

Policy for the Complaint Mechanism of KfW Development Bank

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I. List of abbreviations

BMZ	German Federal Ministry for Economic Cooperation and Development
ESS	World Bank Environmental and Social Standards
EHS	Environmental, Health and Safety
GDPR	General Data Protection Regulation
ILO	International Labour Organisation
IFC PS	IFC Performance Standards
KfW	Kreditanstalt für Wiederaufbau
UNGP	United Nations Guiding Principles on Business and Human Rights

II. Glossary

Action Plan: The plan for addressing the findings of the Compliance Review and drawn up by the Operational Units of KfW Development Bank within 90 Business Days of submission of the final Compliance Review report and agreed with the Management Committee.

Admissible Complaint: Complaint that meets the admissibility criteria defined in this Policy.

Business Day: A working day at KfW at its site in Frankfurt am Main, Germany.

Central Complaints Office: Unit of KfW Development Bank responsible for handling environmental, social and human rights Complaints.

Complaint: A text form notification from a Complainant addressed to KfW Development Bank regarding Harm related to a Project. In exceptional cases, a Complaint can also be submitted in other forms of communication.

Complainant: The persons or groups affected by Harm related to a Project and who therefore submit a Complaint.

Compliance Review: A two-stage procedure to investigate whether (i) KfW Development Bank has adhered to the Standards which are applicable to the relevant Project and regarding which the Complaint is lodged, (ii) whether Harm has occurred or is reasonably likely to occur and (iii) whether the alleged Harm is linked to the Project. If applicable, the procedure will entail recommendations for Remedial Actions.

Dispute Resolution: Procedure aimed at resolving the conflict underlying a Complaint through the involvement of all relevant parties in a consensual process.

Financial Intermediary (FI): An intermediary legal person or institution that receives funds or guarantees or the benefit of guarantees from KfW and, if applicable, other donors, including national and regional development banks or funds and special-purpose vehicles in order to pass them on to final or intermediate clients or to grant guarantees. Financial intermediation also includes the provision of funds or guarantees by financial intermediaries to other financial intermediaries.

Harm: Adverse impacts on legal interests or rights protected by the Standards, which impacts are not insignificant and have either already occurred or, after reasonable review of the individual case, are reasonably likely to occur.

KfW Development Bank: KfW, acting in relation to the business area of financial cooperation in developing and transition countries.

Management Committee: The management level responsible for the strategic and operational management of KfW Development Bank within KfW.

Operational Units: Employees of KfW who are involved in the design, implementation and supervision of the financing by KfW Development Bank of Projects implemented by the Partner. Operational Units may consist of various experts, including portfolio managers, technical experts, environmental and social experts, procurement managers and other specialists.

Organization: Any unit, association or group around which civil society organises itself voluntarily and represents the persons concerned. Organizations include community-based organizations, civil society organizations, non-governmental organizations, indigenous organizations, or trade unions.

Partner: KfW's contracting party responsible for the Project implementation.

Prior Resolution: Procedure whereby the processing of the Complaint is delegated to the Operational Unit for a limited period of time. The procedure offers the opportunity to seek prompt resolution with the Complainants and other parties involved.

Project: A project financed or supported through guarantees by KfW Development Bank as part of German financial cooperation or conducted on behalf of other contracting authorities or financial partners.

Remedial Actions: Actions aimed at making it possible to remedy Harm linked to Projects. It includes redress, compensation, rehabilitation or other forms of relief at the level of the Project recommended under the procedures set out in this Policy.

Representative: A person or organization authorised by the Complainant(s) to assist in filing a Complaint with KfW Development Bank. The authorisation must be given in writing.

Reprisals: Adverse action recommended, threatened or (directly or indirectly) taken against a person to silence them, prevent their interaction with the Central Complaints Office or prevent the submission or further processing of a Complaint. Possible forms of Reprisals may include harassment, attempted intimidation, discriminatory treatment, withholding claims, endangering livelihood or reputation, and threats of physical violence, criminalisation or detention.

Standards: All relevant standards, principles, guidelines, procedures and processes referenced in KfW Development Bank's Sustainability Guideline that establish the environmental, social and human rights requirements applicable to a Project. If, as part of the Complaints procedure, it is assessed whether KfW Development Bank has adhered to the applicable Standards in relation to a Project, the Standards applicable to the relevant Project at the time of conclusion of the contract with KfW must serve as the basis for this assessment.

Sustainability Policy: The Sustainability Guideline of KfW Development Bank in the version applicable at the time of conclusion of the contract. The Sustainability Policy describes the principles and procedures for dealing with environmental, social and climate aspects in the context of the preparation and implementation of Projects.

UNGP: The UN Guiding Principles on Business and Human Rights, a global standard endorsed by the United Nations Human Rights Council to prevent and remedy infringements on human rights in the context of business operations.

III. Introduction

3.1 Applicability

This Policy applies to all Projects financed or supported through guarantees by KfW Development Bank for which contracts with KfW have been executed after publication of this Policy and which include a reference to this Policy.¹ KfW Development Bank will endeavour to also apply this Policy to Complaints regarding Projects for which a contract with KfW was executed without reference to this Policy.

3.2 Background information

(1) In accordance with its business purpose, KfW Development Bank is active in countries facing crises, conflicts and political instability and where there are deficits in respecting human rights. As a financial institution, KfW Development Bank's influence on the general human rights situation is limited. However, efforts are made to explore the potential in Projects to integrate human rights concerns and to support Partners in the implementation of international standards.

(2) In order to ensure that Projects are implemented sustainably and have a positive impact on social wellbeing and the environment, they are comprehensively and systematically assessed to assure compatibility with environmental and social standards, and other important aspects of development impacts. Compliance with the Standards is contractually agreed upon.

(3) This Policy defines the purpose, scope, operating principles and procedures for the Complaint Mechanism of KfW Development Bank. Processes outlined enable external parties to submit a Complaint regarding a Project.

3.3 Applicable principles

(1) In order to assure that the principles presented in KfW's policy statement on human rights are appropriately implemented and safeguarded in practice, KfW Development Bank upholds that all activities and decisions of the Complaint Mechanism are in accordance with these principles. Complaints are handled fairly, transparently and accountably, respecting the principles of accessibility, impartiality and confidentiality. By applying these standards, KfW Development Bank aims not only to ensure compliance with human rights, but also to actively contribute to their promotion and respect in order to strengthen the trust of affected persons and communities.

(2) The Complaint Mechanism, in accordance with KfW's policy statement on human rights, is guided by the UN Guiding Principles for Business and Human Rights (UNGP) and other international human rights instruments, including the Universal Declaration of Human Rights, the European Convention on Human Rights and the core labour standards of the International Labour Organisation (ILO). In particular, the Complaint Mechanism takes into account the UNGP criteria for non-judicial grievance procedures in order to ensure that concerns are handled fairly and transparently.

(3) The Complaint Mechanism is guided by the Standards referenced in the Sustainability Policy of KfW Development Bank, which establishes the environmental, social and human rights requirements applicable to a Project.

3.4 Publication of reports

In order to ensure transparency and accountability, the Central Complaints Office of KfW Development Bank will make the following information and documents relating to Complaints publicly available on its website in English and German, taking into account data privacy and confidentiality obligations as applicable to KfW and as specified further in paragraph 3.5:

- a) The annual Complaints report. The report includes an analysis of the most common reasons for Complaints, along with the resulting learning and improvement measures;
- b) A register of all admissible and inadmissible Complaints;
- c) The result of the preliminary assessment in regard to the decision on further processing of the Complaint;

¹ Technically, the clause will be incorporated into all draft agreements prepared after publication. Exceptions apply with regard to some of KfW's multilateral implementation partners due to the specific nature of these partnerships; applicability will be further assessed until the first review.

- d) The report of the Dispute Resolution procedure if agreement of all parties to its publication;
- e) The initial assessment report of the Compliance Review procedure;
- f) The full Compliance Review report and, if applicable, the associated Action Plan;
- g) Annual monitoring reports for the Dispute Resolution and Compliance Review procedures.

3.5 Confidentiality, banking secrecy and data privacy

- (1) KfW is subject to applicable law and, in particular, the legal requirements of data privacy and banking secrecy. This means that KfW must treat customer-related information and personal data confidentially. The Complainant's personal data will only be shared with third parties after the Complainant has provided legally compliant consent.
- (2) Any publication of information or documents within the framework of the Complaint Mechanism will take into account the applicable legal provisions and the confidentiality agreements with Complainants and the other parties involved and shall be anonymised if necessary. Personal data relating to natural persons is not included in published reports.
- (3) The data protection principles of KfW Development Bank can be viewed [here](#) on the KfW Development Bank website.
- (4) The obligation to respect confidentiality extends to the period after the Complaint procedure has been concluded. KfW retains the personal data of the Complainant and all natural persons involved only until the purpose is fulfilled and no other applicable retention periods prevent its deletion.

IV. The Central Complaints Office of KfW Development Bank

4.1 Mandate, scope, and functions of the Central Complaints Office

The aim of the Complaint Mechanism is to protect and promote the rights of affected individuals and communities and to facilitate access to remedy in case of non-compliance with the Standards and/or Project-related Harm. It provides a transparent and accessible platform for submitting Complaints related to environmental, social and human rights issues, thereby supporting the implementation of the Standards.

(2) The Complaint Mechanism conducts the complaints process in accordance with the provisions of this Policy and strives for a timely resolution with the Complainants and other parties involved. At the same time, the receipt and handling of Complaints is intended to strengthen KfW Development Bank's accountability to affected individuals and communities and to facilitate continuous improvement in the Projects. Furthermore, the mechanism fosters dialogue between the parties involved to collaboratively find mutually acceptable solutions and enhance trust in the Projects.

(3) The following types of procedures are available:

- a) **Prior Resolution:** The handling of the Complaint is delegated to the Operational Unit for a limited period of time. The procedure provides the opportunity to seek prompt resolution on issues raised in the Complaint (see **section 7.1 Prior Resolution**);
- b) **Dispute Resolution:** The aim of this procedure is to resolve the conflict underlying a Complaint through a consensual process involving all relevant parties. KfW Development Bank and the Central Complaints Office play a supportive role in ensuring fair process by giving equal consideration to all parties involved. KfW Development Bank may also provide logistical support (see **section 7.2 Dispute Resolution**);
- c) **Compliance Review:** This procedure examines whether KfW Development Bank has adhered to the Standards applicable to a Project to which the Complaint relates, whether Harm has occurred or is reasonably likely to occur, and whether Harm is linked to the Project, and, if applicable, it provides recommendations for Remedial Actions. (see **section 7.3 Compliance Review**).

(4) In addition, the Central Complaints Office fulfils the following functions:

- a) **Advising and promoting institutional learning:** Based on assessments of Complaints, the Central Complaints Office makes recommendations for adjustment to applicable Standards of KfW Development Bank (see **sections 8.1 Advising and promoting institutional learning** and **8.2 Strengthening environmental, social and human rights standards**);

b) Outreach: The Central Complaints Office promotes active dialogue and cooperation with relevant stakeholders to reflect their perspectives and concerns in the complaints process and to promote a culture of constructive dialogue (see **section 8.3 Outreach**).

(5) The Central Complaints Office will keep Complainants, Partners and other involved parties, relevant stakeholders and relevant Operational Units and management informed throughout the processing of Complaints.

(6) The Central Complaints Office has unrestricted and direct access to all relevant staff at KfW and to all Project documents held by KfW Development Bank in connection with its function of processing Complaints. The relevant Operational Unit of KfW Development Bank and any consultant engaged by the Operational Unit are required to cooperate fully with the Central Complaints Office. The Operational Units will support the Central Complaints Office in all aspects of collaboration with the Partner to enable processing of a Complaint as laid out in this Policy.

(7) In addition, the Central Complaints Office can, at its own discretion, use the following methods in determining facts related to a Complaint:

a) Review available information and documents;

b) Contact Complainants, other affected parties, the Partner, government officials and other authorities in the country where the Project is located, as well as representatives of local and international non-governmental organizations;

c) Conduct site visits regarding the Project;

d) Request written or oral statements on specific topics from Complainants, other affected parties, Partners, independent experts, government officials or other public representatives, KfW Development Bank employees, or local or international non-governmental organizations; and

e) Engage independent experts to assist in conducting the Complaint processes as laid out in **section VII. Complaints procedure** or to investigate specific issues in connection with a Complaint. Contracts are awarded in accordance with the public procurement regulations of KfW Development Bank.

(8) In carrying out its mandate, the Central Complaints Office is expected to exercise non-biased judgment when interpreting the Standards and their application to the Project for which the Complaint was submitted.

(9) The filing of a Complaint does not automatically result in suspension of the processing of a Project or disbursements of the financing of the Project. However, if, at any time during the processing of a Complaint, the Central Complaints Office finds that continued support of the Project by KfW Development Bank would result in further significant Harm, the Central Complaints Office may issue a recommendation for mitigation measures to KfW Development Bank.

(10) The Complaint Mechanism is not a legal enforcement mechanism, i.e. the Policy does not confer to the Complainants the rights of access to courts. Any analyses, conclusions or reports prepared as part of the Complaint processes, are not intended to be used in judicial or administrative proceedings or for the purpose of assigning legal liability.

4.2 Institutional framework and governance

(1) The Central Complaints Office operates independently from the Operational Units of KfW Development Bank. All tasks set out in this Policy are carried out independently by the Central Complaints Office. In particular, the Central Complaints Office is not bound by instructions from the Operational Units when carrying out the functions listed under **section 4.1 Mandate, scope and functions of the Central Complaints Office**. The interpretation of this Policy by the Central Complaints Office overrides any interpretation by any Operational Unit.

(2) The Central Complaints Office is part of the independent Evaluation Unit of KfW Development Bank. The Evaluation Unit reports to the responsible member of the Executive Board of KfW and works independently from the Operational Units of KfW Development Bank. Management of the Evaluation Unit is entrusted to an externally recruited senior member of staff at Director level.

(3) The Central Complaints Office reports to and is accountable to the responsible member of the Executive Board of KfW. The latter approves this Policy and any future revisions. The Central Complaints Office submits to the responsible member of the Executive Board its annual report. The responsible member of the Executive Board exercises the functions laid out in this Policy (see paras. 7.3 (3), 7.3 (4c), 8.1 (2)).

(4) While the Central Complaints Office, in carrying out its work, is not subject to directives by the Management Committee, the Central Complaints Office and the Management Committee will engage actively and regularly to ensure proper implementation of this Policy.

(5) The Executive Board provides the Central Complaints Office with budgetary resources to adequately execute the mandate and functions set out in this Policy. The Central Complaints Office will submit annual budget requirements to the Management Committee.

V. Admissibility

5.1 Formal requirements for a Complaint

Addresses:

(1) Complaints can be sent directly to the Central Complaints Office using the following contact details:

Online: [Complaint form DE](#) (also available in [EN](#))

Email: FZ-Complaints@kfw.de

Post:

Central Complaints Office

KfW Development Bank

Palmengartenstrasse 5–9

60325 Frankfurt am Main, Germany

(2) Complaints can also be submitted to one of KfW Development Bank's country offices. Complaints submitted to a country office of KfW Development Bank should also be addressed to the Central Complaints Office. The contact details for the country offices are listed here: <https://www.kfw-entwicklungsbank.de/Global/>

The country offices forward the Complaint to the Central Complaints Office in accordance with KfW's internal data protection requirements.

(3) Complainants may contact the Central Complaints Office at the above-mentioned email address or the relevant country office of KfW Development Bank to obtain information on the requirements for submitting a Complaint before doing so.

Format and language:

(4) Complaints, in principle, must be submitted in text form (email, complaint form or by mail). Persons with disabilities (in particular those with visual impairments) and individuals who are illiterate may record their Complaints using accessible digital means. Provided it is possible within reasonable efforts, these Complaints will be verified and acknowledged by the Central Complaints Office. Complainants may contact the Central Complaints Office for information and guidance on how to file a Complaint.

(5) The Complaint may be filed in any language. If the Complaint is submitted in a language other than English or German and the Complainant is unable to provide a translation, the Central Complaints Office will commission a translation. Processing of Complaints in a language other than English or German may require additional time. After the submission of a Complaint, communication will be in English or German. If Complainants consider a translation into an official language of the Complainant's country of origin as essential, the Central Complaints Office will make reasonable efforts to provide information and/or documents related to the Complaint in that language.

Required information:

(6) Complaints may be filed by affected individuals or groups or their legitimate representative(s). Complainants may select one or more individuals or organizations to represent them during the Complaints process.

(7) A Complaint must contain the following information:

- a. Name and contact information of the Complainant;
- b. Details of the Project to which the alleged Harm may be linked;
- c. A detailed description of alleged Harm and how the Complainant is affected;
- d. Power of representation if a representative submits the Complaint on behalf of the Complainant(s). Parties on whose behalf the Complaint is lodged must be identified;

e. Statement on whether KfW Development Bank may disclose the identity of the person/organization or should treat it confidentially.

(8) If possible, the following information should also be provided:

- a. Information regarding the relevant Standards that are alleged to have been violated;
- b. Information regarding whether the Complainants have experienced, or fear any form of, Reprisal;
- c. Documentation that pertains to the Complaint or can provide clarification (e.g. photographs, video recordings, audio recordings);
- d. Name of the KfW Development Bank employee with whom the Complainants have already been in contact (if applicable), together with an overview of measures that are planned or have already been taken to resolve the conflict (e.g. use of the local complaint mechanism and/or dispute settlement procedures).

5.2 Admissibility requirements

(1) Complaints are admissible if:

- a) they are addressed to KfW Development Bank;
- b) they relate to a Project;
- c) the Complainants assert that they have suffered Harm, or are reasonably likely to suffer Harm, in relation to their rights or legal interests protected by the Standards in the field of environmental and social issues and human rights;
- d) the Complainants assert that the alleged Harm is linked to the Project;
- e) it is plausible that the alleged Harm is linked to the Project; and
- f) the Complaint is not clearly frivolous.

(2) Complaints may be submitted in respect of:

- Projects already in progress for which a financing or related agreement has been executed with KfW;
- Projects that are still in the preparation stage and thus prior to the execution of any agreements with KfW; whereas it is noted that certain aspects of this Policy, such as choice of procedures or publication of reports in connection with the Complaint, may not apply in the absence of an executed agreement with KfW including a reference to this Policy;
- Complaints regarding Projects whose final inspection dates back no more than two years.

(3) Complaints may also be filed in relation to a Project involving a Financial Intermediary if KfW Development Bank supports the Financial Intermediary with forms of financing such as loans, grants, guarantees, fund participations, equity financing, and direct and indirect financing through financing partners. For the Complaint to be admissible, it is necessary to establish a connection between the alleged Harm and the financing activity (provision of final loans, etc.) of the Financial Intermediary, and that this financing activity falls within the Project's financing scope as defined by KfW. As KfW has no direct contractual relationship with the beneficiaries of the sub-projects of a Financial Intermediary, its scope of influence is often limited.

5.3 Inadmissible Complaints

(1) The following Complaints are not covered by the Complaint Mechanism of KfW Development Bank, but are handled by other departments of KfW:

- a) Complaints concerning procurement processes: Complainants may address their concerns to the contracting authority's contact person specified in the tender documents. If such Complaints have been received by the Central Complaints Office, they will be forwarded;
- b) Complaints regarding fraud and/or corruption or violations of the German Banking Act (KWG): for such cases, KfW's whistleblowing system can be contacted at compliance@kfw.de or via KfW's external **ombudsman**. If such Complaints have been received by the Central Complaints Office, they will be forwarded;
- c) Complaints from individuals relating to working and employment conditions. The Central Complaints Office forwards such Complaints to the Operational Unit unless there is reason to assume that the problems addressed are structural in nature. In the latter case, Complaints are admissible.

(2) The following Complaints are not covered by the Complaint Mechanism of KfW Development Bank:

- a) Complaints regarding business policy decisions, the selection of partner countries, the lending guidelines, or other general aspects (e.g. the business model of KfW Development Bank);

- b) Complaints relating to the achievement of a Project's development policy objectives;
- c) Complaints relating solely to the commitments of a third party that is not a contract partner of KfW or solely to the appropriateness of the implementation of national requirements or to the commitments of a country under international law or under contracts with third parties;
- d) Complaints submitted with the aim of obtaining a competitive or economic advantage, or those that are excessive, clearly frivolous or malicious;
- e) Complaints relating to a Project for which the final inspection dates back more than two years;
- f) The Complainants have initiated legal proceedings against KfW, concerning the same or materially similar subject of the Complaint;
- g) Complaints that are the same in material respects to a Complaint that has been previously submitted to the Central Complaints Office, unless justified by clear and material new evidence or circumstances not known at the time of the prior Complaint;
- h) Complaints that are anonymous. In these cases, the Central Complaints Office will inquire about the identity of the Complainant to verify their affectedness. The Central Complaints Office can treat the identities as completely confidential.

VI. Processing of Complaints

6.1 Confirmation of receipt

(1) The Central Complaints Office sends an acknowledgement of receipt to the Complainants within five Business Days of receiving the Complaint. It may be necessary to extend the deadline if:

- a) a Complaint is not received directly by the Central Complaints Office, or
- b) the Complaint is submitted in a language other than German or English.

(2) The acknowledgement of receipt informs the Complainants that the Complaint is now undergoing an admissibility assessment.

6.2 Admissibility assessment

(1) The Central Complaints Office assesses the admissibility of the Complaint based on the criteria specified in **section V. Admissibility**. In doing so, the Central Complaints Office can, at its own discretion, use the methods as laid out in section 4.1 (7).

(2) If several Complaints have been submitted by different persons on materially the same subject of Complaint in the same Project, they may be combined by the Central Complaints Office into a single Complaint or processed simultaneously. In this case, the Central Complaints Office will inform Complainants accordingly.

(3) If the Complaint relates to a Project that is co-financed by other financiers or involves multiple investors, the Central Complaints Office will inform the relevant complaints office of the co-financier or co-investor regarding the Complaint and the admissibility assessment. If a materially similar Complaint has already been submitted to the co-financier or co-investor, the Central Complaints Office may cooperate with the relevant complaints office in accordance with this Policy. The aim of the cooperation is to ensure that Complaints will be handled efficiently while avoiding duplicate processes and approaches by the parties involved.

The Complainant's personal data will only be disclosed to the co-financiers with the Complainant's express consent.

(4) The Central Complaints Office generally makes the admissibility decision within 10 Business Days of receipt of all required information. This deadline may be extended if further information is required or if the Complaint has not been submitted in German or English.

(5) Possible results of the admissibility assessment by the Central Complaints Office are as follows:

- a) If the Complaint is declared admissible, it is registered by the Central Complaints Office and recorded in the complaints register on the Central Complaints Office website.
- b) If the admissibility of the Complaint cannot be definitively determined due to the absence of required information, the Central Complaints Office may request this information. If the Central Complaints Office does not receive the required information from the Complainants within a set period, processing of the Complaint will

be put on hold and the Complaint will not be registered. The Central Complaints Office can resume the processing of a Complaint in the event of late provision of information.

c) If the Complaint is declared inadmissible, it is registered by the Central Complaints Office and recorded in the complaints register on the Central Complaints Office website. The Central Complaints Office shall provide justification for its decision to the Complainant.

6.3 Preliminary assessment

(1) The purpose of the preliminary assessment is to enable the Central Complaints Office to understand the matter presented in the Complaint and to ensure that the Complainants understand the possible options for processing of the Complaint. The Central Complaints Office will contact the Complainants to clarify the various options for processing of the Complaint. The aim of the preliminary assessment is to determine a procedure for handling the Complaint - Prior Resolution (see **section 7.1 Prior Resolution**), Dispute Resolution (see **section 7.2 Dispute Resolution**) or Compliance Review (see **section 7.3 Compliance Review**).

(2) The decision which procedure is to be used is made by the Central Complaints Office in consultation with the Complainant and in accordance with the provisions laid out in this Policy. If the points raised in the Complaint are of a systemic nature, involve serious human rights violations or are associated with potential or actual consequences that extend beyond the group of persons which are typically involved in a Dispute Resolution process, the processing in a Compliance Review procedure is appropriate. To avoid unnecessary delays, the Central Complaints Office can decide against pursuing a Dispute Resolution process if it appears unlikely that the relevant parties reach an agreement to enter into such a process.

(3) The preliminary assessment shall generally be completed within 20 Business Days. All participants are then informed about the next steps. The decision on the procedure to be followed for the Complaint will be recorded in the complaints register.

VII. Complaints Procedures

7.1 Prior Resolution

(1) The Central Complaints Office has the option of delegating the processing of the Complaint to the Operational Unit of KfW Development Bank for a period of up to 90 Business Days. Prior Resolution offers the Operational Unit the opportunity to communicate directly with the Complainant and to seek a timely resolution in consultation with the parties involved. In exceptional cases, if the resolution of a Complaint is reasonably likely (and that includes full implementation of measures) but it exceeds the period of 90 Business Days, the period can be extended to 180 Business Days. The Central Complaints Office can only defer a Complaint to the Prior Resolution process with the consent of the Complainant and the Operational Unit.

(2) In order to assess whether it is appropriate for the Operational Unit to process the Complaint as part of a Prior Resolution procedure, the Central Complaints Office will take into account, among others, the following considerations:

- a) the likelihood of a timely resolution of the Complaint;
- b) the contractually agreed end date of the Project;
- c) the risk of Reprisals and retaliations against Complainants;
- d) the severity of the alleged Harm.

(3) The Central Complaints Office may terminate the Prior Resolution procedure at any time if no progress towards the resolution of the Complaint is shown. Operational Units and the Complainant can terminate the procedure at any time by sending a written request to the Central Complaints Office. Complainants can then request to proceed with a different procedure.

(4) The Central Complaints Office continues to closely monitor the Complaint during processing in Prior Resolution. It is intended that the Operational Unit provides information to the Central Complaints Office on the status of processing of the Complaint and the measures taken to resolve it within 45 Business Days of delegation of the Complaint to the Prior Resolution procedure.

(5) If - in the view of the Central Complaints Office and the Complainant - the Complaint is not adequately resolved within the agreed period, the processing of the Complaint will usually be continued in a Compliance Review.

(6) A decision to refer a Complaint to Prior Resolution will be recorded in the complaints register. Complaints satisfactorily addressed during Prior Resolution will be recorded as closed in the complaints register. In other cases, it will be recorded if the Complaint will proceed in a different procedure.

7.2 Dispute Resolution

(1) The Dispute Resolution procedure requires the consent of all relevant parties involved.

(2) Dispute Resolution is a cooperative and flexible process designed to assist the parties involved in developing an effective solution to the concerns raised by the Complainants. Special emphasis is placed on considering the interests of the Complainant and those of the other relevant parties to achieve a mutually acceptable solution. Dispute Resolution does not attribute guilt or wrongdoing.

(3) The purpose of the procedure is:

- a) to enable and facilitate dialogue between the persons/groups of persons affected by the Harm and those involved in the Project;
- b) to find acceptable solutions for all parties involved in the proceedings; and
- c) where appropriate, to facilitate the conclusion of agreements between the parties involved in the proceedings.

(4) The procedure may consist of: (i) the exchange of information between all parties involved, (ii) a dialogue with advice from the Central Complaints Office or (iii) mediation through a neutral body recognised by all parties involved.

(5) Dispute Resolution is carried out in a two-stage process:

- a) First, an agreement to proceed with Dispute Resolution should be reached among the parties involved within 40 Business Days. If no agreement can be reached within this period and the Complainants do not withdraw their Complaint, the Complaint will be transferred to Compliance Review (see **section 7.3 Compliance Review**).
- b) If the parties involved agree to proceed with Dispute Resolution, the Central Complaints Office will, together with the parties, establish an appropriate schedule for the procedure. The Central Complaints Office supports the Dispute Resolution procedure with the aim of ensuring that all parties involved are given equal consideration within a fair process, and to achieve an efficient and timely resolution. The procedure should generally be completed within 12 months but can be extended to 18 months. In exceptional circumstances and where there is a strong likelihood that an agreement can be reached even beyond an 18-month timeframe, the Central Complaints Office may consent to a further, temporary extension of the procedure.

(6) The Central Complaints Office concludes the procedure if:

- a) it has successfully resulted in a mutual agreement, and the arrangements made have been implemented during the applicable monitoring phase, to the satisfaction of the parties involved.
 - In case a Dispute Resolution results in an agreement between the parties involved, this should be documented in writing. The written agreement should be specific in terms of objectives, type, requirements, roles and responsibilities for monitoring of progress achieved. Agreements must be shared with all parties involved as well as with the Central Complaints Office.
 - The Central Complaints Office will monitor the implementation of any such agreement. The duration of monitoring is determined on a case-by-case basis but should generally not exceed three years.

b) the Central Complaints Office determines that no progress can be achieved. In this case, the Central Complaints Office will communicate its decision to terminate the Dispute Resolution procedure in writing to all parties involved. If the procedure does not lead to an agreement or if agreed measures are not implemented, the Central Complaints Office can transfer the Complaint for a Compliance Review, where its admissibility for the procedure will be assessed (see **section 7.3 Compliance Review**).

(7) Irrespective of the outcome of the procedure, the Central Complaints Office will prepare a final report. The Central Complaints Office will share the report with the parties involved.

(8) Subject to the consent of all parties involved, the Central Complaints Office will publish the final report of the Dispute Resolution procedure on its website.

7.3 Compliance Review

(1) A Compliance Review consists of a two-stage approach (a) an initial Compliance Assessment, and (b) if applicable, a full Compliance Review.

(2) A full Compliance Review will only be conducted if the Initial Compliance Assessment establishes that there are indications of (A) non-compliance of KfW Development Bank with the Standards and (B) Project-related Harm. The initial Compliance Assessment is concluded with a report, which documents whether the Complaint will proceed to a full Compliance Review, and which will be published on the Central Complaints Office website. If the initial Compliance Assessment concludes that no full Compliance Review should be conducted, the Complaint procedure will be closed.

(3) A Compliance Review procedure may also be initiated – in the absence of an admissible Complaint – a) on the initiative of the Central Complaints Office, b) by request of the Management Committee or c) by request of the responsible member of the KfW Executive Board. Such self-initiated Compliance Review procedures are particularly applicable, but not limited, to cases where Complainants are reluctant to file a Complaint due to fear of Reprisals.

(4) If the initial Compliance Assessment concludes that the Complaint is suitable for a full Compliance Review, the following steps will be taken:

a) Implementation of the full Compliance Review: The procedure examines whether (i) KfW Development Bank, in relation to the Project which is the subject of the Complaint, has complied with the Standards, (ii) Harm has occurred or is reasonably likely to occur; and (iii) whether the Harm is linked to the Project. The Central Complaints Office will endeavour to conclude the full Compliance Review within a reasonable timeframe; however, the duration will depend on the complexity of the case.

b) Final report: After completion of the full Compliance Review, the Central Complaints Office will prepare a draft report containing (i) a summary of the Complaint and the issues raised, (ii) a summary of the response of the Operational Unit to the issues raised; (iii) a summary of the Standards and procedures/guidelines against which compliance is assessed; (iv) the findings of the full Compliance Review with regard to the criteria laid out above. If applicable, the final report will contain recommendations on Remedial Actions on how to address Harm incurred or reasonably likely to occur, changes to the Standards and related procedures of KfW Development Bank to minimise the risk of any non-compliance and resulting Harm in similar circumstances in future, as well as recommendations on how KfW Development Bank can be brought in compliance with the Standards in respect of the Project. The Central Complaints Office will submit the report to the respective Operational Units and the Management Committee, as well as to the Partner and the Complainants for factual review and comment for a period of 20 Business Days. The Central Complaints Office will decide on the final version of the report.

If a Compliance Review report finds Project-related Harm but no non-compliances of KfW Development Bank with the Standards, the report may include recommendations for Remedial Actions on how this Harm should be addressed. The implementation of Remedial Actions will be monitored by the relevant Operational Units.

c) Preparation of an Action Plan: If the Compliance Review makes findings on non-compliances of KfW Development Bank with the Standards and on Harm linked to the Project, the responsible Operational Unit will, within 90 Business Days of issuance of the final report, develop an Action Plan. The Action Plan contains:

- I. Measures to adjust the Standards and related procedures of KfW Development Bank in order to minimise the risk of any non-compliance and resulting Harm in similar circumstances in future;
- II. Measures to bring KfW Development Bank in compliance with the Standards in respect of the Project;
- III. Remedial Actions developed in consultation with the Complainants and the Partner to address Harm that has occurred or is reasonably likely to occur. ;
- IV. An estimation of financial and human resources required for the implementation of the measures listed in I-III.

The final Action Plan is submitted to the Central Complaints Office for comments. The Action Plan and any comments of the Central Complaints Office in respect to it, are then submitted to the Management Committee. The Management Committee approves the Action Plan. If the Central Complaints Office deems the measures set out in the Action Plan to be inadequate, it will refer the Action Plan to the responsible member of the KfW Executive Board for final decision.

d) Monitoring: Following approval of the Action Plan, the relevant Operational Unit oversees the implementation of the measures. The Operational Unit submits semi-annual monitoring progress reports to the Central Complaints Office, which inform the annual monitoring report prepared by the Central Complaints Office. This report will be submitted to the Management Committee for acknowledgment. In case of unsatisfactory progress of the Action Plan implementation, i.e. such that it is inadequate to resolve material instances of non-compliance

with the Standards, the Central Complaints Office may include findings and make additional recommendations to the Management Committee in its annual monitoring report.

The Central Complaints Office may conduct site visits for the purpose of monitoring.

(5) The final Compliance Review report, the final Action Plan and annual monitoring reports are published on the website of the Central Complaints Office.

VIII. The Complaint Mechanism as a source of continuous learning

8.1 Advisory and promotion of institutional learning

(1) The Complaint Mechanism serves as an instrument for promoting institutional responsibility and accountability. The systematic recognition and processing of Complaints ensures that KfW Development Bank fulfils and implements its commitments around human rights and sustainable development.

(2) The Central Complaints Office will advise the Management Committee and the responsible member of the Executive Board of KfW on shared and cross-departmental challenges in the areas of environment, social affairs and human rights arising from the Central Complaints Office's cases and best international practices.

(3) The Central Complaints Office contributes to strengthening positive social, environmental and human rights impacts of Projects funded by KfW Development Bank.

(4) The Central Complaints Office can submit comments on drafts of Standards and related procedures regarding environmental, social and human rights issues.

8.2 Strengthening environmental, social and human rights standards

The Complaint Mechanism contributes to the continuous improvement of environmental, social and human rights standards in KfW Development Bank Projects. Complaints and feedback from affected parties are analysed as part of the Complaints procedure to identify weaknesses in Project design, preparation and implementation and to develop appropriate measures for improvement.

8.3 Outreach

(1) The effective implementation of the Central Complaints Office's mandate depends on its ability to communicate effectively with its stakeholders.

(2) The Central Complaints Office endeavours to promote awareness and understanding of its mandate, functions, and procedures among employees of KfW Development Bank and external stakeholders. Outreach activities in this context may include cooperation with other member institutions of the IAM Network or other relevant organizations.

(3) In conducting external outreach activities, the Central Complaints Office respects the confidentiality of its participants.

(4) At its discretion, the Central Complaints Office may offer training courses to KfW Development Bank employees and external stakeholders to familiarise them with the Complaint Mechanism and the associated Standards and procedures. Training initiatives are tailored to the learning or capacity needs identified through feedback and lessons learned from case work

IX. Safeguarding of Complainants

The ability of Complainants and other stakeholders to safely engage with the Complaint Mechanism of KfW Development Bank without fear of Reprisals is an essential pre-requisite for the Central Complaints Office to fulfil its mandate. KfW Development Bank takes Reprisals or threats of Reprisals against Complainants or any other persons engaged with the Central Complaints Office very seriously and has no tolerance for any form of Reprisals, real or perceived.

The Central Complaints Office is committed to assessing, preventing and addressing Reprisal risks relating to its processes to the best of its ability. In particular, the Central Complaints Office takes the safety of Complainants and others

who engage in its processes seriously and seeks to respond appropriately and in a timely manner to threats or incidents of Reprisals. The Central Complaints Office acknowledges, in particular, the risks faced by marginalized populations, such as women, children and youth, people with disability, and indigenous peoples.

The Central Complaints Office will identify the risk of Reprisals, and identify appropriate responses if Reprisals occur in the implementation of its mandate. Specifically, the Central Complaints Office will seek to:

- (a) Respect requests for confidentiality and protect identities, keeping information that could directly or indirectly lead to identification confidential;
- (b) Obtain informed consent from concerned individuals before taking action against Reprisals;
- (c) Assess the contextual risk of Reprisals where there are indications that such risks are elevated in the context of a particular Complaint, consulting the Operational Units as needed;
- (d) Identify preventive measures tailored to the country and specific case context, in consultation with Complainants and their representatives (if any) and Operational Units;
- (e) Work closely with concerned persons to plan appropriate responses to Reprisals, particularly where security concerns exist;
- (f) Request the Operational Units and the Partner to take feasible, timely and appropriate measures to prevent or reduce the risk of Reprisals and/or to remediate the Harm of actual instances of Reprisals in specific cases.

While the Central Complaints Office will execute its mandate in a manner that maximizes its ability to respond appropriately to Reprisals, neither the Central Complaints Office, nor KfW Development Bank are enforcement or protective bodies. They do not have the direct ability to physically protect or otherwise safeguard Complainants or other concerned persons from the consequences of engaging with the Central Complaints Office. Neither the Central Complaints Office nor KfW Development Bank can replace national or international judicial bodies, protective services, or law enforcement agencies whose functions include public protection.

X. Regular review and adjustment of the Complaint Mechanism

(1) The Central Complaints Office shall carry out a comprehensive, in-depth review of the Complaint Mechanism and its underlying processes every five years.

(2) Based on the results of the review, adjustments to this Policy will be made as necessary to ensure that the Complaint Mechanism meets the relevant requirements and standards.