested in the subject, WEG employees representing the Social Investment Group and the Municipal Social Assistance Department.

We know that the entities have many dreams and wishes to be fulfilled. There are many initiatives and the vast majority of them are only possible through fundraising. To that end, we need to know which paths lead us to the funds.

To help in this search, we brought to the 13th Meeting a reflection on the creation of the project department, which has a specific look at this world of possibilities for fundraising to make dreams come true.

Sharing experiences in project management, we received at the event the institutions: APAE from the city of Pinhalzinho/SC, Pequeno Príncipe Hospital from the city of Curitiba/PR and São José Hospital from Jaraguá do Sul/SC.

EXAMPLES OF SOCIAL PROJECTS SUPPORTED BY WEG IN 2020

Education



ART FACTORY – CÁRITAS

Developed by the entity Cáritas

Project supported by the Culture Incentive Law.

This project main objective is to contribute to the emotional, body and cognitive development of children and adolescents in the area of Bebedouro, city of Linhares. Due to the pandemic, many changes had to happen, the main one being to adapt and to continue the relationship with those served, keeping the physical distance.

One of the activities that the guys enjoyed was the making of the recipe book, education on eating through learning by doing.

Families searched for ingredients at the institution, took them home and everyone could get involved in preparing the recipe. Learning for life.

V BRAZILIAN SCIENTIFIC INITIATION FAIR

In 2020, due to the pandemic, the version was 100% online and an example of how we can change the way we operate. In this case, a Fair that is so appreciated in-person did not stop happening.

In 2020, we participated with volunteers. The development of the fair takes place through the Brazilian Institute of Scientific Initiation (IBIC, in the Portuguese acronym).

The Brazilian Scientific Initiation Fair is a space for students to present creative and innovative ideas in the form of scientific projects, where they can experiment with science, fostering skills of students, teachers and schools or universities in the field of research. It is an opportunity to encourage scientific development, in its historical, social and cultural dimension, considering the questions that arise from the experiences, expectations and theoretical studies of the students involved. WEG volunteer employees take part in this project by assessing the Fair Organization works and developing an Institutional Communication Piece.

PROJECT 60+ THE PATH IN THE EXCELLENCE IN HOSPITAL TREATMENT FOR THE ELDERLY.

Project supported by the Elderly Fund

This project seeks to improve the care for the elderly, providing greater humanization, dignity and safety to elderly patients in their health treatment at Hospital São José in Jaraguá do Sul.

The project proved to be extremely important in this pandemic period as the 60+ has a multidisciplinary team in its structure that works in the rehabilitation of the elderly and support to their families. An example of support is the role of the Project Occupational Therapist, who has been making virtual visits to the elderly and their families, since in this pandemic period there is a major restriction of visits due to the safety protocols of COVID-19.

Social Inclusion:



START AGAIN PROGRAM

WEG is part of the Start Again Program of the National Justice Council. This program aims at raising awareness among public bodies and civil society to provide jobs and professional training courses for convicts and ex-convicts. The program's objective is to promote citizenship and consequently reduce the recurrence of crimes.

Through partnerships with the Revolving Fund of Santa Catarina, we maintain workshops within Jaraguá do Sul Prison, and, in 2020, we had 61 convicts working in 4 different workshops. We also have a partnership with the Interactive Council of Public Security of the city of Linhares, where we welcome 10 convicts who travel daily to the Linhares factory to work.

Culture:



ART FOR ALL

Project developed by the Comunhão Martim Lutero entity in Blumenau/SC.

This project was intended to provide artistic workshops (theater, visual arts, instrumental music, singing, literature, etc.) for young people and children for a period of one year, out of school hours. In 2020, the workshops could not be held collectively in-person, as the pandemic changed the dynamics of the classes a lot.

The situation did not stop us completely. We managed to develop the activities virtually and in some in-person classes with a limited number of children in class, observing social distancing, accessibility and new dynamics.

Despite the limitations, it was possible to reorganize the proposed actions and continue the Art for All Project. In addition to the workshops, there were live streaming sessions on the internet announcing the Art for All Project, expanding the dissemination of this service, as well as other sessions that will happen.

WEG volunteering program:



In 2018 we restructured the WEG volunteer program, and in 2020, in the online version, it gained great visibility within WEG Brazil and in the community.

In 2020, we totaled 1,225 volunteers registered in our Volunteer Bank. We currently have a channel for the community to request volunteering: 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 participation in the SDGs.

In 2020, 480 volunteer employees participated in the 103 actions carried out in the community.

Considering that this year the pandemic caused us to reinvent ourselves on the topic, volunteering was essential to support the front teams, who had difficult days in the pandemic. At our WEG Portugal business unit, our employees made 3D masks for front teams. Another action taken was the “letters to the front teams” with the participation of volunteers from the Jaraguá do Sul, Guaramirim, Linhares, Manaus, Itajaí, Gravataí, Beto Goncalves and Monte Alto WEG business units.



After a day of work, being presented with a snack and a letter thanking you gives us the strength to continue. I loved it!"
Viviana Rosa Neres - São José Hospital Kitchen



Helping others at least with words, since we cannot be close, was what motivated me to participate in this action. Congratulations on the beautiful idea! ”
Bianca Zamin - WEG employee and volunteer



Examples of volunteer activities carried out in 2020:

- Activities (lecture and actions) related to the SDGs.
- Holiday blood donation - HEMOSC.
- Reforestation: planting of fruit seedlings.
- Smile for Down Solidarity Toll.
- Sending of motivational letters/messages to patients at the Women's Network and health professionals.
- Children's Day Campaign (toy collection and delivery).



PROMOTING THE DEVELOPMENT OF CORPORATE VOLUNTEERING IS A STRATEGY FOR STRENGTHENING ORGANIZATIONAL VALUES, CREATING A CITIZEN CULTURE AND VALUING THE EMPLOYEE AS A PROTAGONIST IN VOLUNTARY ACTIONS.

In 2020, WEG invited other companies in the Jaraguá do Sul region that practice volunteering to created, through the city's Commercial Association, the Corporate Volunteer Center in order to foster voluntary actions of companies, making them stronger and united to the same purpose.

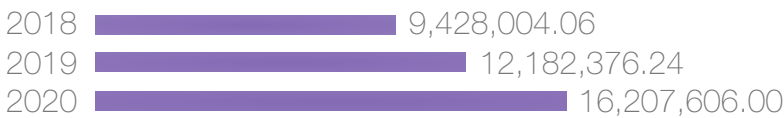
We ended the year by participating in the task force on behalf of those affected by the floods in the city of Presidente Getúlio-SC, with the participation of 33 WEG volunteers through the volunteer center of Jaraguá do Sul Commercial and Industrial Association. In addition to working in joint effort, our volunteers donated 200 basic food baskets.

Social investment history

We invested BRL 16,207 (sixteen million, two hundred and seven thousand reais) in 64 projects in 2020.

19 different cities benefited, with 75% of the resources used in the microregion of Jaraguá do Sul, where around 50% of the Group's employees live.

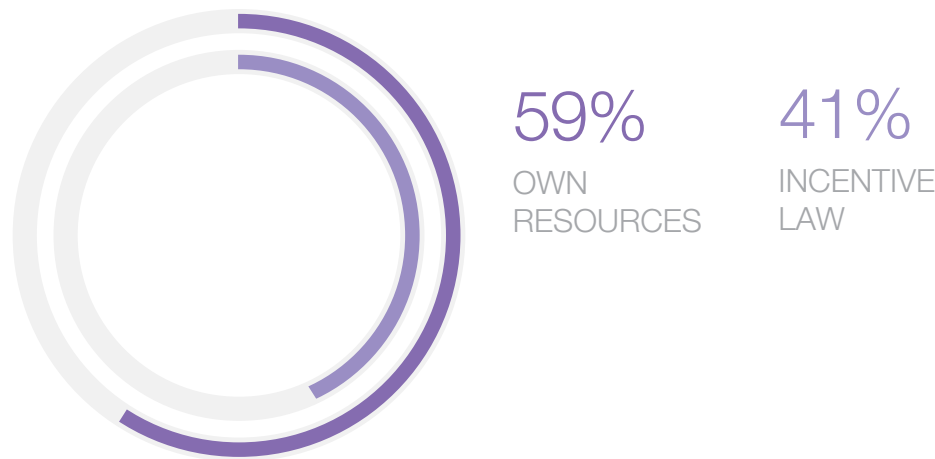
WEG Social Investment History



Additionally, in 2020, more than BRL 2.7 million were donated to support social projects in the Community to fight the pandemic.



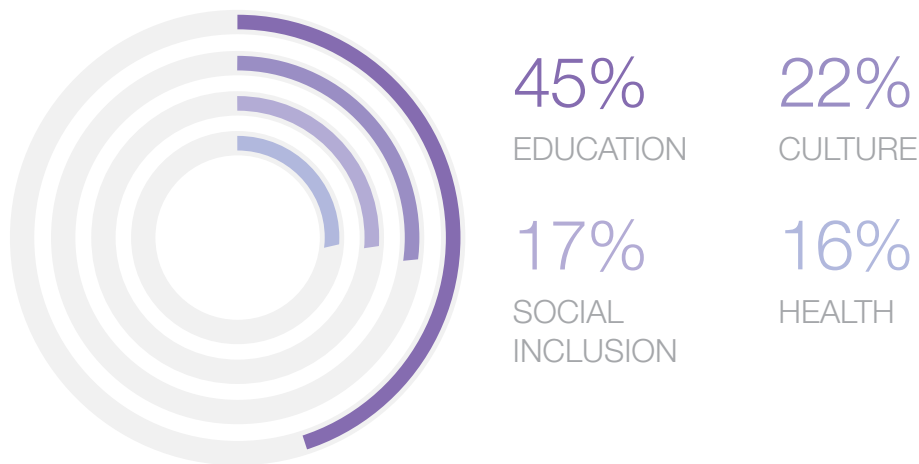
Source of the funds 2020



OF THIS AMOUNT, 59% IS INVESTMENT WITH OWN RESOURCES, BEING BRL 11,172

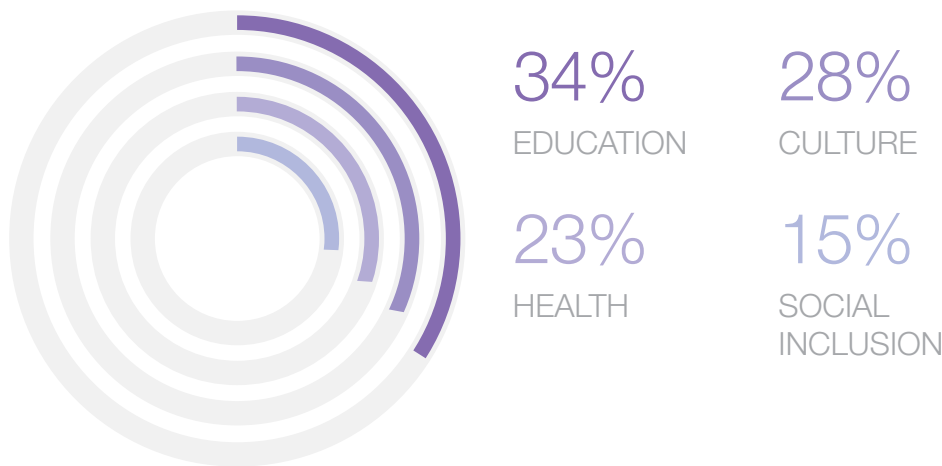
(BRL 11,172 - eleven million, one hundred seventy-two thousand reais)

Investment by area



45% OF THE INVESTED RESOURCES ARE RELATED TO PROJECTS AIMED AT THE EDUCATION

Projects in units abroad



59 PROJECTS

ECONOMIC- FINANCIAL PERFORMANCE

87	OPERATING REVENUE
87	DOMESTIC MARKET
88	EXTERNAL MARKET





2020 was atypical, and the expectations of the beginning of the year changed due to the health and economic crisis caused by the COVID-19 pandemic officially declared by the WHO on March 11, 2020.

The effects of the pandemic on the world economy were considerable, leading to significant reductions in business in important sectors. After many uncertainties and volatility during the year, especially in the second quarter, some economic sectors, such as the manufacturing, retail and agribusiness industries, had less relevant impacts than originally expected, partly due to government incentives and actions.

In Brazil, despite government incentives to the economy and the adoption of interest rates at the lowest level since the implementation of the Real plan, the economy was still impacted. It is worth of notice that some sectors of the economy initially impacted showed a rapid recovery, reaching pre-pandemic activity levels even during the year, such as agribusiness, consumption of durable goods and infrastructure.

OPERATING REVENUE

In 2020, the consolidated Net Operating Revenue (NOR) reached BRL 17,469.6 million, an increase of 30.9% in comparison to 2019.

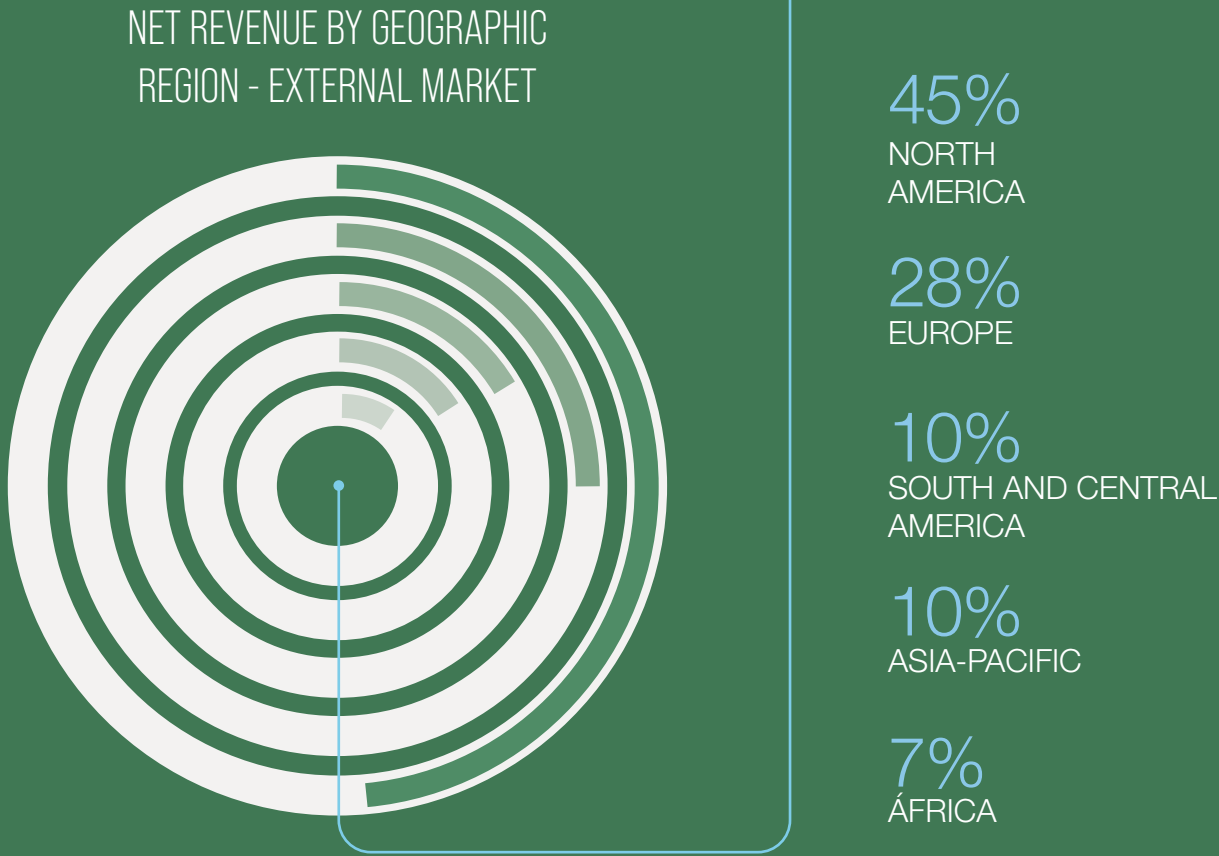


DOMESTIC MARKET

The net operating revenue in the domestic market reached BRL 7,629.8 million, an increase of 37.2% in comparison to the previous year, representing 43.7% of the total net operating revenue.

EXTERNAL MARKET

On the external market, the net operating revenue increased 26.4%, reaching BRL 9,839.8 million, which corresponds to 56.3% of the total net revenue. In local currencies, weighted according to the weight of each market, the export market revenue decreased 0.7% in the year.



FINANCIAL (IN MILLION R\$)	2018	2019	2020
Net revenue	11,970.1	13,347.4	17,469.6
EBITDA	1,824.1	2,244.5	3,267.7
EBITDA Margin (%)	15.2	16.8	18.7
Net Income	1,338.3	1,614.6	2,340.9
ROIC (%)	17.6	20.2	25.5

DISTRIBUTION OF VALUES (IN MILLION R\$)	2018	2019	2020
Dividends and interest on shareholders' equity	703.7	892.0	1,292.2
Employees	2,639.3	3,173.4	4,251.9
Government	1,454.9	1,476.6	1,877.7



GRI Remissive Index

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G4-10: Total employees: contract type, gender, region, etc.	12
G4-11: Inform the percentage of employees covered by collective bargaining agreements. In Brazil 100% of employees are covered by the collective bargaining agreements.	Global = 73.4%
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GRI Remissive Index

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REPORT PROFILE	
G4-28: Period covered by the report	Year of 2020
G4-29: Date of the last report published	In 2020, with the publication of the “Integrated Annual Report 2019”
G4-30: Publishing cycle of the report	Annual
G4-31: Contact for frequently asked questions regarding the report	sustentabilidade@weg.net
G4-32: Inform the ‘I agree’ option chosen by the organization	For the preparation of this Report, the guidelines of the Global Reporting Initiative (GRI), in its G4 version, were followed in the option ‘Essential’.
G4-33: Current policy and practice regarding external verification of the report	The socio-environmental information has not yet been externally verified, and only the economic-financial information
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Approval of the report: Information Disclosure Committee and Executive Board

GENERAL COORDINATION

Harry Schmelzer Jr. - Chief Executive Officer

INFORMATION ANALYSIS

Information Distribution Committee

CONTENT AND EDITORIAL

COORDINATION

Corporate Sustainability Team

ART AND GRAPHIC DESIGN DIRECTION

Compreendo Comunicação

PICTURES

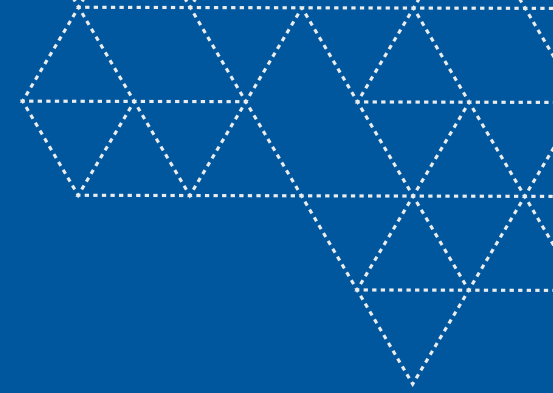
Pictures from WEG Group Files

THANKS

Thanks To all employees and stakeholders who participated in the preparation of this report.



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