ARTICLE

Evolution in compliance disclosure by Brazilian listed companies during the corruption investigation "Operation *Lava Jato* (Car Wash)"

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Abstract

This study investigates the evolution of compliance disclosure by Brazilian public companies in the context of Operation *Lava Jato* (Car Wash), comparing the opening year and the last year of its protagonism. Using the interpretive paradigm, the Management Reports of 2014 and 2019 of 104 companies listed in the New Market segment of B3 were analyzed through the content analysis technique. The findings indicated a substantial increase in compliance disclosure in the analyzed companies, mainly in categories such as Anti-corruption Policy, Compliance Organizational Culture, Internal Compliance Programs and Processes, and Compliance Legislation and Standards. It was revealed that the disclosure of Monitoring and Risk Management Practices played a relevant role in the voluntary disclosure practices of these entities. The increased compliance disclosure by companies with a strong relationship with the Public Power suggests that coercive pressures of a government nature tend to maximize the adoption of compliance practices and disclosure. The findings contribute from a theoretical perspective by identifying the progress in voluntary compliance disclosure as a response strategy to institutional pressures, especially in companies exposed to coercive governmental pressures. From a practical viewpoint, it contributes by revealing the compliance categories emphasized in the disclosures by Brazilian companies, helping corporate report developers, and informing other economic agents. On a social level, the increased compliance disclosure points to progress in creating conditions that seek to increase confidence among economic agents, thus favoring economic growth.

Keywords: Compliance. Anti-Corruption Practices. New Market. Corporate Governance. Disclosure.

A evolução na divulgação de práticas de compliance por companhias abertas brasileiras no período "Lava Jato"

Resumo

O estudo investiga a evolução na divulgação de *compliance* por companhias abertas brasileiras no contexto da Lava Jato, comparando o ano de início com o último ano de protagonismo da operação. Com base no paradigma interpretativista, foram analisados os relatórios de administração de 104 companhias listadas no segmento Novo Mercado da B3, de 2014 a 2019, por meio da técnica de análise de conteúdo. Os achados indicaram um substancial aumento na divulgação de *compliance* nas companhias analisadas, principalmente em categorias como "política anticorrupção", "cultura organizacional de *compliance*", "programas e processos internos de *compliance*" e "legislação e normas de *compliance*". Revelou-se que a divulgação de práticas de monitoramento e gestão de riscos exerceram um relevante papel nas práticas voluntárias de divulgação de *compliance* dessas entidades. O destacado aumento do *disclosure* de *compliance* por companhias com forte relacionamento com o poder público sugere que pressões coercitivas de caráter governamental tendem a maximizar a adoção de práticas de *compliance* e sua divulgação. Os achados contribuem em termos teóricos ao identificar o avanço na divulgação voluntária do *compliance* como estratégia de resposta a pressões institucionais, com maior efeito em companhias expostas a pressões coercitivas governamentais. Em termos práticos, contribui ao revelar as categorias de *compliance* enfatizadas nas divulgações de companhias nacionais, auxiliando elaboradores de relatórios corporativos e informando demais agentes econômicos. De forma social, o aumento da divulgação de *compliance* aponta avanços na criação de condições que visam aumentar a confiança dos agentes econômicos, favorecendo o crescimento econômico.

Palavras-chave: *Compliance*. Práticas Anticorrupção. Novo Mercado. Governança Corporativa. Disclosure.

Evolución de la divulgación de prácticas de compliance de las empresas brasileñas que cotizan en bolsa en el período "Lava-Jato"

Resumen

El estudio investiga la evolución de la divulgación de *compliance* de las empresas brasileñas que cotizan en bolsa en el contexto de la operación "Lava-Jato". Se analizaron los Informes de Gestión de los años 2014 a 2019 de 104 empresas listadas en el segmento Novo Mercado de B3, a través de la técnica de análisis de contenido. Los resultados indicaron un aumento sustancial en la divulgación de *compliance*, especialmente en categorías Política Anticorrupción, Cultura Organizacional de *Compliance*, Programas y Procesos Internos de *Compliance*, y Legislación y Normas de *Compliance*. La divulgación de prácticas de monitoreo y gestión de riesgos desempeñó un papel relevante en las prácticas de divulgación voluntaria de *compliance*. El aumento destacado de la divulgación de *compliance* por empresas con fuerte relación con el poder público sugiere que las presiones coercitivas de naturaleza gubernamental tienden a maximizar la adopción de prácticas de *compliance* y su divulgación. Los resultados contribuyen en el aspecto teórico al identificar el avance de la divulgación voluntaria de cumplimiento como estrategia de respuesta a las presiones institucionales, con mayor efecto en las empresas expuestas a presiones coercitivas gubernamentales. En cuanto al aspecto práctico, contribuye al revelar las categorías de *compliance* enfatizadas en las divulgaciones de las empresas nacionales, ayudando a los elaboradores de informes corporativos e informando a otros agentes económicos. Para la sociedad, una mayor divulgación del *compliance* indica un avance en la creación de condiciones que buscan aumentar la confianza de los agentes económicos, fomentando el crecimiento económico.

Palabras clave: Compliance. Prácticas anticorrupción. Novo Mercado. Gobernanza Corporativa. Divulgación.

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INTRODUCTION

Compliance is commonly understood as the set of programs or compliance mechanisms used by organizations to guide, prevent, and detect fraudulent, criminal, and illegal behaviors. It also aims to foster an organizational culture focused on compliance with ethical norms and criteria (Chang, 2018; Ragazzo, 2018). Compliance goes beyond auditing and risk management, encompassing employee training and the creation of an organizational culture oriented toward conformity, ensuring that all members of the organization are aware of and adhere to established norms (Porta, 2011).

Due to its alignment with the culture, norms, and values required by the institutional environment, compliance orientation leads to the development of internal mechanisms that enhance organizational legitimacy, creating reputational values in favor of the organization (Burdon & Sorour, 2020).

The lack of compliance mechanisms opens the door to illegal practices. Therefore, the topic has received increasing attention from the legislative sector in Brazil, evident in regulations aimed at preventing corruption by entities, such as the Law of Administrative Misconduct, the General Law on Bidding and Contracts, the Law of Access to Information, the criminalization of international corruption in the Penal Code, the Anti-Corruption Law, and the State-Owned Enterprises Law (Mendes & Carvalho, 2017). Additionally, recognizing the relationship between compliance and organizational reputation, the legislator provides for reputational sanctions in Article 19, II, of Decree 11,129 (Decreto nº 11.129, 2022) for legal entities held responsible for acts against public administration, executed through an extraordinary publication of the sanctioning administrative decision.

The 'compliance' theme gained prominence in the country after recent corporate corruption scandals, especially with the *Lava Jato* (Car Wash) Operation (Ragazzo, 2018). Initiated in 2014, it revealed the involvement of prominent companies in the national scene in illicit practices, such as Petrobrás, Odebrecht, Camargo Corrêa, and Andrade Gutierrez. According to the mentioned study, the *'Lava Jato'* event drew companies' attention to developing more robust compliance programs to prevent and/or detect such deviations.

Considered one of the means of preventing and combating illicit cases, compliance is a requirement for good corporate governance (Silveira, 2002). Therefore, organizations such as the Brazilian Institute of Corporate Governance (IBGC), B3 (Brazilian stock exchange), and the Brazilian Securities and Exchange Commission (CVM) have encouraged publicly traded companies to adopt compliance programs through recommendations of best practices. However, Brazil is still perceived as a country with a high corruption index. In the latest ranking released by Transparency International, Brazil ranks 94th out of 180 countries, with a score of 38 on a scale of 0 to 100, where a higher score indicates a higher perception of the country's integrity (Transparency International, 2021).

Faced with pressures, organizations shape their internal mechanisms to align with external requirements (Durand et al., 2019). Companies face legal and social pressures to implement anti-corruption practices (Bahoo et al., 2020), especially during periods when fraud and corruption cases are uncovered (Castro et al., 2020). Environmental pressures prompt a strategic response from companies to demonstrate social conformity (Oliver, 1991). Thus, companies may be compelled to voluntarily disclose their adherence to compliance standards to gain legitimacy with the external public due to institutional pressures (Öge, 2016; Sarhan & Ntim, 2018). In this scenario, it is assumed that the *Lava Jato* Operation, in addition to its social and legislative consequences, exerted pressures on companies to increase compliance disclosure to gain legitimacy among their stakeholders on the national stage.

In light of the above, this study investigated the evolution of compliance disclosure by Brazilian publicly traded companies in the context of *Lava Jato*, comparing the initial year and the last year of the operation's prominence. Specifically, the research identified the categories of compliance disclosure that showed the most evolution during the period, as well as the sectors and companies that made the most progress in this regard, aiming to understand the reasons for changes in the disclosure pattern.

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Recent studies have been conducted on Brazilian companies focusing on compliance and corruption-related topics. Pavesi (2016) assessed anti-corruption disclosure practices of publicly traded companies in the B3 *Novo Mercado* listing segment, based on data collected in 2015 and 2016. Melo (2019) evaluated the levels of disclosure of anti-corruption compliance practices and their relationship with the phases of transient competitive advantage of listed companies in the B3 *Novo Mercado* listing segment, based on data from the 2017 fiscal year. Carraro (2020) developed a transparency index for compliance programs and assessed the transparency of these programs in Brazilian financial sector companies based on data collected in 2019.

This research advances by investigating the characteristics of compliance disclosure by publicly traded companies listed on the B3 *Novo Mercado* segment, by not being limited to evaluating anti-corruption practices and making a comparison of this disclosure between 2014 and 2019. Thus, this investigation allows evaluating the evolution in compliance disclosure characteristics during the period of the *Lava Jato* Operation, a significant event that drew the attention of companies and Brazilian society to this issue.

Corruption negatively impacts the economic development of countries, often deterring foreign direct investments due to increased perceptions of political and economic risks and the direct and indirect costs associated with corruption (Doh et al., 2003). In this vein, corruption is associated with higher volatility in the capital markets of emerging countries (Zhang, 2012), higher cost of capital, devaluation of stocks, and poor corporate governance (Ng, 2006). In Brazil, Padula and Albuquerque (2018) identified negative effects on the value of Brazilian state-owned companies due to expose of corruption networks by the *Lava Jato* Operation, indicating a flight of financial resources and a decline in economic growth.

For this reason, studies discussing compliance in companies are socially relevant, as increased transparency and the fight against corruption are necessary steps for the development of emerging countries (Zhang, 2012). According to Padula and Albuquerque (2018), it is essential to restore Brazil's credibility in the face of corruption schemes revealed by the *Lava Jato* Operation, as compliance policies are seen as tools to reduce perceived risk by investors and a consequent capital flight.

REVIEW OF LITERATURE

In the 1980s, with the studies of Verrecchia (1983) and Dye (1985), an approach in accounting research known as Disclosure Theory began to consolidate. In this area of investigation, the aim is to examine the determinants and effects of corporate information disclosures (Enache & Hussainey, 2020). The dissemination of information can occur either compulsorily, through legal force, or voluntarily; the latter aspect is the most focused on in the Disclosure Theory, as emphasized by Dye (2001). Behind the disclosure, there is the corporation's premise of obtaining direct and indirect benefits (Park et al., 2019), guiding the decision regarding the type and quantity of information that will be conveyed to the market.

It is noteworthy that voluntary information is related to the discretion of managerial disclosure (Hesarzadeh et al., 2020). Therefore, the choice to withhold or publish information about the company depends on a series of determinants involved in the motivations of administrators when taking such action (Baik et al., 2018; Verrecchia, 1983). Shou et al. (2022) comment that executives consider aspects of return for the company in both the short and long-term concerning the informational needs of different stakeholders. Despite possible conflicts regarding disclosure drivers over time, the purpose is to enhance the organization's market image, thereby achieving profitability.

This position aligns with one of the points explained by Gibbins et al. (1990) that voluntary disclosure is centrally linked to corporate credibility and influences the building and maintenance of corporate reputation. The pursuit of reputation is considered a driver for the disclosure of corporate information (Bravo, 2016). Corporate reputation is related to the collective perception of past corporate actions and expectations regarding the company's ability to meet the interests of stakeholders (Pérez-Cornejo et al., 2019). At high levels, corporate reputation can bring benefits to the organization, such as a reduced risk of bankruptcy (Góis et al., 2020), improved financial and operational performance (Weng & Chen, 2017), and an increase in the company's value (Wei et al., 2017).

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The disclosure of information plays a crucial role in reducing information asymmetry between executives and stakeholders (Healy & Palepu, 2001; Romito & Vurro, 2021). This reduction in information asymmetry helps mitigate agency conflicts, as there is greater equality of information among different parts of the company, making opportunistic behaviors of administrators more challenging (García-Sánchez & Noguera-Gámez, 2017). According to Nagar and Schoenfeld (2021), in the agency relationship, disclosures assist in monitoring management, allowing shareholders to demand changes and contractual sanctions in the case of unsatisfactory performance and/or expropriation. As demonstrated by the authors, the market reacts positively when shareholder agreements include rights to private information from the administration. This underscores the relevance attributed by market agents to corporate disclosures.

Furthermore, the content disclosed by companies expresses agreement with the expectations of stakeholders and legal and regulatory aspects (Sarhan & Ntim, 2018). This conformity is commonly known as compliance and should include measures aimed at guiding, preventing, and detecting fraudulent, criminal, and illegal behaviors within an organization. This is achieved through a set of compliance programs or mechanisms directed at adhering to ethical standards and criteria (Clamer, 2018).

Compliance seeks to strengthen internal controls and protection, serving as an auxiliary mechanism in risk management and forming the foundation for guiding corporate practices (Aguilar et al., 2021). Implementing compliance-oriented management expresses a commitment to the continuous improvement of corporate behavior by complying with mandatory elements and implementing best practices to prevent voluntary misconduct (Fasterling, 2012). Despite its role in fraud detection and prevention, compliance goes beyond that, becoming an internal element that positively impacts the reputation and legitimacy of organizations (Burdon & Sorour, 2020).

Thus, the administration of an organization that adheres to compliance creates an organizational culture that enables the early identification of unethical practices through collaborative mechanisms, favoring the prevention of such behaviors (Ragazzo, 2018). Chang (2018) notes that compliance involves different principles, such as ethical standards for the administration and employees of the organization, composition and operation of boards, disclosure of financial and non-financial information, remuneration of directors and executives, risk management, auditing, shareholder relations, and respect for the interests of stakeholders. To fulfill these elements, management must develop a set of mechanisms that ensure the continuity and maintenance of compliance (Santana & Silva, 2020).

The implementation of a compliance-oriented culture has noticeable effects on combating corruption within organizations (Blanc et al., 2019; Damania et al., 2004; Öge, 2016). According to Damania et al. (2004), there is a negative relationship between corruption and compliance, as the decrease in the former is caused by the increase in the latter. The implementation of compliance mechanisms has implications beyond control and compliance, as it successfully prevents corrupt practices by instilling fear in professionals who do not believe in the effectiveness of anti-corruption actions, dreading discovery and punishment (Hauser, 2019). However, Öge (2016) emphasizes that, for compliance policies to be effective, they must be disclosed, preserving the good practice of transparency in corporate actions. According to the author, the disclosure of compliance assists shareholders in making investment decisions, also contributing to monitoring the behavior of company leaders by market agents as a way to inhibit unethical practices.

According to Batory (2012), since corrupt actions occur privately among some individuals in the organization, constant disclosure of compliance actions is appropriate to deter potential corrupt schemes. It is worth noting that compliance management acts preventively, as corruption brings losses to the company, primarily related to its reputation (Fasterling, 2012; Öge, 2016). Additionally, the discovery of corrupt practices leads the organization to expend time and resources to mitigate the severity of impacts on the market (Shrives & Brennan, 2017). Thus, publications on compliance can be seen as a firm's dissemination strategy to influence stakeholders' perception of its conduct, demonstrating consistency with what is expected of the company (Blanc et al., 2019).

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PROCEDURES AND METHODOLOGY

This investigation adopts an interpretative epistemological paradigm, characterized by a broader approach and the construction of models where findings result from interaction with collected data (Blaikie, 2010).

The research focuses on comparing compliance disclosures in the year the *Lava Jato* operation began and its last prominent year. The year 2014 was chosen because it marked the start of the *Lava Jato* Operation and the enactment of Law No. 12,846 (Lei nº 12.486, 2013), holding legal entities accountable for illicit acts against public administration (Lei nº 12.486, 2013). The choice of 2019 is justified as it is the year before the COVID-19 pandemic, an extreme situation that significantly influenced corporate disclosure behavior from 2020 onwards (Larcker et al., 2020). This decision is also influenced by the fact that, in 2020, the Law on Abuse of Authority (Lei nº 13.869, 2019) came into effect, seen as detrimental to anti-corruption efforts in the country and potentially weakening actions like those promoted by *Lava Jato* (Organisation for Economic Co-operation and Development, 2019; Ramalhoso, 2019). Therefore, the research question's response is facilitated by analyzing more precise and relevant time demarcations, rather than an analysis for each year of the operation's duration.

Companies listed on the B3 *Novo Mercado* segment must adhere to specific compliance requirements (B3, 2021). In similar studies, Pavesi (2016) and Melo (2019) analyzed *Novo Mercado* companies, finding that this segment has the highest level of corporate governance and the obligation to "[...] implement compliance functions, internal controls, and corporate risk" (Melo, 2019, p. 51). Thus, in line with Pavesi (2016) and Melo (2019), companies listed on the B3 *Novo Mercado* segment during the investigation period were analyzed. It was considered that these companies are homogeneous in terms of disclosure requirements and have a higher number of compliance requirements to be met, allowing for a comparison with the results of the mentioned studies.

Based on this selection, companies were chosen according to the following criteria: listed on the *Novo Mercado* segment in both 2014 and 2019 simultaneously, and the availability of the management report. In the two years analyzed, 110 companies were listed in this segment. However, as six of these did not have a management report at the time of data collection, 104 companies constituted the analysis corpus for this study.

The research employed a qualitative approach, complemented by a quantitative approach. The initial application of a qualitative approach is based on Saccol (2009), who states that adopting an interpretative paradigm leads to the use of qualitative research methods. According to Denzin and Lincoln (Transparency), qualitative research seeks to clarify a phenomenon through interpretative practices, adopting a broad approach that develops throughout the investigation.

The qualitative stage began with the interpretation of meanings using content analysis techniques and thematic categorization of data. Identification of compliance categories was based on in-depth reading of the management reports of the studied companies. This involved exploring the material, treating the results through inference and interpretation, and following systematic procedures inherent to content analysis and related to message production conditions (Saldaña, 2015). As a result, compliance disclosure categories and their respective frequencies were formed.

Qualitative interpretive research, according to Saccol (2009, p. 254), "[...] may occasionally use qualitative research methods and techniques as aids or complements to a broader qualitative study." Therefore, regarding quantitative analysis, to explain the evolution of compliance disclosure in the analyzed companies, an analysis of categories, sectors, and companies with greater evolution in this aspect was conducted contrasting 2014 and 2019.

The procedure was as follows: (i) analysis of the variation in occurrences of compliance disclosure by categories; (ii) analysis of the variation in occurrences of compliance disclosure by sector; (iii) analysis of categories with the most variation in sectors with the highest variation in compliance disclosure; (iv) analysis of the variation in occurrences of compliance disclosure by company; (v) analysis of categories with the most variation in companies with the highest variation in compliance disclosure.

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DATA ANALYSIS AND DISCUSSION

To carry out the analysis, we initially sought to identify compliance disclosure codes that showed the most progress during the period. To do so, a thorough reading of the management reports of the companies that constituted the analysis corpus was conducted. Through a qualitative approach, data emerged that, throughout the process, led to the identification of 38 codes (Appendix 1) related to compliance disclosure, confirmed in accordance with legal correspondences and literature (Decreto nº 8.420, 2015; Figueiredo, 2015; Instrução CVM 480, 2009; Pinheiro & Alves, 2017). These codes were grouped into six compliance categories, as outlined in Table 1. Each identified category covers the main aspects addressed by the analyzed companies.

Table 1
Compliance Categories

Group	2014	%	2019	%	Δ%
Anti-corruption policy	35	6%	91	8%	160%
Compliance company culture	44	7%	108	9%	145%
Compliance internal programs and processes	169	29%	400	35%	137%
Compliance norms and legislation	72	12%	161	14%	124%
Internal areas dedicated to compliance	180	31%	277	24%	56%
Compliance corporate documents	89	15%	122	11%	37%
Total/Δ	589	100%	1159	100%	97%

Source: Research data.

In general terms, there was a 97% increase in the occurrence of themes related to compliance in the management reports of the analyzed companies in the year 2019 compared to 2014. It is observed that the variation between the analyzed years and the absolute quantity of occurrences per category was mainly due to the expansion in the approach to anti-corruption policy; organizational culture of compliance; internal compliance programs and processes; and compliance legislation and standards.

The 'anti-corruption policy' category showed a growth of 160% during the period. It encompasses organizational mechanisms implemented to detect and prevent corruption practices, not only internally but also in relations with external agents. Among these mechanisms, Reporting Channelsbr (32 occurrences in 2019, representing an increase of 191%) and Anti-Corruption, Bribery, Kickbacks, or Facilitation Payments Programs codes (with 46 occurrences and an increase of 156%) stood out. This category is observed in Blanc et al. (2019), which points out that advances in anti-corruption policies inhibit harmful practices to the organization and demonstrate concern for stakeholders.

Next, organizational culture of compliance and internal compliance programs and processes complement each other. There advanced 145% and 137% in their disclosure, respectively. The first category consists mainly of internal mechanisms related to the organization, related to Ethical Principles (30 occurrences in 2019, indicating an increase of 58%) and Training and Compliance Culture codes (38 occurrences in 2019, an increase of 280%). The second is based on formal mechanisms and internal processes, such as Risk Assessment and Mitigation Processes (238 occurrences in 2019, an increase of 59.5%) and Compliance Program (67 occurrences in 2019, an increase of 319%). Thus, the disclosure of formal and cultural directions is notable, indicating the organization's concern not only with organizational practices but also with promoting a culture of compliance (Clamer, 2018; Porta, 2011).

The 'legislation and compliance standards' category includes codes related to national legal aspects (39 occurrences in 2019, representing an increase of 56%), pressures from global organizations, such as the UN Global Compact with Anti-Corruption Commitment (23 occurrences in 2019, an increase of 229%), in addition to internal policies and standards (89 occurrences in 2019, an increase of 162%), aiming to minimize illegal practices in organizations. This category showed an advance of 124%, indicating that the concern for compliance goes beyond the organization (Mendes & Carvalho, 2017) and that there are external pressures that lead to its adoption, aiming to protect investors and other stakeholders, thus inducing compliance with internal policies and standards.

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In order to provide explanations for the evolution in the disclosure of compliance by the analyzed companies, an analysis of sectors and companies with the greatest evolution in this aspect was conducted. Table 2 presents the analysis of occurrences related to sectors.

Table 2
Occurrences of Compliance Disclosure by Sector

Sector	Quantity of Occurrences					Average per Company	
	2014	%	2019	%	Δ%	2014	2019
Industrialized goods	74	12,56%	278	23,99%	276%	4,63	17,38
Communication	11	1,87%	12	1,04%	9%	11,00	12,00
Consumer Cyclicals	168	28,52%	260	22,43%	55%	4,67	7,22
Consumer Non-cyclicals	80	13,58%	138	11,91%	73%	7,27	12,55
Finance	99	16,81%	130	11,22%	31%	7,07	9,29
Basic goods	8	1,36%	7	0,60%	-13%	2,00	1,75
Oil, gas and biofuel	10	1,70%	65	5,61%	550%	2,50	16,25
Health	25	4,24%	36	3,11%	44%	3,57	5,14
Information technology	24	4,07%	16	1,38%	-33%	8,00	5,33
Utilities	90	15,28%	217	18,72%	141%	11,25	27,13
Total	589	100%	1159	100%	197%	5,66	11,13

Source: research data.

As Table 2 shows, the average disclosure of compliance themes per company jumped from 5.66 occurrences in 2014 to 11.13 in 2019. Among the sectors that showed the most relevant positive variations and contributed more significantly to this fluctuation between the years analyzed are: (i) industrialized goods, (ii) oil, gas, and biofuels, and (iii) utilities. Comparing with the results of Pavesi (2016), it is possible to corroborate the perception that, in the period closer to the beginning of *Lava Jato* Operation, companies in the utilities sector had a higher disclosure of elements related to compliance, which intensified during the event. Although the oil, gas, and biofuels sector initially showed low compliance disclosure, it experienced a significant increase in 2019, no longer being one of the sectors with lower disclosure, indicating a more recent development. These changes in compliance over the two observed years indicate the relevance attributed by companies to the disclosure of the implementation of good corporate practices that prevent deviations, seeking to meet stakeholders' expectations (Fasterling, 2012; Sarhan & Ntim, 2018).

Regarding the analyzed companies, Appendix 2 includes occurrences of compliance disclosure per company. In summary, Table 3 presents the main occurrences in each year, both in absolute variation and in percentage variation.

Table 3
Major occurrences of compliance disclosure by company

Company	2014	2019	Δ	Δ%
CCR SA	3	102	99	3400%
EcoRodovias	0	54	54	-
Engie Brasil	15	60	45	400%
Sabesp	33	77	44	233%
Ultrapar	2	53	51	2650%
Valid	1	46	45	4600%

Source: research data.

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It is interesting to note that among the companies highlighted in Table 3, three belong to the industrial goods sector (CCR, EcoRodovias, and Valid), two belong to the utilities sector (Engie Brasil and Sabesp), and one belongs to the oil, gas, and biofuels sector (Ultrapar). These sectors show a higher variation between the analyzed years (Table 2).

CCR demonstrated relevance in three out of the four categories with the most overall oscillation. Valid, Ultrapar, and Engie Brasil stood out in two of the main categories. EcoRodovias presented variation in one of the four main disclosure categories. Sabesp, on the other hand, stands out for an increase in compliance disclosure elements dispersed across all categories. The result suggests that companies used different information disclosure strategies, demonstrating, regardless of how they did it, an attempt to improve corporate image in the eyes of shareholders and other stakeholders (Bravo, 2016; Gibbins et al., 1990; Romito & Vurro, 2021).

Analyzing the attributes of the mentioned companies, it is first possible to identify that they have in common regulation by specific agencies. Companies like CCR and EcoRodovias, operating in road concessions in the country, are regulated by state agencies such as the São Paulo State Transportation Agency (Artesp), Rio de Janeiro State Transport Regulatory Agency (Agetransp), and Paraná State Regulatory Agency (Agepar). Ultrapar, in the business of exploring, refining, and distributing fuels, is regulated by the National Petroleum Agency (ANP). Valid operates in the digital certificate sector and is regulated by the Brazilian Public Key Infrastructure (ICP-Brasil). Engie Brasil, an electric power company, is regulated by the National Electric Energy Agency (ANEEL). Sabesp, operating in water and sanitation, is regulated by the São Paulo State Public Services Regulatory Agency (Arsesp).

It is also possible to identify a strong presence of companies that trade with the public administration in this set, either through concessions (CCR, EcoRodovias, Engie Brasil, and Sabesp) or by offering products and services (Valid), as reported by the company itself (Valid, 2021). It is inferred, therefore, that the highlighted companies have a strong relationship with the public sector, either through regulation or commercial relations.

It can be seen that some of the highlighted companies suffered, directly or indirectly, the effects of *Lava Jato* Operation. In the case of direct allegations, mentions to Sabesp (Leite & Serapião, 2017), CCR, EcoRodovias (Rizério, 2018), and Engie Brasil, formerly Tractebel (Martins, 2017) can be observed. Indirect reflections should also be considered, as there were allegations directed at shareholders. This occurred with CCR, which has as one of its main shareholders the construction companies Andrade Gutierrez and Camargo Corrêa (CCR, 2021); and with EcoRodovias, controlled by the CR Almeida group (Gazeta do Povo, 2015), also mentioned in *Lava Jato* Operation (Antonelli, 2016).

This finding aligns with the statement made by Transparency International Brazil (Transparência Internacional Brasil, 2018) when evaluating the transparency of corporate reports of the 100 largest companies and the 10 largest banks in Brazil. According to the organization, companies investigated or convicted in corruption cases, such as those revealed by *Lava Jato* Operation, showed high levels of transparency in corporate reports. This can be attributed to massive investments in compliance disclosure, adopted as a strategy to mitigate financial and reputational losses and in response to social pressures due to involvement in corruption scandals.

The findings of this study indicate that companies that showed greater evolution in compliance disclosure in management reports during the *Lava Jato* Operation period are primarily in the process of reconfiguring competitive advantage, as outlined by Melo (2019). Furthermore, it is understood that the dissemination of anticorruption compliance is employed as a strategic resource for reconfiguration aiming to maintain competitiveness in the market, as presented in Blanc et al. (2019).

In summary, these findings indicate a substantial increase in compliance disclosure in the management reports of companies listed on the B3 *Novo Mercado* segment during the *Lava Jato* Operation period, especially regarding monitoring and risk management practices. This evolution is mainly due to the expanded disclosure of these practices by companies with a strong relationship with the public sector, directly or indirectly affected by *Lava Jato* Operation and/or in the process of reconfiguring transient competitive advantage.

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CONCLUSIONS

With the aim of providing input to stakeholders and promoting transparency regarding organizational compliance, this research investigated the evolution in the disclosure of compliance practices by Brazilian publicly traded companies during the *Lava Jato* Operation period. The analysis conducted in this investigation revealed that the disclosure of compliance by companies listed on the B3 *Novo Mercado* segment intensified in 2019 compared to the year 2014, showing a 97% increase in occurrences in management reports.

The main categories of compliance disclosure observed during the process and analysis were: corporate documents for compliance, internal areas dedicated to compliance, legislation and compliance standards, internal compliance programs and processes, organizational culture of compliance, and anticorruption policy. In light of the Disclosure Theory, it is understood that the highlighted categories – especially the last four – played a relevant role in the voluntary disclosure of compliance by these companies, leading to the pursuit of legitimacy with external stakeholders in the national post-*Lava Jato* scenario.

Exploring the variation of compliance by sector, it was found that, in terms of the growth of compliance disclosure, the industrial goods, oil, gas, and biofuels, and utilities sectors stood out. These sectors notably showed a special concern with the disclosure of risk assessment and mitigation processes. This reveals the increasing importance attributed by companies in these sectors to compliance elements, as these not only reduce the risks of potential deviations in corporate conduct but also signal to stakeholders the company's efforts to safeguard good practices, aiming at building and maintaining reputation and corporate image in the market.

The analysis of individual companies highlighted a greater emphasis on compliance adherence in the following organizations: CCR, EcoRodovias, Ultrapar, Valid, Engie Brasil, and Sabesp. These companies directly transact with the public administration and are subject to intense scrutiny by state and federal regulatory agencies. In the organization-specific analysis, therefore, the scenario of coercive pressures to ensure compliance with legal requirements is observed, as direct relations with the public sphere demand greater adaptation to processes and standards. Thus, the disclosure regarding the compliance of these companies goes beyond a mere conformity of actions. However, it should be emphasized that, during the analysis, it was observed that, even though compliance is a coercive aspect, these organizations value this condition in their voluntary disclosure.

In terms of contributions, this research identifies and discusses, from a theoretical perspective, the progress in voluntary compliance disclosure and its maintenance by organizations after the *Lava Jato* Operation event, as well the enactment of laws aimed at minimizing corruption. It is inferred from the findings that situations in the environment in which organizations operate have the power to influence other actors in the examination of management reports, including timely information to demonstrate their concern with the company's reputation. Additionally, it is observed that coercive pressures of a governmental nature tend to maximize the adoption of compliance practices.

From a practical perspective, the research contributes by identifying compliance categories that help in understanding the main themes related to this subject and allows organizations to identify points that are not yet covered in their governance, enabling them to develop a more effective compliance program and voluntarily disclose such facts in their reports. The highlighting of categories assists not only management reports preparers but also economic agents, such as companies, governments, auditors, shareholders, regulators, and investors. These agents seek to ensure that companies comply with applicable laws and regulations, as well as encourage good corporate governance. The disclosure of compliance helps ensure that companies are meeting legal requirements and improves their transparency, thus increasing investor confidence and reducing the perception of risk. Therefore, based on the results of this research, it is noted that companies used management reports to provide a response to various stakeholders who showed a greater concern with the compliance of Brazilian companies.

This research helps stakeholders, in the social aspect, highlighting compliance disclosure as an element aimed at increasing trust and, consequently, benefiting the capital market and society in various ways. For example, compliance disclosure can increase market transparency and the perceived integrity of stock prices, allowing investors to be better informed when making decisions about investments. In addition, its effective application can help reduce risks related to corruption, fraud,

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and market manipulation, potentially resulting in greater confidence and liquidity in markets. This, in turn, would expand the capital supply to finance economic development projects. As a result, compliance contributes to creating favorable conditions for economic growth. The findings that reveal the increase in this disclosure by companies point a progress in this direction.

The categories established during in-depth reading are subject to the researcher's interpretation in the analysis process, whose results emerge from interaction with the textual material, which is a limitation related to the chosen method for research based on the interpretative epistemological paradigm. However, it is understood that the methodology employed allowed the identification of groups of compliance categories that enable future investigations.

Thus, it is recommended that this findings be correlated with financial and non-financial indicators of the studied companies, in order to assess the impact of compliance disclosure on their performance and possible differences between category groups. Treatment of this data through quantitative analysis methods and through a positivist paradigm is suggested to seek to strengthen and generalize the results. It is also recommended to evaluate the institutional pressures that led companies to adopt compliance and adjust their reports. As a continuation of the study, an in-depth analysis of the main categories highlighted and how they can impact competitive advantages for the organization, based on a broader range of economic and financial information, would be appropriate.

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APPENDIX 1

Table A
Research and Disclosure Categories

	Group	2014	%	2019	%	Δ%
	Corporate Documents for Compliance	89	3%	122	100,00%	37%
1	Code of Conduct	16	0,61%	29	23,77%	81%
2	Code of Ethics	26	1,00%	40	32,79%	54%
3	Bylaws	47	1,81%	37	30,33%	-21%
4	Principles and Integrity Guide	0	0,00%	16	13,11%	-
	Internal Departments Dedicated to Compliance	180	7,38%	277	100%	54%
5	Compliance Committee	1	0,04%	8	2,89%	700%
6	Internal Auditing	27	1,04%	84	30,32%	211%
7	Internal Control	23	0,88%	48	17,33%	109%
8	Auditing Committee	64	2,46%	82	29,60%	28%
9	Ethics Committee	14	1,00%	17	6,14%	21%
10	Arbitration Chamber	50	1,92%	38	13,72%	-24%
11	Compliance Area	1	0,04%	0	0,00%	-100%
	Compliance Legislation and Norms	72	2,77%	161	100%	124%
12	Conformity with Internal Norms and Policies	34	1,31%	89	55,28%	162%
13	Law 12846/13	6	0,23%	10	6,21%	67%
14	Conformity with Legislation	25	0,96%	39	24,22%	56%
15	UN's Global Anti-Corruption Commitment Pact	7	0,27%	23	14,29%	229%
	Internal Programs and Processes of Compliance	169	6,48%	400	100%	137%
16	Review of Internal Processes	4	0,15%	24	6,00%	500%
17	Compliance Program	16	0,61%	67	16,75%	319%
18	Risk Mitigation and Evaluation Processes	111	4,26%	238	59,50%	114%
19	Ethical Processes	0	0,00%	3	0,75%	-
20	Ethics Program	0	0,00%	7	1,75%	-
21	Integrity Program	0	0,00%	7	1,75%	-
22	Search for Integrity Standards in Processes	3	0,12%	4	1,00%	33%
23	Evaluation of Conflicts of Interest	35	1,34%	48	12,00%	37%
24	Tax Compliance	0	0,00%	2	0,50%	-
	Compliance Organizational Culture	44	1,68%	108	100%	145%
25	Compliance Training and Culture	10	0,38%	38	35,19%	280%
26	Organizational Integrity	1	0,04%	2	1,85%	100%
27	Ethical Principles	19	0,73%	30	27,78%	58%
28	Compliance Culture	10	0,38%	15	13,89%	50%
29	Ethical Culture	0	0,00%	1	0,93%	-
30	Compliance Presidency	0	0,00%	5	4,63%	-
31	Ethical Handling	0	0,00%	8	7,41%	-
32	External Compliance Monitoring	4	0,15%	9	8,33%	125%

(Continue)

Evolution in compliance disclosure by Brazilian listed companies during the corruption investigation "Operation *Lava Jato* (Car Wash)"

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	Group	2014	%	2019	%	Δ%
	Anti-Corruption Policy	35	1,35%	91	100%	160%
33	Reporting Channel	11	0,42%	32	35,16%	191%
34	Anti-Corruption, Bribery, Kickbacks, or Facilitated Payments	18	0,69%	46	50,55%	156%
35	Due diligence	2	0,08%	4	4,40%	100%
36	Controlling Transactions with Public Agents	2	0,08%	9	9,89%	350%
37	Ombudsman	1	0,04%	0	0,00%	-100%
38	Penalties for Behaviors in Disagreement with the Organization's Policies	1	0%	0	0%	-100%
	Total	589	100%	1159	100%	97%

Source: research data.

Evolution in compliance disclosure by Brazilian listed companies during the corruption investigation "Operation *Lava Jato* (Car Wash)"

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APPENDIX 2

Table B
Occurrences of Compliance Disclosure by Company

Company	2014	2019	Δ	Δ%	Company	2014	2019	Δ	Δ%	Company	2014	2019	Δ	Δ%
Alper S.A.	10	0	-10	0%	Fleury	7	17	10	243%	Paranapanema	5	6	1	120%
Anima	0	0	0	-	Gafisa	4	7	3	175%	PDG Realt	1	2	1	200%
Arezzo Co	0	0	0	-	Generalshopp	2	2	0	100%	Petrorio	7	1	-6	14%
B2W Digital	16	9	-7	56%	Grendene	7	3	-4	43%	Pomifrutas	2	0	-2	0%
B3	31	22	-9	71%	Helbor	1	1	0	100%	Porto Seguro	12	11	-1	92%
BBSeguridade	4	38	34	950%	Hypera	7	5	-2	71%	Portobello	0	0	0	-
Biosev	0	0	0	-	Iguatemi	2	2	0	100%	Positivo Tec	6	2	-4	33%
Br Brokers	1	0	-1	0%	Inds Romi	0	0	0	-	Profarma	3	3	0	100%
Br Malls Par	4	13	9	325%	Iochp-Maxion	3	3	0	100%	Qualicorp	6	0	-6	0%
Br Propert	1	1	0	100%	JBS	12	32	20	267%	Raiadrogasil	0	2	2	-
Brasil	19	19	0	100%	JHSF Part	23	5	-18	22%	RNI	1	1	0	100%
Brasilagro	0	2	2	-	JSL	3	7	4	233%	Rossi Resid	3	0	-3	0%
BRF SA	8	41	33	513%	Kroton	12	21	9	175%	Sabesp	33	77	44	233%
CCR SA	3	102	99	3400%	Le Lis Blanc	2	1	-1	50%	São Carlos	0	0	0	-
Cia Hering	0	24	24	-	Light S/A	5	2	-3	40%	Ser Educa	8	5	-3	63%
Cielo	7	16	9	229%	Linx	12	2	-10	17%	SLC Agrícola	3	13	10	433%
Copasa	10	24	14	240%	Localiza	22	61	39	277%	Smiles	10	10	0	100%
CPFL Energia	16	15	-1	94%	Locamerica	2	32	30	1600%	Springs	1	1	0	100%
CPFL Renovav	4	3	-1	75%	Log-In	0	0	0	-	Technos	3	0	-3	0%
CR2	1	2	1	200%	Lojas Marisa	1	0	-1	0%	Tecnisa	0	15	15	-
CSU Cardsyst	20	0	-20	0%	Lojas Renner	9	11	2	122%	Tegma	1	4	3	400%
Cyre Com-Ccp	4	3	-1	75%	Lopes Brasil	2	3	1	150%	Terra Santa	15	0	-15	0%
Cyrela Realt	1	2	1	200%	Lupatech	0	0	0	-	Tim Part S/A	11	12	1	109%
Direcional	0	0	0	-	M.Diasbranco	4	14	10	350%	Time For Fun	0	0	0	-
Duratex	0	0	0	-	Magaz Luiza	1	3	2	300%	Totvs	6	12	6	200%
Ecorodovias	0	54	54	-	Marfrig	12	26	14	217%	Trisul	1	1	0	100%
Embraer	38	36	-2	95%	Metal Leve	14	20	6	143%	Triunfo Part	0	0	0	-
Enauta Part	1	11	10	1100%	Metalfrio	2	1	-1	50%	Tupy	0	17	17	-
Energias Br	6	31	25	517%	Mills	0	6	6	-	Ultrapar	2	53	51	2650%
Eneva	1	5	4	500%	Minerva	2	1	-1	50%	Unicasa	1	2	1	200%

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Company	2014	2019	Δ	Δ%	Company	2014	2019	Δ	Δ%	Company	2014	2019	Δ	Δ%
Engie Brasil	15	60	45	400%	Mmx Miner	1	0	-1	0%	Valid	1	46	45	4600%
Eternit	5	4	-1	80%	MRV	4	3	-1	75%	Viver	0	0	0	-
Even	1	1	0	100%	Natura	22	9	-13	41%	Weg	1	1	0	100%
Eztec	2	2	0	100%	Odontoprev	2	0	-2	0%	Yduqs Part	13	12	-1	92%
Fer Heringer	2	1	-1	50%	Ourofino S/A	0	9	9	-	Total	589	1159	570	197%

Source: research data.Fonte: Dados da pesquisa.