



## BIO's Grievance Mechanism – Operating Rules

### 0. INTRODUCTION

BIO's Grievance Mechanism is a citizen-driven accountability mechanism that responds to grievances and demands for redress by people affected or potentially affected by projects financed by BIO. This promotes more inclusive and sustainable development by giving affected people a greater voice in projects that impact them.

This mechanism takes place into the wider dialogue with communities and stakeholders that BIO seeks at effectively implementing and maintaining as part of our corporate social responsibility. Furthermore, this mechanism is an essential monitoring tool for BIO to manage risks and impacts in a structured way and on an ongoing basis, in accordance with internationally accepted standards and guidelines<sup>1</sup>.

### 1. KEY ROLES AND RESPONSIBILITIES

The management of BIO's Grievance Mechanism is assigned to BIO's Internal Audit (IA) function, notably for the purpose of securing independence and impartiality. It means the IA is responsible for receiving the complaints, assessing their admissibility, performing preliminary analyses and proposing actions to the governing bodies.

The IA reports functionally to the Audit Committee, which is entrusted with the overall accountability and decision-making responsibility of BIO's Grievance Mechanism, as part of the Audit Committee's oversight role on BIO's internal control and risk management systems. 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.

### 2. CORE PRINCIPLES

In the course of its duties, BIO's Grievance Mechanism adheres to the following core principles:

**Independence** – The independence of BIO's Grievance Mechanism, particularly its independence from the management structures, is fundamental so that all stakeholders can build trust on it. To this purpose, the Mechanism is managed by BIO's Internal Audit function, which is governed by the principle of independence and which reports directly to BIO's Audit Committee and Board of Directors.

**Impartiality** – 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 without favouring one position or another. By adherence to the Institute of Internal Auditors' Code of Ethics, the IA exhibits the highest level of professional objectivity in gathering, evaluating and communicating information about situations being examined, makes a balanced assessment of all the relevant circumstances and is not unduly influenced by specific interests in forming judgments.

**Integrity and professionalism** – BIO's internal auditor is a certified internal auditor and in this respect, he performs his work with honesty, diligence and responsibility, he observes the law and he does not

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<sup>1</sup> Amongst others: *United Nations Guiding Principles on Business and Human Rights (UNGPs)*, *IFC Performance Standards on Environmental and Social Sustainability* (2012), *OECD Recommendation of the Council for Development Co-operation Actors on Managing the Risk of Corruption* (2016), and *Committee of Sponsoring Organizations of the Treadway Commission (COSO) -Internal Controls Integrated Framework* (2013).



engage in acts that are discreditable to him, his profession or the organization. In consequence, the integrity of BIO’s Grievance Mechanism establishes trust and thus provides the basis for reliance on its judgment.

**Transparency** – BIO’s annual report shall systematically include a paragraph on BIO’s Grievance Mechanism, detailing the number of complaints received and their outcome, with proper respect of confidentiality and privacy, in particular about the complainants’ identity.

**Accessibility** – BIO shall endeavour to make the barriers to access the Mechanism as low and the process as simple and user-friendly as possible. As a matter of illustration, the complaint’s form is available in four languages.

**Responsiveness** – BIO’s Grievance Mechanism shall acknowledge all complaints received and shall keep the complainants informed all along the procedure, as well about the admissibility of the complaints based on eligibility criteria as about the investigations carried out.

### 3. SCOPE

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

<b>Environment &amp; Social</b>	Material adverse effects with respect to any of the following items: Labour and Working Conditions; Resource Efficiency and Pollution; Community Health, Safety, and Security; Land Acquisition and Involuntary Resettlement; Biodiversity Conservation and Sustainable Management of Living Natural Resources; Rights of Indigenous People; Cultural Heritage; etc.  Further information can be found in E&S policy on <a href="#">BIO’s website</a> .
<b>Governance &amp; Business Integrity</b>	Non-compliance 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.

Complaints may address investments as well as technical assistances and feasibility studies (co-)financed by BIO.

### 4. ADMISSIBLE COMPLAINANTS

Who can submit a complaint 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 complaint is made and provides explicit evidence of legitimacy to present the complaint 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, insofar the representative submitting the complaint contends that appropriate representation is not locally available and the Audit Committee so agree at the time they consider the complaint.
- c. A member of the Board of Directors, an Executive Director, an Authorised Representative or a staff member of a company taking part to an operation financed by BIO (e.g. investee, other co-investors, etc.).



## 5. ELIGIBILITY CRITERIA

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

1. The project which is the subject of the complaint is supported or is being considered for support by BIO;
2. At least one component of the project which is the subject of the complaint can be plausibly linked to the alleged adverse effect(s);
3. The alleged adverse effect(s) falls within at least one of the two aforementioned categories of scope of BIO's Grievance Mechanism;
4. The complaint is lodged by an admissible complainant as defined supra;
5. The complaint is submitted in good faith and is aligned with the primary purpose of BIO's Grievance Mechanism. Abuses of the Mechanism include, but are not limited to, the cases in which:
  - a. the complaint is submitted for the purpose of unduly obtaining compensation;
  - b. the complaint is submitted solely for the purpose of delaying the implementation of the project;
  - c. the mechanism is utilized for the purpose of damaging the credit or reputation of any participant to the project;
  - d. the complaint is submitted for political purposes unrelated to the project;
  - e. the complaint contains material falsehood.

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

## 6. PROCEDURE

### *How to submit a complaint*

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.

If necessary, grievances can also be sent to BIO's Grievance Mechanism by sending an email or a letter. Please find below the contact details:

BIO'S GRIEVANCE MECHANISM  
Belgian Investment Company for Developing Countries SA/NV  
Rue des Petits Carmes 24A  
1000 Brussels  
Belgium

Email address

An acknowledgement of receipt shall be delivered for any complaint lodged through the system.

### *Which information to provide*

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

- The identity of the complainant(s): name(s), address(es) and other contact information.

A proper identification of the complainant prevents a malicious or abusive use of the Mechanism. It also enables the establishment of a channel of communication in case further information are necessary for a proper processing of the complaint. **BIO's Grievance Mechanism guarantees the strict confidentiality of information concerning complainants' identity.**

- If the party submitting the complaint is doing so on behalf of an affected person or community,



it must identify on whose behalf the complaint is made. It must also present evidence that it has been requested to present the complaint 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 to the complaint:
  - Environmental or social impacts: A statement of the way in which the complainant believes it has been, or is likely to be, affected by environmental and/or social impacts of the project.
  - Governance and business integrity: description of the non-compliance with law and regulations or deviation from good practices in the field of governance or business integrity.
- Explanation about whether and how the complainant attempted to resolve the problem, including any contact with BIO staff, investee or host government and legal actions.

### ***Screening for admissibility and preliminary assessment***

BIO's Internal Audit (IA) function is responsible for handling any complaint entering BIO's Grievance Mechanism.

After acknowledgement of receipt, the IA will screen the complaint 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 IA will seek additional information or clarification from the complainant.

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

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

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

The IA shall inform the complainant on the decision made by the Audit Committee. If a decision is taken to reject the complaint, the IA informs the complainant about the rationale for this decision and closes the file on the complaint.

### ***Investigation***

Depending on the circumstances and on the complexity of the situation subject to the complaint, the investigation shall be conducted by BIO's internal auditor, external consultants, internal experts (e.g. Environment & Social team) or a mix of them. The Audit Committee is responsible for determining the most suitable mix of expertise and for warranting the strict respect of the Mechanism's principles, notably the independence and impartiality.

Procedures carried out during an investigation includes, but is not limited to:

- Reviewing documentation filed by BIO;
- Meeting with the complainant, BIO staff, the investee, government officials of the country where the project is located, representatives of local and international nongovernmental organizations, and other stakeholders;
- Visiting project sites;
- Consulting scientific literature and publications relevant to the issues of harm raised in the complaint.



### ***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 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.

Where the parties have reached 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 of conducting an investigation about the compliance of BIO with its own policies and procedures designed to avoid or minimize harm to people or the environment. Such review takes place at the level of the project subject to the complaint.

Findings of non-compliance lead to a responsibility on the part of the management of BIO to take responsive actions to restore compliance and provide redress for harm that may have occurred. Actions may notably include strengthened supervision and monitoring, changes in project implementation and measures to avoid or mitigate adverse impacts.

### ***Reporting and transparency***

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 annual report will include information on operations of BIO's Grievance Mechanism, including the number of complaints received and their results. Subject to BIO's disclosure policy and/or relevant legislation, information identified as confidential or sensitive may not be disclosed.

### ***Recordkeeping***

The register of all complaints lodged into 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 Audit function, ensuring strict restricted access and, where possible, deploying chain of custody measures.

### ***Monitoring***

BIO's Internal Audit function shall keep records of lessons learnt while processing the complaints and report to the Audit Committee at least every two years about the performance of BIO's Grievance Mechanism, which includes formulating recommendations for amending the procedures if deemed necessary.