

**Activities of the Ethics and Business Conduct Department (EBC)  
in Fiscal Year 2019**

**Report to the Board from the  
Human Resources Committee\***

**Meeting of July 24, 2019**

The Human Resources Committee (HRC) discussed the Activities of the Ethics and Business Conduct Department (EBC) in Fiscal Year 2019 (HRC2019-0005). This meeting serves as the annual update to the Committee and no formal decision is sought.

Management presented the progress in implementing EBC's FY19-21 strategy and its plans for prevention, building trust and accountability. Management has made progress in tackling sexual harassment by launching the Action Plan to Prevent and Address Sexual Harassment. Management has made progress to reduce the length of investigations, increase training opportunities, enhance trust by publishing misconduct cases, develop measurement indicators and an action plan to prevent and address retaliation, and help guide the Bank to embed ethics in various activities. Management informed that EBC will be expanding its global footprint to provide support to country offices by recruiting Ethics Officers in Africa and Europe, and establishing the position of an anti-harassment coordinator to help address cases that do not explicitly constitute a misconduct but are deemed inappropriate behavior. On general trends in FY19, Management explained that in FY19, 134 allegations flowed through the investigative process from the intake to the preliminary inquiry stage as compared with 135 allegations in FY18. EBC substantiated 19 allegations of misconduct, of which six were sexual harassment allegations and one was sexual exploitation. Management noted these results are broadly in line with comparable organizations. Management explained that the number of sexual harassment allegations decreased from 35 allegations in FY18 to 28 in FY19. Management attributed this decline to an increase in training, and education on preventing and addressing sexual harassment. Management announced that the new Code of Ethics and Conduct will be adopted in the Fall of 2019 to inform staff of expected behaviors and values and to help shape corporate culture.

Members welcomed the update and commended EBC for its considerable progress including in implementing the strategy, increasing training and global footprint, promoting the Code of Conduct, reducing the time for investigations, and tackling harassment including hiring an anti-harassment coordinator and launching the Sexual Harassment Action Plan. Members underscored the importance of creating an ethical culture at the Bank which requires setting the tone from the top and ensuring that staff behaviors align with the Bank's core values. In that regard, they inquired about assessing the effectiveness of the ethics programs and measuring cultural change. Members also applauded EBC's disclosure of substantiated cases noting that it promotes transparency. However, they expressed concerns on the lack of transparency related to sanctioning staff for substantiated cases, and noted the Staff Association's comments with respect to an independent disciplinary committee to enhance consistency and replace HRDVP's decision-making discretion. Members noted management's response that this proposal has been carefully considered and EBC's efforts to enhance the parties' due process rights at the decision-making stage. Members were also concerned with the low number of cases reported at IFC as well as possible underreporting by vulnerable groups. Members agreed with the proposal for a bi-annual update on the progress of EBC's activities going forward.

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\* This report is not an approved record.