


THE RELATIONSHIP BETWEEN ETHICS AND CORPORATE GOVERNANCE: AN ANALYSIS BASED ON THE IBGC GUIDELINES

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ABSTRACT

Corporate Governance, according to the IBGC, is a system that directs and controls companies, promoting efficiency, ethics and responsibility to protect stakeholders and generate sustainable value. The IBGC Code of Best Practices guides several organizations in Brazil, highlighting ethics as an essential basis for social interactions and trust. This study analyzes the relationship between ethics and Corporate Governance in the 2015 and 2023 Codes, using descriptive, documental and qualitative research. Ethics is investigated as a foundation for management, being mentioned and analyzed in tables to understand its integration into governance practices. The objective is to understand how the IBGC incorporates ethics to strengthen business management in Brazil.

Keywords: Corporate Governance. Ethics.

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INTRODUCTION

Corporate governance is a system by which companies are directed and controlled (Cadbury Report, 1992), it is a set of actions and practices that aims to improve business performance by protecting stakeholders, that is, investors, employees and creditors, avoiding conflicts and facilitating access to capital (Souza, Bauer and Coletti, 2020).

The IBGC, a reference in Corporate Governance in Brazil, creates and disseminates the Code of Best Governance Practices in order to guide companies that have implemented or wish to implement Corporate Governance. Good practices are a set of procedures, attitudes, and policies adopted by an organization to ensure efficiency, ethics, and accountability in its operations. In general, the Code of Best Practices is aimed at various types of organizations, family businesses, state-owned companies, cooperatives, publicly and privately held corporations, and non-profit entities, given that, "Corporate Governance at its core is the framework that is intended to ensure that the right questions are asked and that checks and balances are in place to ensure that the answers reflect what is best for creation of sustainable, renewable and long-term value" (Monks, Minow, 2003).

Good governance must have ethics as its object of reflection, which goes beyond the execution of rules and regulations, it is the basis for sustaining all existing interactions in organizations, which is why it is so important for the system called Corporate Governance.

Organizations, when they are ethical, comply with legal obligations, generate trust in society, providing a solid foundation for its growth. In general, "ethics is the theory or science of the moral behavior of men in society, that is, it is the science of a specific form of human behavior" (Vázquez, 2003, p. 23).

In view of the above, considering that Corporate Governance can guarantee ethics within organizations, and also considering that the IBGC aims to guide Corporate Governance in Brazil, the following question arises: What is the relationship between ethics and Corporate Governance for the IBGC?

This study was justified by demonstrating how ethics, a fundamental principle in the management of any business, can be inserted through Corporate Governance in institutions, through the implementation of the IBGC Code of Best Practices.

OBJECTIVE

The objective of the research was to know the relationship between ethics and Corporate Governance according to the IBGC, observing the latest Codes of Best Practices issued by the institute.

METHODOLOGY

The methodology applied for the development of this study was characterized as descriptive. According to Marconi; Lakatos (2023) descriptive research examines aspects such as description, registration, analysis and interpretation of contemporary phenomena, to understand them. Therefore, this research is descriptive, as it sought to describe the relationship between ethics and Corporate Governance by observing the IBGC Best Practices codes.

Research is also characterized as documentary research, which, according to Marconi and Lakatos (2023, p. 202), is when "only documents, written or not, are used, which constitute what is called primary sources, which can be done at the time the fact or phenomenon occurs, or after." In this research, the Codes of Best Corporate Governance Practices for the 5th edition (2015) and the 6th edition (2023) were analyzed, which are available on the IBGC website for *download*, the analysis shows the emphasis given to ethics in these editions.

This research was also characterized as qualitative, because according to Gil (2025), data are fundamental elements in the elaboration of any research, and when these data are in words, the research will be qualitative. The success of the research depends on the quality of this data. For this reason, the codes were read thoroughly and highlighted every moment when ethics was mentioned.

In the 5th edition of the 2015 IBGC Code of Best Corporate Governance Practices, a search was made for the word ethics throughout the code, as well as a thorough reading of the document, with the survey response as a direction. In the case of the 6th edition of the 2023 IBGC Code of Best Corporate Governance Practices, although it was also carefully read, the code itself has a remissive index that highlights the mention of ethics throughout the code.

Once the presence of ethics was verified, the points in which it was mentioned were summarized and compiled in tables, which were later analyzed to arrive at the relationship between ethics and Corporate Governance according to the IBGC.

After collecting the data, they were analyzed and interpreted, because according to Marconi and Lakatos (2023) data analysis is the attempt to evidence the relationships between the phenomenon studied and other factors. Data interpretation, on the other hand, consists of giving a broader meaning to the answers, linking them to other knowledge.

The method of analysis used in this article was content analysis, which "provides significant contributions to qualitative research, encompassing a methodical and rigorous analysis of the data, a deeper understanding of the phenomena investigated, a flexible and adaptable approach, the ability to identify gaps in the literature, and the triangulation of data." (Valle and Ferreira, 2024).

The analysis was carried out by verifying the meaning of the word ethics in each citation, and its relationship with governance, found in the chapters throughout the IBGC's Codes of Best Corporate Governance Practices.

CORE OF CORPORATE GOVERNANCE

Corporate Governance is a system formed by principles, rules, structures and processes by which organizations are directed and monitored, to generate sustainable value for the organization, for its partners and for society in general, in which it seeks a balance between the interests of all parties, contributing positively to society and the environment. according to the IBGC (2023).

According to Rughoobur (2018), Corporate Governance is defined as a tool that aims to manage and control the institution properly, mainly protecting the investment of shareholders.

Corporate Governance, for Silva (2016), can be conceptualized as a set of practices that aim to achieve better performance of an organization, considering the protection of investors, employees and creditors, so that these practices allow easier access to capital.

Governance can also be understood as a set of practices that aims to establish a relationship between strategy, management, decision-making, and monitoring of results, involving all the company's stakeholders, and for the sake of its sustainability (Giacomelli et al., p. 19, 2017).

Some authors, such as Garcia and Tavares (2017) define Corporate Governance with a view to agency conflict, saying that Corporate Governance has practices and mechanisms to monitor and control the activities of the agent, so that he makes decisions

aimed at the interests of the principal. Therefore, it is expected that governance practices reduce agency conflicts.

In the same sense, Black, Jang and Kim (2006) state that Corporate Governance can be seen as a set of mechanisms that aim to maximize the probability of investors guaranteeing themselves the return on their investment, since the set of internal mechanisms (board of directors, remuneration system, ownership structure, transparency and dividend policy) and external mechanisms (hostile acquisition market, Shareholder protection laws, *cross-listings*, external auditing and inspection of market agents) can align the interests of decision-makers and shareholders, thus minimizing the losses caused by agency conflicts.

There are numerous definitions of Corporate Governance, but all of them are in line with their concepts, which highlight the principles, rules, practices, purposes and potentialities, in addition to involving several internal and external control factors that are used to optimize the performance of organizations and increase security in decision-making by the corporation (Silva, 2017).

According to Rossetti and Andrade (2014), a good Corporate Governance system helps organizations in their competencies, in strengthening them to face new challenges and in their development of strategies in the creation of corporate values to increase results, economic growth, confidence and investor interest.

From these concepts, it is confirmed that governance promotes a restructuring of an organization. However, it should be used to bring strategic management benefits, which help shareholders, partners and managers in the decision-making of their businesses. In order to bring balance to the business environment, so that they can achieve their results and organizational objectives.

Finally, it can be said that Corporate Governance plays a fundamental role in efficiency management, in which its practices aim at transparency and reliability in business. It helps protect the interests of all parties involved.

CORPORATE GOVERNANCE IN BRAZIL

In Brazil, the movement for good practices has shown itself to be more dynamic after privatizations and the opening of the national market in the 1990s. In the meantime, it was founded on November 27, 1995, the IBGC, a civil society organization, is the largest reference in Brazil and one of the main in the world in Corporate Governance. Its objective

is to generate and disseminate knowledge in Corporate Governance and influence the most diverse agents in the adoption of best practices, contributing to the sustainable performance of organizations and, consequently, to a better society.

Still in the 90s, the IBGC launched its first Code of Best Corporate Governance Practices. Currently in its 6th edition, the code has consolidated itself as a reference document: it presents recommendations for the best governance practices to contribute to the evolution of Corporate Governance of companies and other organizations.

In the first decade of the 21st century, the topic of Corporate Governance became relevant, from corporate scandals involving North American companies such as Enron, WorldCom and Tyco, triggering discussions about the disclosure of financial statements and the role of auditing firms. The U.S. Congress, in response to the frauds that occurred, approved the Sarbanes-Oxley Act (SOx), with important definitions on Corporate Governance practices that impacted Corporate Governance in Brazil, and the IBGC, as an organization dedicated to the promotion of Corporate Governance in this country, sought to keep up with the changes, for example, with the issuance of new versions of the Code of Best Corporate Governance Practices.

The IBGC adopts the principles of Corporate Governance in its activities, as well as follows the recommendations of the Code of Best Corporate Governance Practices. In addition, the basis of the IBGC's governance system is provided for in the bylaws, a document that establishes the institute's corporate purpose, in addition to the rights and duties of the members. The IBGC also has a Raci (*Responsible, Accountable, Consult and Inform*) matrix, which assigns responsibilities and functions within the organization and promotes balance between the responsibilities of the board, the board of directors and management.

The IBGC has also maintained the practice of preparing and publishing annual reports since its foundation in 1995. The document is developed by the *Global Reporting Initiative* (GRI) Standards and includes the financial statements audited by an independent firm.

Since its foundation, the IBGC's board of directors has been made up of nine members elected at a general meeting and the IBGC's board members do not obtain financial gains linked to the institute, as well as the members of the board, chapter coordinators also work pro bono. In line with the recommendations of the Code of Best Corporate Governance Practices, the IBGC encourages the composition of its board to

contemplate the diversity of experiences, gender, knowledge and regional origin. In addition, the collegiate is evaluated annually.

In relation to members, individuals or legal entities, as long as they are in good standing with their financial and associative obligations, have equal power to express themselves at the annual general meeting. The committees and collegiate bodies supporting the council conduct studies on matters that require in-depth and technical analysis before being taken to the council for deliberation. Currently, the IBGC has two fixed committees and one ad hoc committee, formed by board members and specialists.

Table 1 – Composition of the Committees: Fixed and ad hoc

Committee	Function	Composition
People Committee	Issues recommendations and opinions on the development and improvement+*ment of talent attraction and retention policies, succession, performance evaluation and team training.	1 Coordinator, 2 members of the Board of Directors, 2 expert members.
Audit and Risk Committee	It is responsible for monitoring economic and financial performance.	1 Coordinator, 2 members of the Board of Directors, 2 expert members.
Strategy Committee (ad hoc)	Responsible for overseeing the review of the institute's policies.	1 Coordinator and 2 members.

Source: IBGC (2024)

In situations with potential conflict of interest, the IBGC has support collegiate bodies that prepare proposals submitted to the board for deliberation. Table 02 below shows the functions and composition of the collegiate bodies.

Table 2 – Functions and Composition of the Board Support Collegiate

Board Support Collegiate	Function	Composition
CAC-Conduct	Its objective is to manage the IBGC Code of Ethics, promote its dissemination and periodic updating, clarify doubts and interpretation and, in particular, receive and analyze reports of violations.	1 Coordinator and 7 members.
CAC-Indication	Its purpose is to nominate candidates to the IBGC's board of directors, employing the best efforts and judgment of the members to guide both candidates and associates in the process of electing the institute's board members.	1 Coordinator and 9 members.

Source: IBGC (2024)

In addition to these, the IBGC maintains the Independent Appeals Collegiate (CIR). The body assesses and judges appeals from members, individuals or legal entities, who

may be punished by the board of directors with the penalty of exclusion from the institute's membership. Its members are appointed by the board and ratified by the annual general meeting (AGM). In 2017, the Second Chance was created, a study group formed by board members, associates and third parties aimed at evaluating rules for the reincorporation of individuals or legal entities excluded from the list of IBGC members.

The board of directors has the function of executing the IBGC's initiatives, in order to put the institute's mission into practice. Therefore, it is responsible for carrying out the actions planned to achieve the strategic planning goals. The body changed in 2021, with the inclusion of a corporate management manager, reporting directly to the general board, and the start of the activities of the marketing board, designed the previous year. Thus, the general directorate has four directorates and fourteen managements, in addition to the committees to support educational and international management (in 2021, the Certificates and Congress committees were closed).

The IBGC's board of directors is advised by a permanent audit committee that assists it in controlling the quality of financial statements and internal controls, aiming at the reliability and integrity of the information. This surveillance system protects the IBGC and its stakeholders. Another good governance practice adopted by the institute is the annual publication of financial statements, audited by an independent firm.

The IBGC also has its Code of Ethics, which is a set of rules that aim to manage conflicts of interest, in relation to the IBGC or among employees, and to embody the principles of transparency, equity, accountability and corporate responsibility within the scope of the institute's own activities. The provisions of the code apply to members, board members, chapter or commission coordinators, teachers, directors, superintendents, employees, certified professionals and also to third parties who participate in or contribute to the activities.

The IBGC provides means to ensure ethical conduct and the appropriate treatment of complaints, as the interpretation and application of the Code of Ethics are the responsibility of the CAC-Conduct, which promotes the disclosure, updating of the code of ethics, as well as clarifies doubts and interpretation, especially when receiving and analyzing complaints of violations. The IBGC also offers reporting channels that welcome opinions, criticisms, complaints and complaints from all stakeholders, such as an internal ombudsman option, directed by an ombudsman and an external and independent reporting channel that acts confidentially and impartially. Therefore, complaints of conduct

considered unethical are handled appropriately, transparently, without conflicts of interest and under confidentiality, reinforcing the commitment to organizational ethics.

PRINCIPLES OF CORPORATE GOVERNANCE

One of the main references in Corporate Governance was the Brazilian Code of Corporate Governance (CBGC), launched in 2016 by the Brazilian Institute of Corporate Governance (IBGC), in which it establishes guidelines for companies to improve the management of their businesses. In August 2023, the IBGC launched a new edition called Code of Best Corporate Governance Practices, introducing a new principle, integrity.

The principles of Corporate Governance guide the management and control system of organizations. These are guidelines that need to be observed to ensure transparent, ethical, and responsible conduct. The principles apply to any type of organization, regardless of size, legal nature, or capital structure, forming the foundation on which good governance is developed, according to IBGC (2023).

The code explains that "Corporate Governance is a system formed by principles, rules, structures, and processes by which organizations are directed and monitored, to generate sustainable value for the organization, its partners, and society in general" (IBGC, 2023, p. 17). Table 03 presents the basic principles of Corporate Governance, brought by the 6th edition of the Code of Best Corporate Governance Practices.

Chart 3 - Basic Principles of Corporate Governance

Principle	Actions in the Organization
Integrity	It practices and promotes the continuous improvement of the ethical culture in the organization, avoids decisions under the influence of conflicts of interest, maintains coherence between speech and action and preserves loyalty to the organization and care for its stakeholders, society in general and the environment.
Transparency	It provides true, timely, coherent, clear and relevant information to stakeholders. This information should not be restricted to economic and financial performance, but should include environmental, social and governance factors. Transparency fosters an environment of trust for all stakeholders.
Equity	It treats all partners and other stakeholders fairly, taking into account their rights, duties, needs, interests and expectations, as individuals or collectively. It is motivated by a sense of justice, respect, diversity, inclusion, pluralism, and equal rights and opportunities.
Accountability	He performs his duties with diligence and independence. Taking responsibility for the consequences of their acts and omissions. Reports on their performance in a clear, concise, understandable and timely manner, aware that their decisions may affect the organization, its stakeholders and the environment.
Sustainability	It operates in a relationship of interdependence with the social, economic and environmental ecosystems, strengthening its protagonism and its

	responsibilities to society.
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Source: IBGC (2023)

With the adoption of the principles, organizations show their commitment to aligning interests, preventing, mitigating and treating conflicts, and generating tangible and intangible value for all stakeholders, considering the impacts on the economy, society and the environment. It is an intentional movement whose objective is to improve the decision-making process, performance, reputation, economic return, and longevity of its operations (IBGC, 2023).

CONFLICT OF AGENCY

At the heart of the debate on Corporate Governance is the problem of agency conflict, that is, the divergence of position that may exist between the owners and managers of the organization. The conflicts that came to exist within the context of organizations promoted the awakening of Corporate Governance, the existence of a structure of relationships, practices and rules that would guarantee the sustainability of the company in the long term (Rossetti; Andrade, 2014).

According to the Code of Best Corporate Governance Practices (2023), situations of conflicts of interest occur when a governance agent has or may have personal, commercial, professional or any other interests that are effective or potentially conflicting with those of the organization.

One of the ways to resolve agency conflict is through the mechanisms offered by Corporate Governance. According to Silva (2017), Corporate Governance is formed by a set of principles and practices, to minimize conflicts of interest between the various agents of the company (agency conflict), aiming to reduce the cost of capital and maximize the value of the organization, as well as the return for investors. Silveira (2015) complements by stating that Corporate Governance establishes an environment in companies where people voluntarily seek to be ethical, follow the rules and make decisions in the best long-term common interest of the organization.

ETHICS

Ethics is a set of principles, values, and moral and conduct norms of an individual or social group or society (Michaelis, 2016). For Singer (2002), ethics can be a set of rules, principles or ways of thinking that guide, or take upon themselves the authority to guide,

the actions of a particular group (morality), it will guide human behavior about what is right or wrong in the actions and decisions taken, seeking to balance individual and collective interests.

Singer (2002) describes in his conception of ethics that by accepting that ethical judgments must be made from a universal point of view, I am accepting that my interests cannot, by the mere fact that they are mine, count more than the interests of anyone else. When I think ethically, my natural concern to see my interests served must be extended to the interests of others.

In this sense, the fact that institutions are made up of people means that business decisions are influenced by human factors. Thus, unethical decisions can negatively impact all those who have a direct or indirect relationship with the company. Acting on ethical principles, on the other hand, praises transparency, becoming an important attribute for the image and reputation of companies. Therefore, it is relevant whether people make ethical decisions or not, as the consequences of these choices can have a significant impact on the lives of others.

According to Santos, Alvares (2020), ethics plays a crucial part for the good performance of the corporation, that is, it exists in all human societies and can be defined as a set of rules, principles, manners that guide or call upon itself the authority to guide the actions of a person or a group, or the systematic study of the argumentation on how to act.

For Neves (2019), business ethics is seen as a constituent element of healthy interaction within an organization, from which customers, employees, and all other components of the corporation maintain a conscious and collective effort, based on mutual respect and a positive governance environment. Therefore, the promotion of an ethical culture is not just a formality, but a strategic initiative that shapes the identity and behavior of an organization (Figueiredo, 2020).

A change is clearly perceived, since ethics was previously seen as a tool to protect partners from fraud and conflicts of interest between managers and governance agents. Now, this vision has expanded to include a broader set of stakeholders, such as: employees, suppliers, customers, community, and society. This shift requires governance agents to adopt a new attitude, recognize and meet all the needs of all stakeholders. This attitude strengthens the company's reputation, contributes to its sustainability and society as a whole.

RESULTS

Corporate Governance is disseminated in companies by the IBGC through the Code of Best Practices, that is, companies are guided by the principles established in the code, which guide their actions and decisions by promoting transparency and organizational ethics. The Code of Best Corporate Governance Practices of the Brazilian Institute of Corporate Governance has undergone an evolution trajectory throughout its editions, reflecting the dynamism of the business scenario and the growing demands for more advanced governance practices. The following is a brief history of the trajectory of disclosure of the Code of Best Corporate Governance Practices:

Chart 4 – History of the Trajectory of the IBGC Code of Best Governance Practices

Edition	Year	Main Focus
1st Edition	1999	It defined essential principles of Corporate Governance in Brazil, focusing on aspects such as the organization of boards and the importance of transparency in financial information.
2nd Edition	2001	He highlighted the relevance of the autonomy of boards and solidified the role of the independent director as an essential element in strategic decisions.
3rd Edition	2004	He emphasized the importance of the independence of boards and consolidated the independent director as a key figure in strategic decision-making.
4th Edition	2009	He presented the concept of compliance and highlighted the relevance of maintaining a good relationship with stakeholders, in addition to integrating internationally recognized governance practices.
5th Edition	2015	It improved previous concepts and included specific guidelines for state-owned enterprises, thus expanding the application of the Code.
6th Edition	2023	A collaborative review was carried out that included the analysis of 15 international codes. This review covers several topics, such as board structure, social responsibility, transparency, business ethics and risk management. All of this contributes to companies improving their governance systems and establishing more robust relationships with their stakeholders.

Prepared by the authors (2024)

The last two codes were chosen for analysis. in the 5th edition, there was an improvement of concepts already existing in the previous code and the inclusion of more specific guidelines for state-owned companies, while in the 6th and last edition, a greater number of guidelines were observed. A term that is widely used is 'inclusive', "which means that there are more chances for different organizations to identify themselves: associations, cooperatives and startups. This new version adopts a principled approach and follows the market trend, which is increasingly attentive to environmental, social, and governance (ESG) aspects" (IBGC, 2024).

Once the object of data collection is highlighted, the data compiled in tables follows.

Chart 5 - Relevance of ethics in the Code of Best Corporate Governance Practices – 5th edition (2015)

Chapter	Item	Description	Page
Presentation - Premises of the Code	Decision-making	It highlights the importance of ethics in organizational decisions.	16
	Organization identity and ethical deliberation	It addresses organizational identity and the importance of ethical deliberation.	17
	Code usage	Guides the conscious and ethical use of the code's guidelines	18
3. Board of Directors	3.4 Transparency	It defines the role of the board of directors in alignment with ethical values.	72
1. Inspection and control bodies	4.1 Audit Committee	It details the role of the audit committee in ethical oversight and internal control.	79
2. Conduct and conflict of interest	5.1 Code of Conduct	It presents guidelines for ethical conduct and management of conflicts of interest.	93

Source: Prepared by the authors (2024)

Based on the information in the table above, in the Presentation - Premises of the code, the item Decision making addresses ethics in its foundations as essential for organizational decision-making, that is, it includes ethical criteria to guide the actions and choices of all involved, in this context, they bring ethics as the basis for decisions to be balanced and transparent.

Also, in the Presentation of the code, ethics appears in the item Organizational Identity, highlighting that it is constituted by purpose, values, and principles. In other words, this definition of Organizational Identity must be related to ethics and reflect the organizational purpose before society. This definition contributes to the construction of an organizational identity and reputation, taking into account the impact of decision-making on stakeholders, society, and the environment, thus reinforcing the social and environmental responsibility of organizations.

Ethics is also discussed in the presentation of the code when it comes to the conscious use and practice of the code's guidelines, and this use is seen ethically when they are applied according to the reality of each organization and that it maintains a commitment to the values of integrity, responsibility and respect for stakeholders.

In chapter 03, ethics is brought as a principle, in the transparency of the board of directors in the disclosure of information in a clear, accessible, and timely manner before stakeholders. This practice builds trust because it demonstrates a commitment to truth and accountability.

The ethical performance of the audit committee is reported in chapter 04, which must be by laws and standards. Ethics ensures that auditing works as an internal control tool, mitigating risks and enabling governance aligned with integrity.

Finally, in chapter 05, ethics is mentioned when talking about the code of conduct, which it establishes clear guidelines on how to deal with conflicts of interest and promotes behaviors that protect the organization from possible ethical deviations. This code guides the actions of all parties involved and reinforces the importance of ethics as a pillar of organizational behavior. The chapters cited between the lines reinforce the role of ethics in promoting a solid, upright and responsible organizational culture, aiming at preserving the organization's reputation, but in an underlying way.

Chart 06 shows the analysis of the 6th edition of the Code of Best Governance Practices and contains the chapters and key topics of the code with a focus on ethics as an essential foundation of Corporate Governance.

Chart 6 - Relevance of ethics in the Code of Best Corporate Governance Practices – 6th edition (2023)

Chapter	Item	Description	Page
1. Fundamentals	1.1 Ethics as the foundation of Corporate Governance	It highlights ethics as a fundamental basis for Corporate Governance.	9
	1.2 Purpose of organizations	It addresses the purpose of organizations within governance.	9
	1.4 Principles of Corporate Governance	It presents the principles that guide Corporate Governance.	11
3. Board of Directors	3.1 Promotion of an ethical culture	It emphasizes the role of the board in promoting a culture of ethics.	18
4. Board of Directors	4.1 Attributions	It defines the responsibilities of the directors.	29
	4.2 Appointment of directors	It reports the process of choosing and appointing directors.	29
5. Inspection and control bodies	5.6 Compliance	It addresses the importance of compliance in organizational control.	34
6. Conduct	6.1 Code of Conduct	It presents the code of conduct and its guidelines.	35

Source: Prepared by the authors (2024)

The 6th edition of the Code of Best Corporate Governance Practices is a consultation and reference instrument for organizations of different sizes, sectors, legal natures and levels of maturity, aiming to contemplate all transformations in society. This 6th edition continues the purpose of the document to present the best practices of Corporate Governance and is even more inclusive, principled and less prescriptive.

The new edition emphasizes ethics and purpose as essential bases of Corporate Governance in chapter 01. This shows an improvement in the understanding of governance, which places a higher value on ethical behavior as an essential value in the organization.

In chapter 01, ethics is present when referring to the principles of governance, which were improved and began to include a new principle (integrity), reinforcing the importance of ethics. The other principles, such as accountability and sustainability, better reflect the objectives and responsibilities of organizations. Ethics, therefore, becomes a particular principle of integrity, in which it permeates transparency, equity and accountability, ensuring that all stakeholders act responsibly, transparently and in line with ethical values.

In chapter 03, ethics appears when the Board of Directors is mentioned, in the orientation to promote an ethical culture in the organization, reinforcing agents to maintain and develop an organizational culture with ethical values, this being a reference for the entire company.

As for the development of the role of the board of directors according to chapter 04, ethics is present when referring to the responsibilities of the board of directors, especially specific ones such as: the definitions of its attributions and the appointment of directors. These processes require strict adherence to ethical principles, as they are fundamental to ensure transparency, equity, and completeness in the decisions and actions of the board.

The specific establishment of these duties of the board demonstrates a clear and responsible commitment to its functions, that is, its activities are conducted ethically and aligned with the interests of the organization and stakeholders. And as for the process of appointing directors, this function must be carried out in an impartial manner and with respect for ethical values, to ensure that the nominations act in accordance with the objectives and principles of the organization.

Also in chapter 05, ethics is addressed in the Inspection and Control Bodies, which are responsible for compliance, an essential element in internal control in which it ensures that processes are by laws and regulations. Adherence to ethical and legal standards contributes to preventing irregularities, reducing risks, and strengthening stakeholder confidence in the organization. In this way, ethics not only guides the conduct of these bodies, but reinforces the importance of practices being aligned with the organization's upright values.

Finally, in chapter 06, ethics is manifested in the importance of the Code of Conduct as an important tool to guide employees in their daily activities. He ensures that everyone has an understanding of what ethical values are and their application in everyday life. The code establishes guidelines so that all employees can apply them in different situations, through integrity, transparency, responsibility and consequently promote the strengthening of the organization's credibility with stakeholders.

Compared to the 5th edition, published in 2015, the current 6th edition highlights ethics and purpose as the foundations of Corporate Governance in almost all chapters, in a relevant and clear way, presenting a new definition of governance and the improvement of its principles, which are: integrity (new principle); transparency; equity; accountability (previously *accountability*) and sustainability (formerly Corporate responsibility).

While in the 5th edition ethics was seen as an underlying, generalized principle, the 6th edition brings an exclusive chapter on the subject, establishing it as the basis for governance. Ethics is no longer seen as just a part of the governance process, but a fundamental foundation that transposes the entire structure of the organization. This change reflects the current scenario in which organizations, investors and everyone involved are inserted, in the search for more transparent, responsible companies aligned with ethical principles.

Chart 07 has a comparison that highlights the main findings between the two versions of the code, that is, it shows the change, the evolution of the presence of ethics as a fundamental principle of Corporate Governance between the editions.

Chart 7 – Comparison between the Main Findings in the 5th and 6th Edition of the Code of Best Corporate Governance Practices

Aspects	5th edition - 2015	6th edition - 2023
Ethics as the basis of governance	It is treated in a generalized and implicit way in the various chapters.	Presented explicitly, as an essential and transversal foundation of governance.
Governance principles	Transparency, equity, accountability and responsibility.	Introduction of a new principle: Integrity, transparency, equity, accountability and sustainability.
Ethics and organizational identity	It appears linked to the composition of the definition of the organization's identity in society, reflected in ethical deliberation (p. 17).	Integrated with the purpose and organizational identity, reinforcing social and environmental responsibility (page 9).
Transparency	Ethics is brought up in the chapter on the board of directors in their functions, such as in the disclosure of information, which must be clear to stakeholders, as this attitude generates trust, commitment to the truth and accountability (page 72).	It reinforces it as part of the principle of integrity and transversality in governance in the face of the attributions of the board of directors with the responsibility of appointments within the organization, as this

		attitude requires a very strong adherence to ethical principles (page 11).
Audit Committee	It highlights the ethical supervision of auditing, as a tool for internal control by standards and laws (page 79).	It is linked to compliance, materializing the principle of integrality. Internal control tool in which it promotes alignment with legal and ethical standards (page 34).
Code of Conduct	Presented as a guideline for the management of conflicts of interests and an organizational ethical behavior. Guide the actions of all involved (p. 93)	The mention of ethics in the code of conduct as an essential tool for propagating ethical values is reinforced (p. 35).
Promotion of ethical culture	It is implicit in the performance of governance bodies.	It is linked to the role of the board of directors (p. 18).

Source: Prepared by the authors (2024)

The table above reveals a great evolution in the way ethics is treated in Corporate Governance by the IBGC. While in the 5th edition ethics was seen implicitly, in the 6th edition, it becomes a fundamental pillar, reflecting a thorough understanding of the role of governance. This change reflects the current scenario in which stakeholders are inserted in the search for more transparent organizations aligned with ethical principles, that is, it reflects social expectations towards stakeholders and society in general. Ethics is not just another desirable practice, another requirement to promote the sustainability and reputation of organizations.

In this evolution brought about by the 6th edition, there was the inclusion of a new principle, integrality and the integration of ethical values to other principles, such as transparency and accountability. In addition, ethics is incorporated into the organizational identity, linking it to social and environmental responsibility, fundamental aspects in a business world that demands greater responsibility.

It has also evolved with the promotion of an ethical culture related to the board of directors, which points to the relevance of exemplary leadership in strengthening organizational values. This highlight reveals that ethics is not limited to formal guidelines and codes but must be experienced and encouraged at all levels of the organization.

It also advanced by transforming the Code of Conduct from a formal document to a fundamental tool in the promotion of organizational values reinforces ethics as an essential basis of corporate culture, reflects a change in the standard of Corporate Governance, which becomes less prescriptive, not only regulatory, but also principled, that is, promoting behaviors aligned with ethical and moral values in the organization.

Therefore, ethics throughout the editions is no longer treated as an implicit element to become the fundamental basis of governance, this promotion reflects the strengthening of organizational practices with the demands of a more transparent and sustainable world. In other words, ethics is consolidated as a structuring principle of governance, leading organizations to face today's challenges with integrality, transparency, responsibility, and commitment to sustainability.

FINAL CONSIDERATIONS

The development of this study allowed us to verify the relationship between ethics and Corporate Governance according to the IBGC, and this Institute is a reference in Corporate Governance in Brazil. At the end of the study, it was possible to affirm that ethics is an essential foundation. The 5th edition of the Code, even indirectly, highlights ethics by guiding Corporate Governance practices to ensure that decisions, actions, and behaviors are guided by integrity and responsibility. By emphasizing ethics in each of the aspects of governance, from decision-making to the code of conduct, the IBGC promotes an organizational culture that values transparency, trust, and commitment to stakeholders.

The 6th edition of the Code reinforces that ethics is not just an isolated principle but the foundation on which all principles and practices of Corporate Governance must be built. It is presented in an explicit and structured way in all chapters, reinforcing it as a fundamental pillar in the governance process. Ethics ensures that organizations are aligned with compliance with laws and regulations, as well as with the expectations of modern society.

The analysis of the editions of the Code of Best Corporate Governance Practices indicates that ethics, in addition to being a guiding principle, is the foundation for organizational decisions, that is, ethics is not limited to compliance with rules and regulations, but is a practice that permeates the organizational culture, promoting trust, integrity and responsibility. These principles not only strengthen the reputation of organizations but also contribute to their sustainability and creation of value for society.

Finally, the study concluded that the Corporate Governance brought by the IBGC is increasingly guided by ethics, and the latter is essential for organizations to face current challenges, ensuring that actions are aligned with the interests of all involved. The adoption of ethical practices becomes a competitive advantage that adds tangible and intangible value to the organization.

For future studies, it is possible to suggest several approaches that will allow a deeper understanding of ethics in Corporate Governance and its implication in the performance of organizations, such as: research on the perception of stakeholders about ethical governance practices; analysis between companies that adopt the Code of Best Corporate Governance Practices and those that do not, in short, these analyses can further propagate the understanding of the role of ethics in Corporate Governance and promote more ethical and effective models of its implementation within organizations.

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