



# UNION RELATIONS



Driving efficiency and sustainability



Union relations are one of the strategic pillars of contemporary corporate governance.

Beyond compliance with legal obligations, they make a decisive contribution to business sustainability by promoting dialogue, legal certainty, and stability in employment relations.

In a healthy business environment, the interaction between capital and labor is built on balance, strengthening social peace and organizational competitiveness.



In the Brazilian context, this dynamic presents its own distinctive characteristics, shaped by a robust legal framework and by a culture of collective bargaining that is continuously evolving.

Currently, the principle of negotiated terms prevailing over statutory law predominates, granting greater prominence to union entities and enabling collective bargaining to adapt general legislation to local specificities.

Within this framework, workers' unions represent employees' interests, contributing to the appreciation of human capital and to the promotion of adequate working conditions aligned with the sustainable development of organizations.

The pillars of the union model under Brazilian legislation are:

- **Union Uniqueness (Single-Union Principle):** Unlike other countries, Brazilian law prohibits the existence of more than one union representing the same occupational category within the same territorial base.
- **Automatic Representation:** Every worker belongs to a specific occupational category and is represented by the corresponding union, regardless of whether the worker is formally affiliated with it.
- **Normative Power:** Unions have the authority to execute Collective Bargaining Agreements (agreements between workers' unions and employers' unions) and Collective Labor Agreements (agreements between a workers' union and one or more companies). These instruments have the force of law and are binding on all parties involved.

International Labour Organization (ILO) Convention No. 87 (1948) is the global standard for freedom of union association. Its fundamental principles include:

- **Union Pluralism:** The right of workers to freely establish as many organizations as they wish, without geographic limitations imposed by the State.
- **Administrative Autonomy:** An absolute prohibition of state interference in the drafting of bylaws or in the election of union leadership.
- **Non-Authorization:** The existence of a union must not be subject to discretionary governmental registration or authorization.

Although Brazil is a founding member of the ILO and a signatory to several conventions, Convention No. 87 has not been ratified due to a technical conflict with the Single-Union Principle provided for in Article 8, item II, of the Brazilian Federal Constitution of 1988.

The company maintains the monitoring of collective bargaining negotiations in the locations where it operates as part of its social responsibility and corporate governance strategy.

By integrating this monitoring into its management processes, the company contributes to the mitigation of labor-related risks, the sustainability of the business, and the generation of long-term value for employees, customers, investors, and other stakeholders.

**Brazilian Collective Bargaining Agreements are negotiated annually between labor and employer unions. We highlight the negotiation of the Metalworkers' Union of Jaraguá and Region, which takes place annually in January, with the next one scheduled for 2027, as well as the Metalworkers' Union of Espírito Santo, which occurs annually in November, with the next negotiation scheduled for 2026.**



**WEG conducts its relationship with trade union entities based on transparency, mutual respect, and strict adherence to its Code of Ethics and Anti-Corruption Policy, ensuring that labor relations are in compliance with applicable legislation, standards, treaties, and agreements in the regions where it operates.**

This approach reflects the company's commitment to promoting transparent labor relations and adopting practices aligned with its principles of ethics, integrity, and governance.

