



BIO's Grievance Mechanism Policy

March 2022

1. INTRODUCTION

BIO requires each portfolio company to provide an appropriate grievance mechanism that is available to potentially affected stakeholders.

Nonetheless, BIO recognises that individuals and communities that are subject to risks or impacts from BIO or our portfolio companies also need to be able to lodge a grievance directly to BIO. Therefore, BIO's Grievance Mechanism is set up to respond in a timely manner to legitimate grievances and demands for redress by people affected (or potentially affected) by projects financed by BIO.

BIO's Grievance Mechanism promotes a more inclusive and sustainable development by giving affected people a greater voice in projects that impact them. This mechanism takes place in the wider dialogue with communities and stakeholders that BIO seeks at effectively implementing and maintaining as part of our corporate social responsibility.

The Mechanism is aligned with the other policies of BIO, notably the [E&S Policy](#) and the [Disclosure Policy](#).

2. KEY ROLES AND RESPONSIBILITIES

The independence of BIO's Grievance Mechanism, particularly its organizational independence from the management structures, is fundamental so that all stakeholders can build trust on it. BIO's Grievance Mechanism works as a facilitator in order to find a mutually acceptable solution to legitimately questioned situations, in the respect of each party's rights and obligations, and without favouring one position or another.

To this purpose, the Mechanism is managed by BIO's Internal Audit function, which adheres to the Institute of Internal Auditors' Code of Ethics and is governed by the principle of independence. Concretely, it means the Internal Audit is responsible for receiving the grievances, assessing their admissibility, performing preliminary analyses, proposing actions to the governing bodies, and maintaining contact with the parties involved.

The Internal Audit reports directly to the Audit Committee, which is entrusted with the overall accountability and decision-making responsibility of BIO's Grievance Mechanism. BIO's Audit Committee is composed of a chairman and two members, who are all non-executive Directors, and two commissioners from the Belgian government are observers.

3. SCOPE

The grounds on which a grievance could be submitted encompass two main categories:

<p>ENVIRONMENT & SOCIAL</p>	<p><u>Material adverse effects with respect to environmental or social matters</u></p> <p>It may concern, without being limited to, labour and working conditions, damage to natural resources (e.g. pollution), human rights abuse, involuntary resettlement, etc.</p> <p>Further information on E&S topics can be found in BIO's E&S policy.</p>
<p>BUSINESS INTEGRITY</p>	<p><u>Illegal or unethical business practices</u></p> <p>It includes, without being limited to, non-compliances with legal provisions and deviations from good practices with respect to money laundering, fraud, corruption, bribery (e.g. facilitation payments), conflict of interests, business collusions, etc.</p>

4. ADMISSIBLE COMPLAINANTS

Who can submit a grievance through BIO's Grievance Mechanism?

- a) An individual or a group of individuals that believes it is adversely affected by an operation (co-)financed by BIO or potentially affected by an operation considered for support by BIO.
- b) A duly appointed local representative acting on behalf of affected people, insofar the representative clearly identifies the people on whose behalf the grievance is made and provides explicit evidence of legitimacy to present the grievance on their behalf.
In exceptional cases, for instance in the event appropriate representation is not locally available, a non-local representative acting on behalf of affected people is admissible, provided that the representative submitting the grievance contends that appropriate representation is not locally available and that the Audit Committee so agrees at the time they consider the grievance.
- c) A member of the staff, management or governing bodies of any company taking part in an operation financed by BIO (e.g. investee, other co-investors, etc.).

5. ELIGIBILITY CRITERIA

A grievance shall be deemed eligible for further investigation if it meets each of the following criteria:

- 1) The project which is the subject of the grievance is supported or is being considered for support by BIO;
- 2) At least one component of the project which is the subject of the grievance can be plausibly linked to the alleged adverse effect(s);
- 3) The alleged adverse effect(s) falls into the scope of BIO's Grievance Mechanism (cf. Section 3 above);
- 4) The grievance is lodged by an admissible complainant (cf. Section 4 above);
- 5) The grievance is submitted in good faith and is aligned with the primary purpose of BIO's Grievance Mechanism¹.

Any grievance which does not meet all eligibility criteria shall not lead to further procedures.

6. PROCESS

How to submit a grievance

Any admissible complainant can lodge a grievance in one of the available languages (English, Spanish, French and Dutch) by using the dedicated form on BIO's website. We will also consider complaints in other languages spoken by those affected by BIO's portfolio companies or projects, although processing times may need to be extended for the translation of documents.

If necessary, grievances can also be sent to BIO's Grievance Mechanism by sending an email or a letter.

¹ Abuses of the Mechanism include, but are not limited to, the cases in which:

- a. the grievance is submitted for the purpose of unduly obtaining compensation;
- b. the grievance is submitted solely for the purpose of delaying the implementation of the project;
- c. the mechanism is used for the purpose of damaging the credit or reputation of any participant to the project;
- d. the grievance is submitted for political purposes unrelated to the project;
- e. the grievance contains material falsehood.

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An acknowledgement of receipt shall be delivered for any grievance lodged through the system within 5 working days of its receipt.

Which information to provide

Any grievance should contain, in substance, the following information:

- The identity of the complainant(s): name(s), address(es) and other contact information.
If deemed necessary, the complainant can decide not to disclose his/her identity. Nonetheless, a proper identification of the complainant enables the establishment of a channel of communication in case further information is necessary for a proper processing of the grievance. It also prevents malicious or abusive use of the Mechanism. **In any event, BIO's Grievance Mechanism shall respect the strict confidentiality of the complainants' identity (cf. Section 9 on Protection).**
- If the party submitting the grievance is doing so on behalf of an affected person or community, it must identify on whose behalf the grievance is made. It must also present evidence that it has been requested to present the grievance on behalf of the project-affected people/person.
- A description of the project financed or under consideration by BIO, as far as it may be known to the complainant.
- A description of the situation which is the subject of the grievance:
 - Environmental or social impacts: A statement of the way in which the complainant believes he/she has been, or is likely to be, affected by environmental and/or social impacts of the project.
 - Business integrity: description of the non-compliance with law and regulations or deviation from good practices in the field of business integrity.
- Explanation about whether and how the complainant attempted to resolve the problem, including any contact with the portfolio company or BIO staff, as well as any legal actions.

Screening for admissibility and preliminary assessment

BIO's Internal Auditor is responsible for handling any grievance entered in BIO's Grievance Mechanism.

After acknowledgement of receipt, the Internal Auditor will screen the grievance for admissibility by assessing whether it complies with the scope of the Mechanism (see section 3), the admissible complainants (see section 4) and the eligibility criteria (see section 5). If the initial submission is not clear, the Internal Auditor shall seek additional information or clarification from the complainant.

Once the Internal Auditor determines a grievance eligible, he will conduct an assessment of the grievance to develop a thorough understanding of the issues and concerns raised in the grievance and to determine which procedures the parties seek to initiate (e.g. dispute resolution). To this extent, the Internal Auditor may:

- Consult existing documentation about the project which is subject to the grievance;
- Engage with the complainant and BIO's portfolio company (the parties);
- Identify the local communities and any additional stakeholders relevant to the grievance.

Conclusions from admissibility screening and preliminary assessment shall be presented to the Audit Committee, which decides on the most suitable actions to take: investigation, dispute resolution, compliance review or closure.

The Internal Auditor shall inform the complainant of the decision made by the Audit Committee. Except for very complex grievances, this phase should not take more than one month from the acknowledgement of receipt.

Investigation

Depending on the circumstances and on the complexity of the situation subject to the grievance, the investigation shall be conducted by BIO's internal auditor, external consultants, internal experts (e.g. Environmental & Social team) or a mix of them. The Audit Committee is responsible for determining the most suitable mix of expertise, that also warrants the appropriate independence and impartiality of the investigation.

Procedures carried out during an investigation include, but are not limited to:

- Reviewing documentation concerning the project subject of the grievance;
- Meeting with the complainant, BIO staff, the portfolio company, government officials of the country where the project is located, representatives of local and international non-governmental organisations, and other stakeholders;
- Visiting project sites and carrying out fact finding missions.

A reasonable timeframe for this phase should not exceed three months, but it could be extended to six months where necessary due to the specific circumstances of the case, in particular the nature and complexity of the subject of the grievance, which may require a lengthy investigation.

Dispute resolution

Engaging in a dispute resolution process is a voluntary decision and requires agreement between the complainant and investee, at a minimum. The main objective of the dispute resolution is to resolve issues raised about the environmental and/or social impacts of BIO's portfolio companies/projects and improve outcomes on the ground. As a non-judicial, non-adversarial, neutral forum, BIO's Grievance Mechanism approach provides a process through which parties may find mutually satisfactory solutions. This role facilitates an approach that ensures equitable treatment of participants in a dispute resolution process.

If the parties agree to seek joint resolution to the issues, a mutually agreed process will be designed and implemented. Each approach will be chosen in consultation with the parties, and may include:

- Facilitation and information-sharing;
- Joint fact-finding;
- Dialogue and negotiation;
- Mediation and conciliation.

When the parties have reached an agreement, BIO's Internal Audit function will assist the parties in monitoring implementation of the agreement. This may be achieved by setting mutually agreed timelines and outcome indicators within the body of the agreement.

Compliance review

It consists in investigating the compliance of BIO with its own policies and procedures designed to avoid or minimise harm to people or the environment. Such review takes place at the level of the project subject to the grievance.

BIO's Grievance Mechanism expects this phase to take no more than one month.

7. REMEDY

BIO's Grievance Mechanism aims to support victims in accessing effective remedy. Remedy is understood in the sense of the United Nations' Guiding Principles on Business and Human Rights (UNGPs) and may include apologies, restitution, rehabilitation, financial or non-financial compensation, as well as the prevention of harm through, for example, guarantees of non-repetition.

In situations where BIO contributed (or may contribute) to an adverse impact, usually through an investment (or potential investment) in a portfolio company causing the harm, BIO shall use its leverage on the portfolio company to mitigate any remaining impact to the greatest extent possible. If necessary, BIO may also decide to cease (or prevent) its contribution to the harm, for instance by suspending or terminating the business relationship.

In situations where BIO has caused the harm, for instance by failing to comply with its own policies and procedures such as the environmental and social due diligence or monitoring, BIO's Grievance Mechanism shall take the necessary steps, appropriate to the company's size and circumstances, to ensure the provision of remedy.

BIO's Grievance Mechanism is not a legal enforcement mechanism and does not confer or preclude any rights of access to justice to complainants. Complainants are also free to use any other complaint mechanism, such as the [Belgian OECD National Contact Point](#) or the mechanism of other co-financiers of the investment subject to the grievance.

8. INFORMATION & REPORTING

BIO's Grievance Mechanism seeks to ensure that (potential) aggrieved parties have reasonable access to sources of information about the Mechanism. To this purpose, the Mechanism was made clearly visible and easily accessible on BIO's website, and communication about the Mechanism was provided to BIO's key stakeholders. Contractual clauses concerning the Mechanism are also included in the financing agreement signed with clients.

During any grievance procedure, the Mechanism shall inform the complainant at the completion of every step of the process and shall provide feedback about the status of the grievance at least every three months from the latest communication.

At the completion of the procedures, an internal report on each grievance including recommendations shall be prepared and submitted to the Audit Committee. Recommendations may be operational corrective actions or improvements to existing policies or procedures. Where possible and appropriate, a corrective action plan is drafted and presented to the investee.

BIO's Grievance Mechanism will report annually to BIO's Audit Committee on the complaints received and handled during the year, and on the actions taken to promote or improve BIO's Grievance Mechanism. This report will be published on BIO's website, with due care for the confidentiality of the complainant's identity and in accordance with BIO's [Disclosure Policy](#).

9. PROTECTION

BIO's Grievance Mechanism's core purpose is to provide complainants with an effective, fair and credible tool to facilitate the resolution of disputes. Complainants' ability to safely file complaints without fear of retaliation is an essential prerequisite for the Mechanism to achieve its mission.

BIO's Grievance Mechanism is committed to assessing, preventing and addressing risks of reprisals relating to its processes to the best of its ability. In particular, the Mechanism takes the safety of complainants and others who engage in its processes very seriously and seeks to respond appropriately and timely to threats or incidents of reprisals.

The approach for addressing the risk of reprisal relies on three pillars: confidentiality, zero-tolerance policy for reprisals and proactive dialogue.

Confidentiality The identity of the complainant shall not be disclosed to anyone beyond the staff members competent to receive or follow up on grievances, without your explicit consent, unless required where necessary and proportionate in the context of investigations by national authorities or judicial proceedings. This shall also apply to any other information from which the identity of the complainant may be directly or indirectly deduced.

Zero-tolerance for reprisals BIO does not tolerate any form of retaliation or reprisal against anyone who may file a grievance or otherwise engage with BIO's Grievance Mechanism, and we will, to the best of our possibilities, take necessary steps to prevent and discipline such actions. In this respect, specific contractual clauses are included in the financing agreement signed with each portfolio company and, in case of breach, legal remedies may be actioned by BIO. BIO's Grievance Mechanism will also systematically work closely with the person(s) concerned to identify and implement appropriate measures when responding to threats or incidents of reprisals.

Proactive dialogue BIO's Grievance Mechanism is not an enforcement mechanism and therefore, BIO cannot assure legal protection against retaliation or reprisal from external parties. BIO's Grievance Mechanism strives to be realistic and transparent about the limitations of its mandate and capabilities. Recognizing that people affected by projects financed by DFIs may be vulnerable, BIO's Grievance Mechanism is available to any potential complainant that would like to confidentially discuss any concerns related to risks of reprisal prior to the submission of any grievance. With such proactive dialogue early in the process, BIO's Grievance Mechanism supports the complainants in actively thinking about their own safety and considering measures they can take to reduce risks.

10. RECORD KEEPING & PERSONAL DATA PROCESSING

The register of all grievances lodged in BIO's Grievance Mechanism as well as all information collected in the course of handling procedures shall be duly filed and archived by BIO's Internal Auditor, ensuring strict restricted access and confidentiality.

BIO's Grievance Mechanism may include processing of personal data regarding complainants and/or persons covered by the grievances. BIO is committed to protecting personal data in compliance with the General Data Protection Regulation ("GDPR") and the Belgian law of 30 July 2018 on the protection of natural persons regarding the processing of personal data.

Personal data is processed in order to administer and evaluate the grievances and to investigate the issues raised in the grievances. BIO will process personal data based on a legitimate interest, since BIO has a strong interest to comply with international guidelines regarding environmental consideration, human rights, working conditions, anti-corruption and business ethics. BIO has appropriate technical and organisational measures to protect personal data and will only disclose personal data to third parties (e.g. portfolio companies or competent authorities) to the extent required to conduct the investigation or take remedial actions. Personal data may be transferred to a country which may not have data protection laws as strict as those in the European Union/ European Economic Area and in such cases, BIO will put in place appropriate safeguards to protect personal data in connection with the transfer. Personal data will not be kept longer than necessary in order to finalise the investigation, unless the investigation leads to actions or legal proceedings.

If your personal data is processed by BIO, you have the right to request information about what personal data BIO holds about you and request inaccurate information to be corrected. In some circumstances and in accordance with applicable law, you may have the right to request that all your personal data is erased, that the processing of your personal data is restricted or object to the processing of your personal data. If you have any questions or concerns regarding the processing of your personal data, you may primarily contact BIO's Data Protection Officer at DPO@bio-invest.be. If you have complaints regarding the processing of your personal data, you may also contact the [Belgian Data Protection Authority](#). For more information, please consult [BIO's Policy Statement](#).

11. MONITORING

BIO's Grievance Mechanism shall keep records of lessons learnt while processing the grievances and evaluate its performance on an ongoing basis. The Mechanism may be amended accordingly where appropriate, also taking into account the stakeholder's feedback.