



OFFICE OF THE CORPORATE OMBUDSMAN

2010 ANNUAL REPORT

July 1, 2009 – June 30, 2010



A Message From the Corporate Ombudsman

I am pleased to present the third annual report on the activities and initiatives of the Office of the Corporate Ombudsman. The office opened in October 2007 and has handled more than 1,650 cases since that time, taking 742 cases during Fiscal Year (FY) 2010 alone. In this past year, we have also had direct contact with more than 450 American Red Cross employees and volunteers and more than 350 leaders through presentations, meetings we have facilitated and other working sessions. This means that we have reached more than 1,560 internal and external constituents throughout the Red Cross community in FY10. We provided consultation to Red Cross employees and volunteers on managing organizational change and to leadership regarding systemic issues. All of these activities fulfill the mandate of the American National Red Cross Governance Modernization Act of 2007, the American Red Cross Bylaws, and the charter for our office, to enhance the capacity of the Red Cross to resolve conflicts and to identify problems, trends and patterns confronting the organization.



In the past year, I have had the honor of seeing first-hand the many ways in which the Red Cross directly and positively impacts the lives of millions of people. In January 2010, the Red Cross began its response to the devastating earthquake in Haiti. The Ombudsman Office contributed to the recovery efforts by assisting employees, volunteers, donors, and the general public who contacted us with questions and concerns. The office plays a vital part in supporting employees and volunteers who are working diligently to fulfill our critical mission by helping them to raise and resolve issues and concerns. We assist the external stakeholders of the Red Cross—clients, donors, partners, vendors, and the general public—in the same way.

The Ombudsman Office provides another vital service by identifying systemic issues affecting the Red Cross and by helping various parts of the organization collaborate and work effectively together. The contribution of the Ombudsman extends beyond handling the cases that we receive and identifying problematic trends. The Ombudsman's role as a facilitative and process resource is especially salient as the Red Cross navigates significant organizational and cultural change both as a national corporation and a grassroots community-based organization.

This report offers only a partial view of a highly dispersed and multi-functioning organization. With nearly 33,000 Red Cross employees and more than half a million Red Cross volunteers, the 747 constituent case contacts in FY10 with the Ombudsman cannot be said to be a representative case sample. Our data points are relatively few and beyond this they are self-selecting insofar as constituents reach out to us for help with their situation. Our interpretations and conclusions, then, are necessarily constrained.

We look forward to continuing to assist the Red Cross community to achieve its critical mission. Whether you are an employee, a disaster or chapter volunteer, a partner, a blood donor or blood recipient, or a recipient of a Red Cross service, our office is always open to you. We encourage openness, act as an early-warning system and serve as a relief valve for the inevitable tensions and conflicts that arise when people are working under dynamic, demanding and complex circumstances.

For more information, please visit redcross.org/governance. I look forward to working with internal and external constituents of the American Red Cross and pledge to work tirelessly to build an office worthy of our constituents' confidence and trust.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Jessar". The signature is fluid and cursive.

Kevin Jessar, J.D., Ph.D.
Corporate Ombudsman, American Red Cross



Daniel Cirna/American Red Cross

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What Is an Ombudsman?

The word “ombudsman” comes from a Swedish term now used worldwide to designate independent, impartial and confidential offices that receive inquiries and complaints from individuals and designated groups and facilitate fair and equitable resolutions. The Ombudsman’s role is part of a long tradition of “listeners,” including colonial Brazilian bishops known as “Listeners of the Crown,” explaining the derivation in Brazil of the expression “complain to the bishop.”¹

The first truly independent Ombudsman was established by the Swedish Parliament in 1809 to respond to public complaints against government actions and to protect citizens against bureaucratic abuses and excesses. It was subsequently adopted by other nations, including Finland (1919), New Zealand (1962) and Britain (1967). The creation of Ombudsman offices became more popular in the United States in the mid-1960s, motivated in part by revelations of government secrecy and concern for vulnerable populations. They came to be seen as a way to penetrate bureaucracies and to help people constructively raise and address a complex array of concerns as well as to enhance good governance in governmental and non-governmental organizations alike. The Office of the Corporate Ombudsman at the Red Cross, like many other such offices around the country, diverges from the original Swedish model by not having investigative authority and by being available on a single organization basis only as opposed to answering citizen complaints against any or all governmental agencies across an entire province or nation.

The International Ombudsman Association (IOA) notes that the term “Ombudsman” “is used to communicate to the widest possible community and is not intended to discourage others from using alternatives.” Other derivations include Ombudswoman, Ombudsperson and Ombuds.



¹See Organization of News Ombudsmen; “Ombudsman: Self-criticism in newspapers.” Jairo Faria Mendes. www.newsombudsmen.org

A Brief History of the Office of the Corporate Ombudsman

In March 2006, the Board of Governors of the American Red Cross (“Board of Governors” or the “Board”) commissioned the Independent Governance Advisory Panel (IGAP) to review and analyze the Board’s composition and size, its relationship with management, the governance relationship between chartered units (chapters) of the American National Red Cross and national headquarters, and the whistleblower and audit functions of the organization. In October 2006 the Board of Governors issued a report based on the analysis and recommendations of the IGAP, entitled “American Red Cross Governance for the 21st Century.” In this report, the Board recommended the creation of an Ombudsman to improve the organization’s ability to resolve disputes and take action on significant issues confronting the Red Cross. This and other recommendations were enacted into law in the American National Red Cross Governance Modernization Act of 2007, which amended the original Congressional Charter of the American National Red Cross. The legislative history (H.R. Rpt. 110-87 at 29 (April 16, 2007)) of the statute creating the Ombudsman Office states that the Corporate Ombudsman will:

- Act as a neutral and impartial dispute resolution center whose major function will be to provide confidential and informal assistance to the many internal and external constituents with concerns or complaints about the American Red Cross. The Office of the Ombudsman will have unfettered access to the entire corporation and all personnel, corporate reports, [and] documents, and will report directly to the organization’s Chief Executive Officer and on a regular basis to the Audit and Risk Management Committee of the Board of Governors.
- In addition to conflict resolution, the Office of the Ombudsman will report annually to the U.S. Congressional Committees of jurisdiction², on areas and types of concerns, including trends and systemic matters that have the potential to, or may be confronting the organization. As a practice, these reports will also be made available to the public through the Red Cross external website, **redcross.org**.

²Senate Committees on Finance; Foreign Relations; Health, Education, Labor, and Pensions; Homeland Security and Governmental Affairs; and Judiciary. House Committees on Energy and Commerce, Foreign Affairs, Homeland Security, the Judiciary, and Ways and Means.

In October 2007, the Office of the Corporate Ombudsman opened its doors, offering an informal, responsive and proactive alternative resource for conflict resolution to all persons with an interest in the American Red Cross, including the general public, employees, volunteers and other stakeholders, referred to collectively as “constituents.” The office was established in accordance with the Code of Ethics and Standards of Practice of the International Ombudsman Association and its core principles of confidentiality, neutrality, independence and informality.

In the coming year, the office will continue to build the Ombudsman program and enhance the ways in which it is able to reach and meaningfully serve the entire Red Cross community. The final section of this report, Looking to the Future, will discuss initiatives and directions that this office will pursue in the year ahead.



Daniel Cimza/American Red Cross

Who We Serve and How We Work: Ombudsman Role, Principles and Tools

The Office of the Corporate Ombudsman reflects the commitment of the American Red Cross to good governance, high ethical standards, the well-being of its employees and volunteers and the attainment of its critical mission to serve people in times of maximum need. The Ombudsman is a resource for all members of the extended Red Cross community. Whether someone donates blood or money, provides supplies or services, receives benefits or in some way interacts with the Red Cross, the Office of the Ombudsman is available to them, consistent with the tenets and standards of practice of the International Ombudsman Association. While the office charter (see Appendix, Ombudsman Office Charter) contains the specific guidelines for the office, it is worthwhile to describe briefly what a person can expect of the Ombudsman and how the office works.

We Are Confidential

- The Office of the Ombudsman is an off-the-record, confidential resource for any member of the Red Cross community or anyone affected by the programs and mission of the Red Cross.
- Talking to the Ombudsman does NOT put the Red Cross on legal notice of anything because the office is an independent entity that is not part of Red Cross management.
- Discussions with the Ombudsman, even the fact that you have contacted the office, will remain strictly confidential.
- The only exception to confidentiality is “imminent risk of serious harm,” meaning situations in which a person is threatening himself or someone else, or is clearly in physical harm’s way.
- The Red Cross affirms the right of individuals to seek assistance from the Ombudsman Office without fear of retaliation.

We Are Neutral

- As designated neutrals, the Office of the Ombudsman advocates for fair process, considers the rights and interests of all parties and does not take sides.
- The office has no personal stake in the outcome of any situation and does not judge, discipline or reward anyone.
- The office works with people to help them clarify issues and identify and assess for themselves various options that may be available for raising, addressing and resolving a concern.

We Are Informal

- Use of the Ombudsman Office is entirely voluntary for all people and parties, including those who may choose to raise a concern or those who are in a position to respond to an issue that has been broached through the office.
- Use of the Ombudsman Office is not a substitute for formal procedures, such as filing an official complaint or requesting an investigation.
- The Ombudsman Office has no managerial authority and cannot compel action or compliance.
- If you wish to place the Red Cross on notice or to request an investigation or any other management action, the Ombudsman Office can provide you with relevant information about how to do so.
- The Ombudsman Office does not participate in any formal complaint or investigative process and does not follow a prescribed or rigid sequence of steps.

We Are Independent

- To ensure its independence and objectivity, the Ombudsman Office is not aligned with any other Red Cross organizational unit.
- The Corporate Ombudsman reports directly to the president and to the Audit and Risk Management Committee of the Board of Governors. The Office of the Corporate Ombudsman issues an annual report to Congress and may produce intermittent trend data.

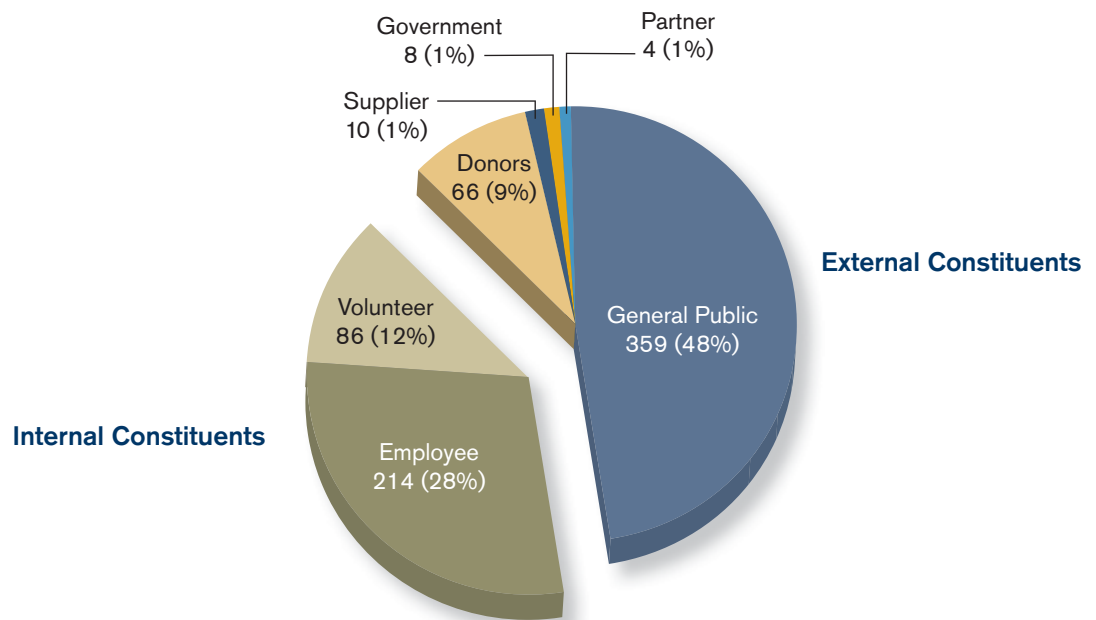
People contact the Ombudsman when they desire an off-the-record, neutral, independent and informal facilitator to assist them in working through a problem. They may believe that they have been unfairly treated, or that a Red Cross policy has been applied unfairly or erroneously, or is itself unfair. People may feel unclear about Red Cross policies, processes, and procedures and how they apply to them. Alternatively, they may simply be uncertain where to take a problem involving the Red Cross. The role of the Ombudsman is always to help clarify the issues, identify the options and help parties to assess for themselves the viability of the options available. The Ombudsman Office works with people through a variety of dispute resolution means, including confidential coaching, mediation, group facilitation, shuttle diplomacy between parties who are not willing or able to meet face to face, organizational consultation with management about larger structural challenges in a given situation, and upward feedback to leadership on problematic systemic trends or patterns.

Case Statistics

Constituent Profile

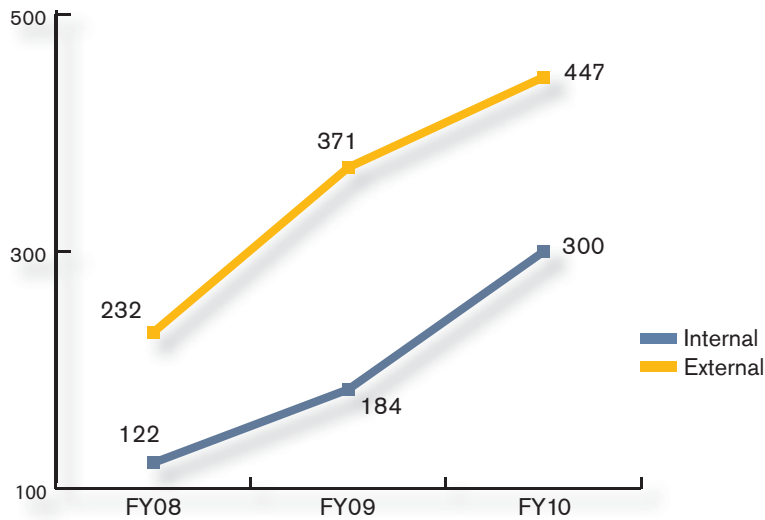
Since the Ombudsman Office opened its doors in October 2007, 1,665 constituents have utilized our office. The overall number of constituents has more than doubled since FY08, rising from 354 in FY08 to 555 in FY09 to 747 in FY10. In FY10, 747 constituents brought 742 cases, meaning that in five cases there were two constituents. Figure 1 illustrates the number and composition of internal and external constituent contacts in FY10.

Figure 1. All Constituents (747 Total)



The percentage of internal constituents utilizing the Ombudsman Office rose from 30 percent in FY09 to 40 percent of total contacts in FY10, while the percentage of external contacts, including blood donors, financial donors, partners, vendors and the general public, fell from 70 percent in FY09 to 60 percent in FY10. This means that employees and volunteers are increasing in number and as a percentage of the total number of people accessing our services. We expect that this number and percentage will increase as employees and volunteers become more familiar with the office and as the office boosts its outreach to these vital internal constituencies as it enhances its capacity to handle more cases. Figure 2 illustrates these numerical changes of internal and external constituents over the three-year period.

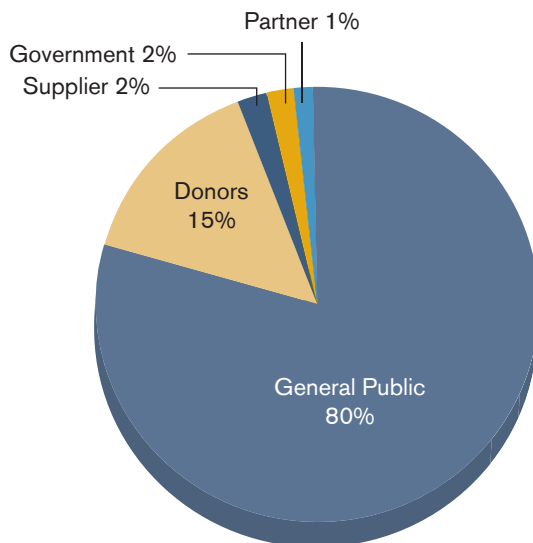
Figure 2. Number of Constituents



External Constituents

Of the 447 external constituents contacting the Ombudsman in FY10, 80 percent were members of the general public, distinct from partners, government representatives, suppliers or donors (see Figure 3).

Figure 3. External Constituents (447 Total)



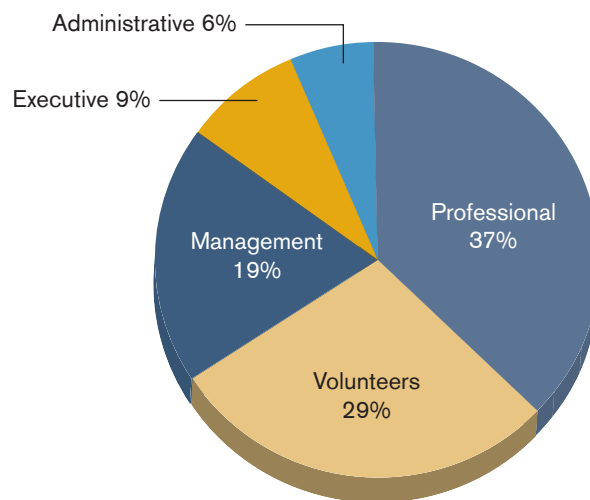
External constituents may be recipients of Red Cross disaster assistance or blood services; people interested in or taking Red Cross preparedness, health and safety classes; or anyone with inquiries or concerns about Red Cross services. This is nearly identical to FY09, when 78 percent of external constituent contacts were members of the general public. Relative to overall case contacts, those initiated by members of the general public decreased from 52 percent of total contacts in FY09 to 48 percent in FY10 as the numerical increase of 70 such cases was outpaced by the increase in internal contacts.

The percentage of cases initiated by donors rose from 10 percent in FY08 to 15 percent in FY09, and remained steady at this percentile in FY10. Percentages remained unchanged for government, partners and suppliers.

Internal Constituents

While internal constituents rose as indicated, Figure 4 illustrates that volunteers held steady at close to 30 percent and employees at close to 70 percent of internal constituents from FY09 to FY10.

Figure 4. Internal Constituents (300 Total)



As a percentage of total contacts to the office, however, employees rose from 20 percent in FY09 to 29 percent in FY10, an increase of 99 employee contacts. It will be important in the year ahead to increase our outreach to volunteers across the Red Cross so that we may increasingly serve them.

Figure 4 reflects as well the internal constituents by job category. Utilization of the Ombudsman Office by professionals dropped from 45 percent of internal contacts in FY09 to 37 percent in FY10. Administrative staff utilization rates remained steady at 6 percent of internal contacts in FY10, comparable to the 5 percent in FY09.

Significantly, utilization by managers and executives, a goal identified in the FY09 annual report as being important to the growth and value of the office, rose from 20 percent to 28 percent of internal contacts from last year to this year. In fact, use by managers and executives each rose by 4 percent over prior year levels, managers from 15 percent to 19 percent and

executives from 5 percent to 9 percent. This trend is expected to continue as leaders in the chapter network seek assistance relating to their changed responsibilities and relationships.

We will continue to work to educate management about how our office can be a resource to leaders and supervisors as well as a resource to which they can refer the employees and volunteers they manage. A related increase in issues being raised with the Ombudsman Office regarding evaluative (supervisory) relationships and career progression will be discussed in the next section of this report.

Figure 5 offers a composite picture of the various internal and external constituent types in relation to one another over a three-year period.

Figure 5. Constituent by Type

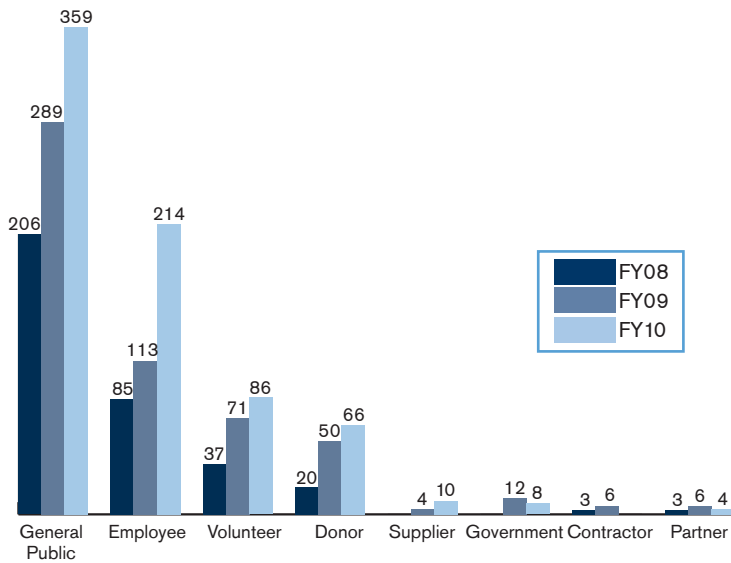
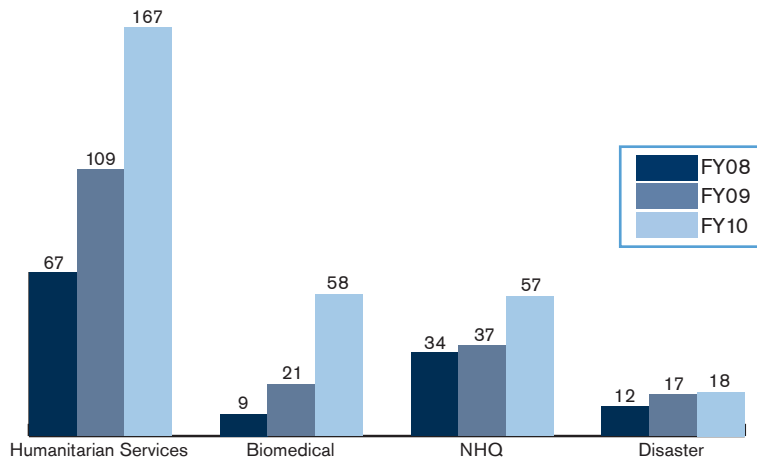


Figure 6 below illustrates the organizational units from which constituents are contacting the Ombudsman Office.

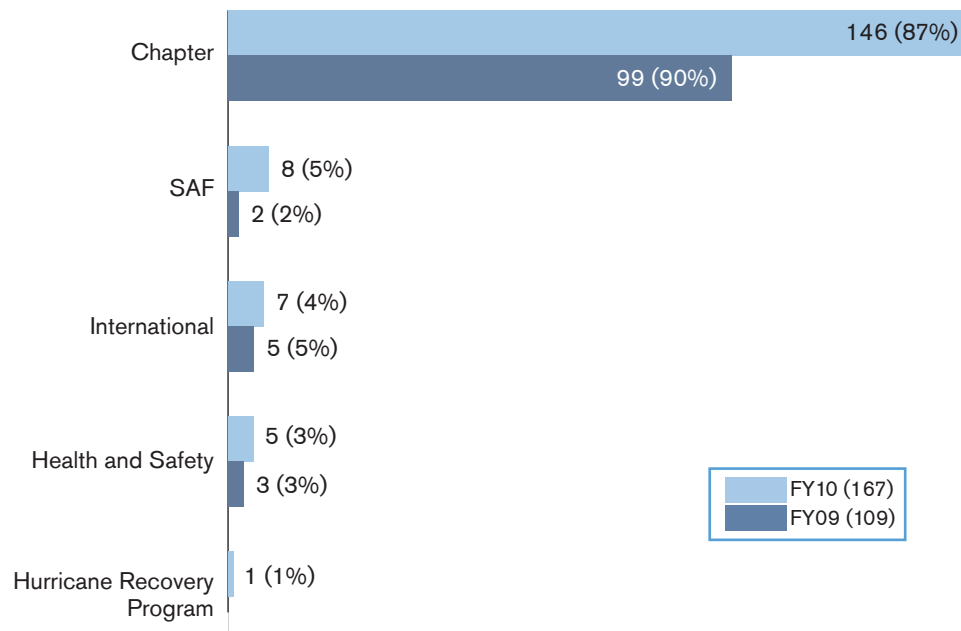
Figure 6. Internal Constituent by Unit—Yearly Comparison



Humanitarian Services remains the largest source of internal contacts. While the proportion of internal contacts coming from Humanitarian Services has been steady across three years, hovering between 55 percent and 59 percent, the number of contacts has risen steadily from 67 in FY08 to 167 in FY10. Constituent contacts from Biomedical Services have increased steadily in this three-year period in number and percent while national headquarters contacts have risen in number but declined slightly in percentage. Contacts from Disaster Services employees or volunteers have increased only very modestly in number in three years and have declined in percentage during that same time.

In Figure 7, we have represented for FY09 and FY10 the constituent contacts from the components of Humanitarian Services, namely Service to the Armed Forces (SAF); International Services; Preparedness, Health and Safety; and Chapter Operations, respectively.

Figure 7. Breakout of Units Comprising Humanitarian Services (FY09/FY10 Comparison)



While chapter-based constituent contacts rose from 57 in FY08 to 99 in FY09 to 146 in FY10, as a percentage of Humanitarian Services, chapter contacts fell from 90 percent in FY09 (99 of 109) to 87 percent in FY10 (146 of 167). Chapter contacts also fell as a percentage of total internal contacts, dropping from 54 percent in FY09 (99/184) to 49 percent in FY10 (146/300). Nevertheless, chapter numbers are significant, not surprising given the sheer size of the chapter network, and we expect to continue to be a resource to chapter volunteer and paid staff. Service to the Armed Forces, International Services, and Preparedness, Health and Safety represented 21 of 167 Humanitarian Services internal constituent contacts in FY10, a slight increase in number and percentage from FY09 in which they accounted for 10 of 109 internal constituents.

As this office builds capacity to handle cases in the next year or two, we will reach out even further to inform Red Cross employees and volunteers about how we can be a valuable resource for managers, employees, volunteers and those who may be concerned either with the actions or interactions of Red Cross staff or with how we meet our mission. In addition, we have extensively clarified our coordination and collaboration with the offices noted above to facilitate the raising and resolution of conflicts and concerns as well as the Ombudsman responsibility for identifying and working with senior leaders to facilitate the resolution of problematic systemic issues.

Volunteers, in particular, play an essential role in the ability of the American Red Cross to meet its mission and deliver services in our communities across this nation. So it is critical that this office do everything it can to make contact with volunteers to inform them of our services and to offer assistance wherever possible. We have held a Web chat and made some presentations to volunteers in the past year, and as we build capacity for handling an ever-increasing caseload, we will utilize a variety of outreach methods such as Web-based seminars, social media, video blogs, visits to chapters, Blood Services regions and SAF stations, and deployment on disaster operations.

Finally, it is worth noting that the reach of the Ombudsman Office is reflected not simply in the contact we have had and the service we have provided to those constituents who have contacted our office directly. It is also reflected in the hundreds of people we have contact with across the Red Cross community as we work to address issues and facilitate resolution of concerns or conflicts raised.



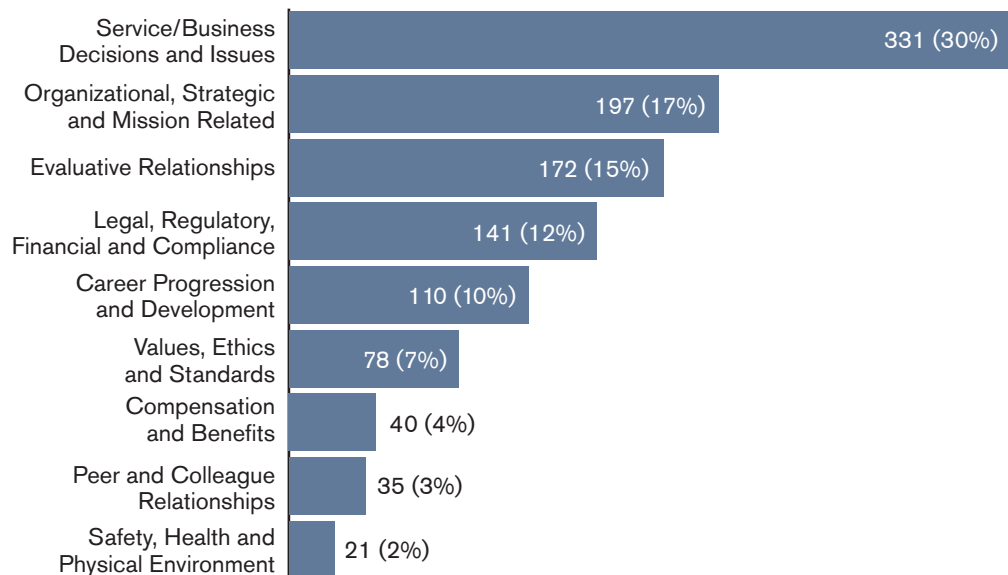
American Red Cross

Issues

Why Have People Consulted the Ombudsman?

Figure 8 indicates the overall issue profile for the 1,125 issues raised by 747 constituents who contacted the Ombudsman in FY10. The issues are represented according to the uniform reporting categories promulgated for the organizational Ombudsman field by the International Ombudsman Association.

Figure 8. All Issues Identified Under IOA Uniform Reporting Categories (1,125 Total)



The increase in the number of issues raised with our office (from 691 in FY09 to 1,125 in FY10) reflects an increase of nearly 200 constituents, the facts that constituents raised multiple issues, and that the Ombudsman Office has refined its process for identifying and capturing multiple issues.

Service and business decision-related issues continued to be the most prominent issue category from FY09 to FY10, but fell numerically from 340 in FY09 to 331 in FY10, and, as a percentage of the total issues, from 49 percent in FY09 to 30 percent in FY10. Organizational, strategic, and mission-related issues rose significantly from 50 issues in FY09 to 197 issues in FY10, representing an increase from 8 percent to 17 percent in FY10. This likely reflects the significant organizational changes in the chapter network and elsewhere in the organization under the “One Red Cross” initiatives and related changes in chapter structures, roles and relationships. Evaluative relationships increased from 74 issues and 11 percent of total issues in FY09 to 172 issues and 15 percent of the total issues caseload. Career progression and development went from 63 and 9 percent in FY09 to 110 and 10 percent in FY10. Legal, regulatory, financial and compliance issues rose only slightly from 68 issues and 10 percent of total issues in FY09 to 141 issues and 12 percent in FY10. Remaining issues (i.e., values; compensation; peer relationships; and safety, health, physical environment) categories rose numerically in FY10 but remained steady at FY09 levels percentage-wise.

Considering together some of the concerns represented by separate issue categories, such as evaluative relationships and career progression, reveals interesting aspects of how and why issues emerge at the Red Cross. Thus, combining evaluative relationships with career development and progression, which accounted for 20 percent of issues last year combined, comprises 25 percent of total issues in FY10. Similarly, considered together, the three categories pertaining to larger organizational issues, (i.e., legal and organizational and values) accounted for 24 percent of total issues raised in FY09; in FY10 they account for 36 percent of issues raised. This may reflect a greater willingness to raise these concerns with the Ombudsman Office as well as a natural anxiety around change that we would expect to see in any organization. The comparison of issues raised during the three years this office has been open is shown in Figure 9.

Figure 9. Yearly Comparison of Issues

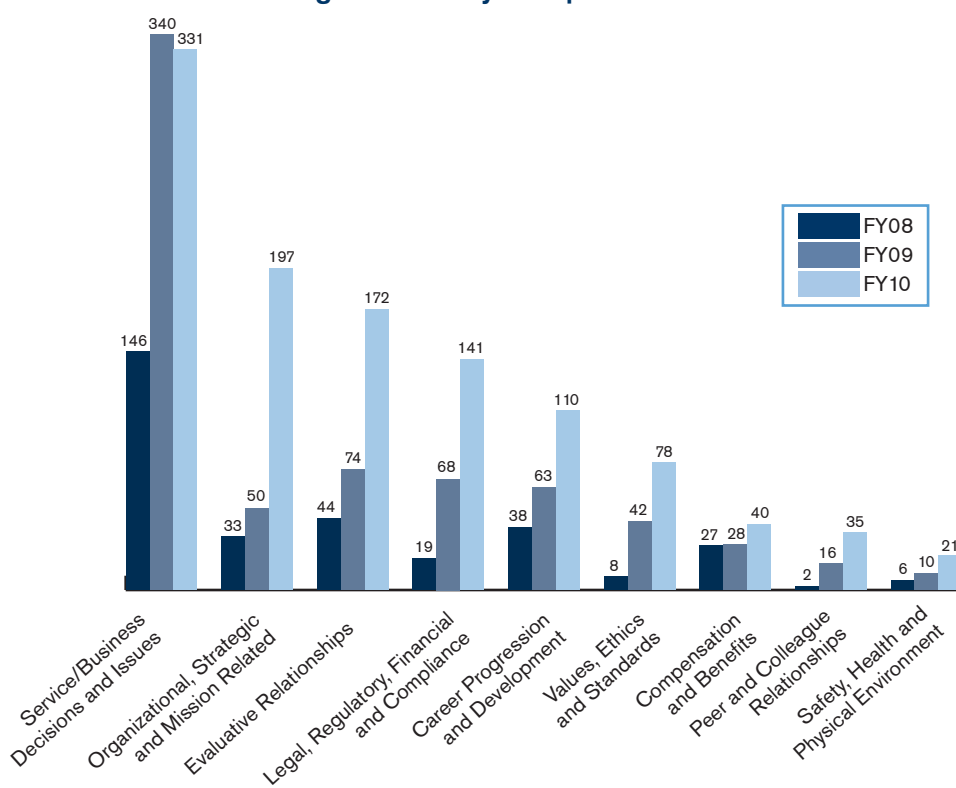
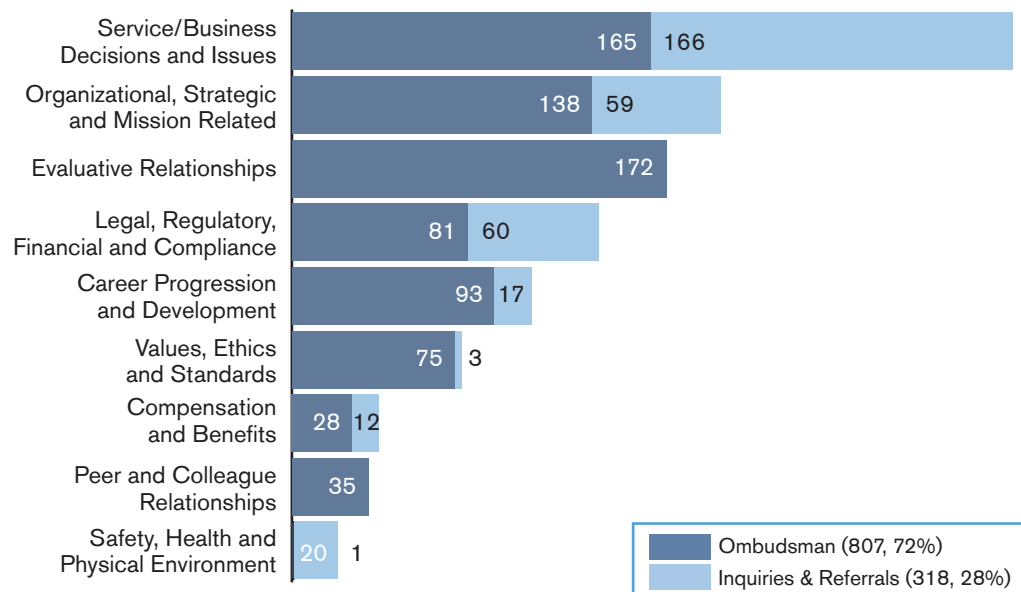


Figure 10 reflects how each type of issue category was handled, namely as a simple response to an inquiry, by an appropriate referral to another office or location in the organization, or as an Ombudsman case requiring a more complex intervention.³ This table illustrates how all of the other issue categories, except service and business decisions, are overwhelmingly handled as

³We should note that the line between making a referral to another office and providing coaching, one of our Ombudsman interventions, is not always so clear. We may, for instance, make a referral but coach the constituent on how best to frame his or her question to obtain the information sought. We have tended to consider these cases to be referrals but there can be a continuum along which a case is handled such that the case may be categorized as an Ombudsman case if we end up engaging more directly the inquirer's concerns, making suggestions or helping them consider various options for how they might proceed.

Ombudsman cases. This is not surprising given the complexity of the dynamics of an evaluative relationship and what is at stake for the employee or volunteer, or even the organization. It is also not surprising given the complexity of issues pertaining either to legal and regulatory compliance matters or to values, ethics and standards in the workplace and in Red Cross operations. The same can be said of issues pertaining to the organization's strategic direction, leadership or mission. The FY10 ratio of issues handled as Ombudsman cases as opposed to inquiries and referrals was 807 Ombudsman to 318 inquiry and referral, or 72 percent to 28 percent respectively. This contrasts with FY09 in which the ratio was 67 percent Ombudsman to 33 percent inquiry and referral. This reflects a modest shift as Ombudsman staff become more sophisticated in identifying what is truly only an inquiry and referral and where we can add more value and provide more assistance in clarifying issues and identifying options.

Figure 10. Issues Identified Under IOA Uniform Reporting Categories by Ombudsman and Inquiries and Referrals (1,125 Total)



By contrast, a higher percentage of issues pertaining to service and business decisions are likely to be handled as inquiry and referral cases because they typically involve passing along information to an inquirer on chapter or national headquarters programs or contacts. Service and business decision issues may also include calls that fall outside the mission of our office or solicitations from prospective and prospecting vendors. Even here, however, 50 percent of the issues were handled as Ombudsman cases as opposed to simple inquiry and referral.

It is worth noting that where the service and business decision issues raised pertained to the quality of service, the behavior of the service provider, the responsiveness and timeliness of service, or the interpretation or application of rules, it was much more likely to be handled as an Ombudsman case.

A Note on the Haiti Earthquake

When a devastating earthquake struck Haiti on January 12, 2010, the American Red Cross reacted immediately—in concert with the International Federation of Red Cross and Crescent Societies, other national Red Cross and Red Crescent societies, governments, and non-governmental organizations—to assist with response, relief, and recovery operations.

In the context of approximately 4.4 million individual donations to the Red Cross for Haiti, the Office of the Ombudsman received 71 constituent contacts, raising a total of 84 issues related to the crisis and the American Red Cross response. The issues ranged from complaints, concern for Haitians and their needs, requests for help with donating, offers of help, and requests for assistance in contacting family and loved ones.

Some complaints were about difficulties in making donations using 1-800-RED CROSS, the Red Cross text donation number, or the website. Other callers expressed a desire to go to Haiti to assist in relief operations or to make donations of clothing, food or other in-kind materials.

Other callers expressed concern around receiving the appropriate and correct receipts for their donations, or raised questions about how and when the Red Cross would expend donations received to benefit the Haitian people as quickly as possible.

In all cases, the Ombudsman Office answered questions, provided information, and referred callers to the appropriate resources, most often the Public Inquiry Line or, in the case of potential corporate partnerships and collaborations, the Development Department. The Ombudsman Office was gratified to be able to assist our stakeholders to contribute to the relief effort. We helped them to address their concerns and questions, understand the nature and extent of Red Cross operations in Haiti, and communicate and collaborate with the Red Cross in optimal ways.



Issues by Red Cross Business Unit

A critical part of reporting trend data involves looking at issue data in relation to Red Cross business units, which was first done as part of the FY09 report. Providing this data and analyzing conflict and issue profiles for each major business unit will assist the managers and leaders of those functions to better identify and address concerns of internal and external constituents.

Figure 11 reflects that the greatest percentage of issues raised pertained to Humanitarian Services, followed by national headquarters, Biomedical Services and Disaster Services.

Figure 11. Issues Per Organizational Unit (1,125 Total)

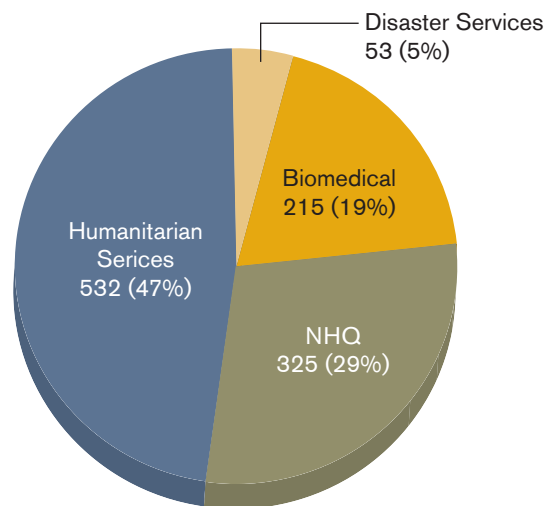


Figure 11 indicates the number and percentages of issues by business unit over the past three years.

Figure 12 illustrates the growth in cases by number and percentage in the major components of the Red Cross during FY08 through FY10.

Figure 12. Issues Per Unit—Yearly Comparison

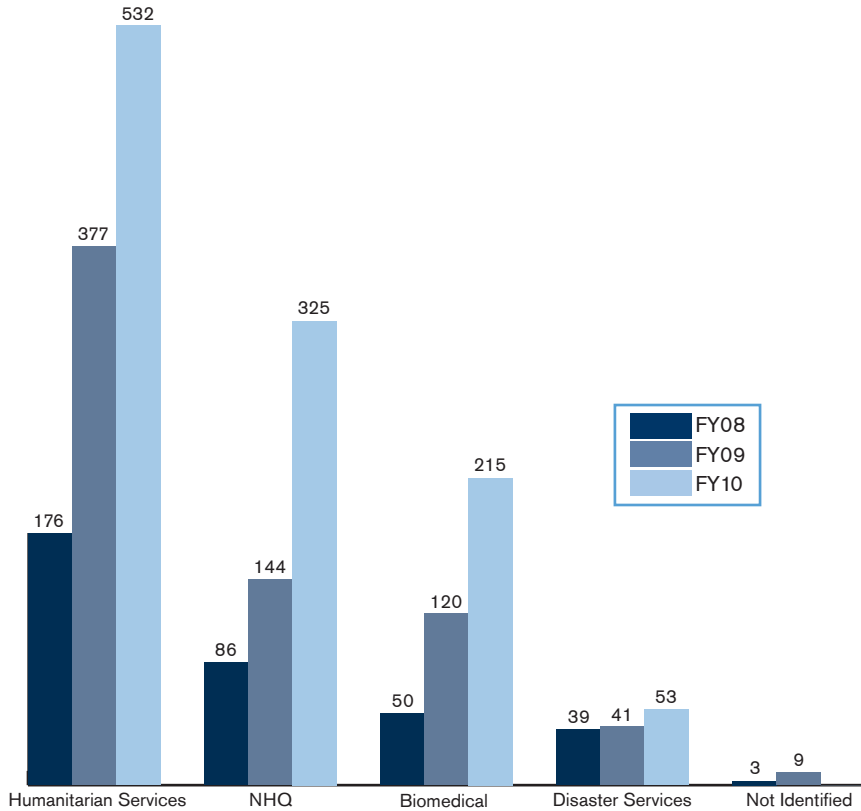
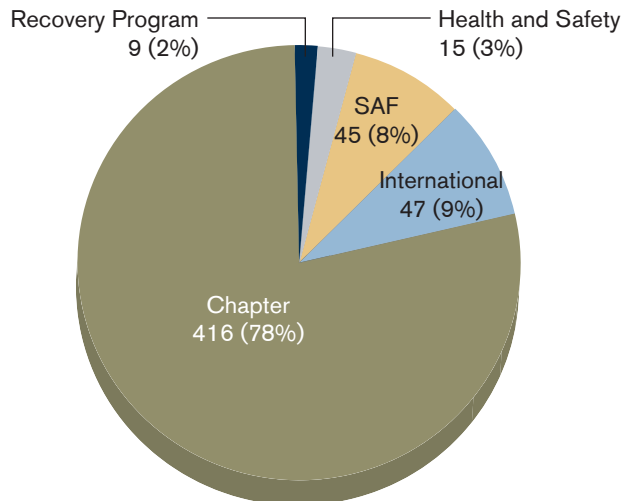


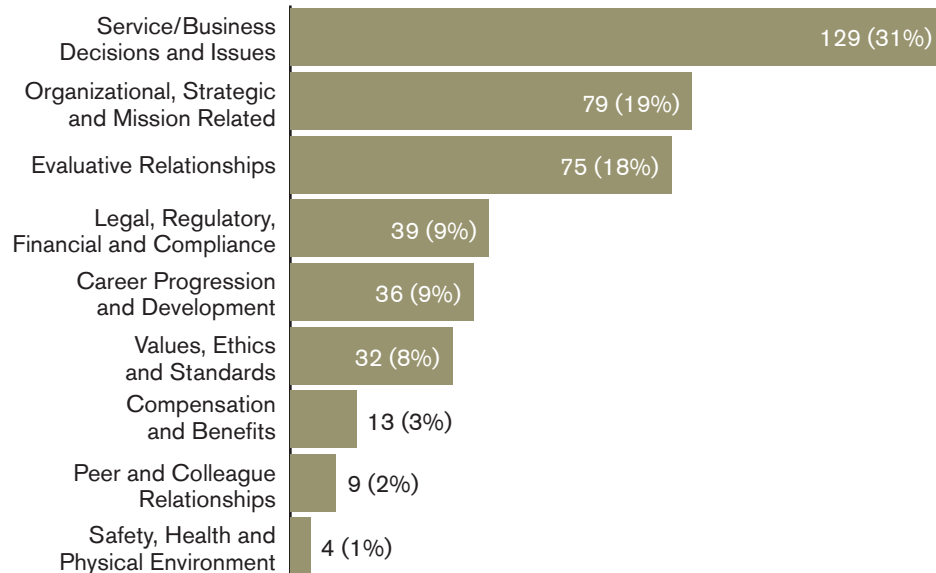
Figure 13 illustrates the number and percentages of issues in relation to each business component of Humanitarian Services.

Figure 13. Issues Per Comprising Units of Humanitarian Services (532 Total)



The specific issue profile for concerns raised in relation to Humanitarian Services is reflected below in Figure 14.

Figure 14. Humanitarian Services: Chapter Issues (416 Total)



Chapter-related issues rose from 292 in FY09 to 416 in FY10, and this increase is expected to continue in the year ahead. Nearly 27 percent of chapter issues identified in Figure 14 pertained to evaluative relationships and career progression and development together. This is the same as it was in FY09 and suggests that enhancing communication between employee and volunteer supervisors and supervisees in chapters could be beneficial. Nearly 36 percent of chapter issues in FY10, as opposed to 24 percent in FY09, pertained to larger organizational issues involving legal, financial, regulatory and compliance matters combined with issues of values and ethics as well as mission, organization and strategy. The prevalence of issues falling within this last grouping suggests that effective communication between the field and national headquarters on strategic direction, governance, operational changes and initiatives will continue to be important and beneficial. It also suggests that chapter issues raised reflect the significant changes being undertaken in the chapter network. The top six issue categories in Figure 14 account for 94 percent of chapter-related issues in FY10, compared to 95 percent in FY09.

Given the proximity of chapters to and their integration in their communities it is not surprising that service-related matters would arise. Service and business decision issues, however, rose only very slightly from 122 in FY09 to 129 in FY10. This represented a percentage drop of service and business decision issues relative to total chapter related issues, dipping from 42 percent in FY09 to 31 percent in FY10. Seventy percent of those service and business decision issues for chapters pertained to the interpretation and application of rules, the behavior of the service provider, the responsiveness and timeliness of the service or the quality of service. The remaining service issues were miscellaneous and reflected no particular theme.

International Services

The breakout of issues raised pertaining to International Services rose from 14 in FY09 to 47 in FY10 and represents a percentage increase from 4 percent to 9 percent of Humanitarian Services-related issues this past year.

The largest component of issues here pertained to organizational, strategic or mission-related concerns, such as internal organization and communication. The next largest category of issues pertained to service and business decisions.

Service to the Armed Forces

The issues raised pertaining to SAF increased from 25 in FY09 to 45 in FY10. The majority of these concerns involved service and business decision matters, including the responsiveness and timeliness of service and help sought with how to request and generate an emergency notification.

Preparedness, Health and Safety

Where issues pertaining to International Services and Service to the Armed Forces increased in FY10, Preparedness, Health and Safety declined from 40 issues (11 percent) in FY09 to 15 issues (3 percent) in FY10. It is critical to note, however, that this reflects only those issues regarding PHSS at national headquarters. In fact, of the 129 service and business decision issues involving chapters, 56 (or 43 percent) pertained to health and safety programs.

Ten of the 15 national headquarters health and safety issues related to service matters, not surprising given the large number of people trained each year by chapters in preparedness, first aid, CPR and AED, and lifeguarding. Most of those involved the interpretation and application of rules, which fell from 18 in FY09 to five in FY10, and dealt primarily with the policies, procedures and processes for training people in CPR, first aid or lifeguarding skills and for certifying instructors and trainers in these areas.

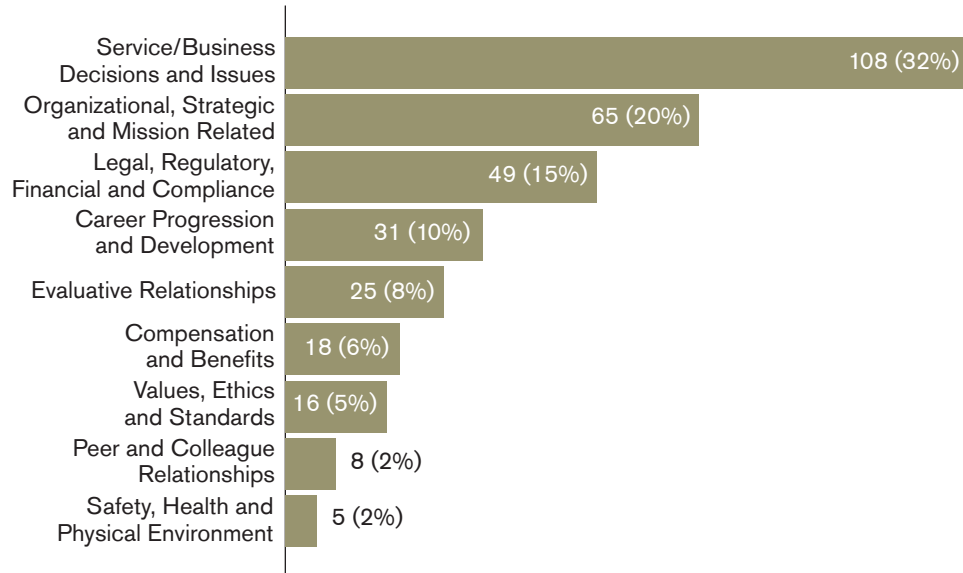
Hurricane Recovery Program (HRP)

Nine issues were raised in relation to the HRP, five of which referred to service and business decisions.

National Headquarters

In FY10, the next largest number of issues pertained to national headquarters, which consists of Human Resources, Office of General Counsel, Development, Finance, Information Technology, Public Affairs and other smaller offices. As illustrated in Figure 15, national headquarters accounted for 315 of the total 1,125 issues in FY10. This represents a numerical increase from 144 in FY09 and a percentage increase from 21 percent in FY09 to 28 percent in FY10.

Figure 15. National Headquarters Issues (315 Total)



Service and business decision-related issues rose only slightly from 81 in FY09 to 108 in FY10, reducing in percentage from 56 percent of national headquarters issues in FY09 to 32 percent this year as other areas grew. Sixty percent of the service and business decision issues relating to national headquarters pertained to the interpretation and application of rules, the timeliness and responsiveness of service, the behavior of the service provider and the quality of service. The remaining 40 percent related to concerns over how to donate to the Red Cross; requests to be removed from Red Cross call solicitation lists; prospective volunteers, vendors or corporate partners seeking information; people wanting financial assistance; and calls falling entirely outside the Red Cross mission.

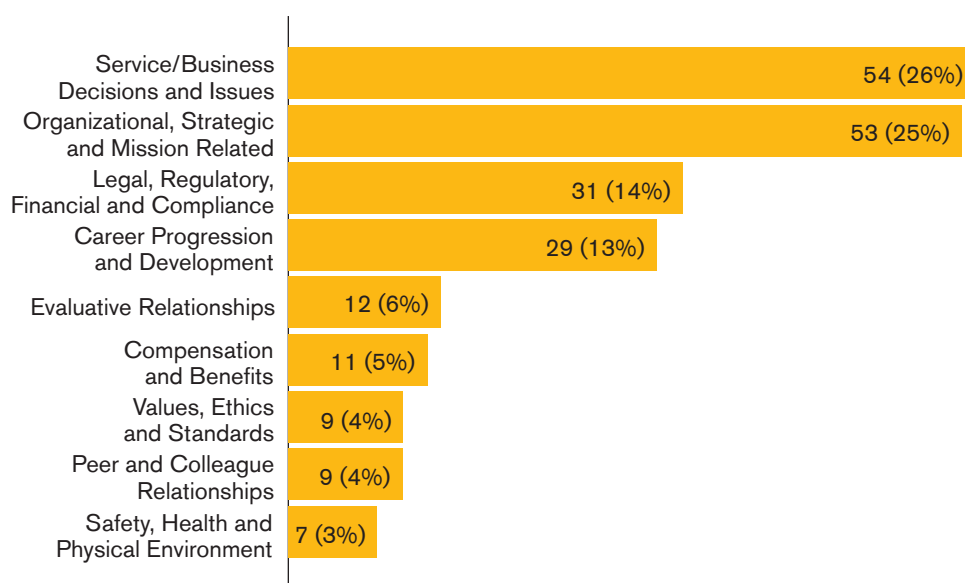
Organizational, strategic and mission-related issues pertaining to national headquarters represented the next largest category and increased from nine issues (6 percent of national headquarters issues) in FY09 to 65 issues (20 percent) in FY10. They touched on a variety of concerns such as executive compensation, expenditure of donated funds for Haiti relief and systems for tracking those funds, and the role of the ICRC in the conflict in Afghanistan. Likewise, legal, regulatory and compliance-related issues increased from 14 issues in FY09 (10 percent) to 49 issues (15 percent) in FY10, and included concerns around fraud related to American Red Cross assistance after Hurricane Katrina, compliance with legal requirements for access for constituents with auditory or visual impairments, unauthorized credit card purchases, and the process for investigating complaints received through the Concern Connection Line. Issues pertaining to career development and evaluative relationships combined remained largely consistent as a percentage of national headquarters issues,

representing a combined 16 percent in FY09 and 18 percent in FY10. Together, they increased in number from 23 in FY09 to 56 in FY. The remaining categories of national headquarters issues remain consistent with FY09 percentages as well.

Biomedical

As reflected in Figure 16, the Ombudsman received 215 issues pertaining to Biomedical Services in FY10. This represents an increase from 120 in FY09 and is accompanied by a very modest percentage increase of Biomedical issues relative to total issues from 17 percent in FY09 to 19 percent in FY10.

Figure 16. Biomedical Issues (215 Total)



Changes in Biomedical issues from FY09 to FY10 include an increase in evaluative relationship issues from six (5 percent) to 53 (25 percent) (accompanied by a modest increase in issues relating to career progression from 9 percent to 14 percent), and a slight increase in the number of legal and regulatory issues from 23 (or 19 percent) to 54 (or 26 percent). There also was a decline in service and business decision-related issues from 48 (40 percent) in FY09 to 29 (13 percent) in FY10.

Forty-nine of the 54 legal and regulatory issues pertaining to Biomedical Services touched on business, financial, and biomedical practices. These included concerns around eligibility to donate blood, deferral for male homosexual behavior in a donor's past, deferrals for donors based on time spent in areas designated as high risk, requests for donor records, and the quality of management at a blood center or drive.

Disaster

Fifty-three of the 1,125 issues raised with the Ombudsman in FY10 pertained to Disaster Services. This represented only a very slight increase over the 41 issues raised in FY09 and the percentage of issues pertaining to Disaster Services relative to the total issues raised fell from 6 percent in FY09 to 5 percent in FY10.

Nearly two-thirds of issues related to Disaster Services pertained to organizational, strategic, and mission-related matters, and service and business decisions. Organizational, strategic and mission-related issues raised in relation to Disaster Services involved concerns around priority-setting and communication.

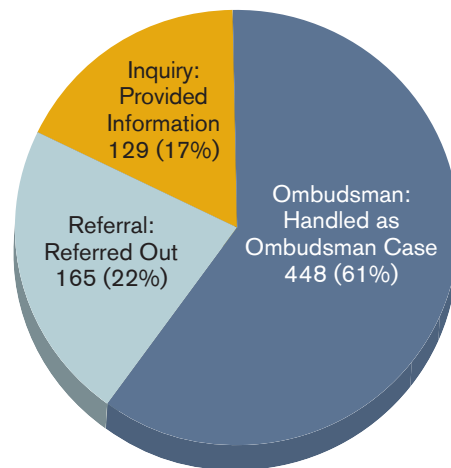
Actions

In this section we analyze the actions taken by the Ombudsman in response to matters brought to our office in FY10. The dimensions of action include, first, whether a contact is handled as an Ombudsman case, a simple response to an inquiry or a referral to another office. Second, we consider for those contacts that were handled as Ombudsman cases what methods of intervention were utilized.

What Is an Ombudsman Case?

As a threshold matter, we should note that not all issues brought to the Ombudsman were handled as Ombudsman cases. Ombudsman cases were handled by the Corporate Ombudsman or one of the associate Ombudsmen in the office and involved utilizing diverse approaches such as coaching, mediation and facilitation. As Figure 17 suggests, 448 of the 742 contacts initiated with the Ombudsman in FY10 were handled as Ombudsman cases because they raised matters that could not be responded to by answering a straightforward inquiry or were beyond simple referral to another office.

**Figure 17. Three Primary Actions (742 Total)
Open Ombudsman Cases (17 Total)**



In these 448 contacts resulting in Ombudsman cases, we handled 807 of the total 1,125 issues raised with our office in FY10.

Interestingly, those contacts whose concerns were handled as Ombudsman cases increased from 279 (50 percent) in FY09 to 448 (60 percent) in FY10. By contrast, referrals to other offices remained steady at last year's levels at 22 percent even as they rose in number from 118 to 165. The largest decrease, however, was found in simple informational inquiries made to our office, which declined from 158 (29 percent) in FY09 to 129 (17 percent) in FY10. This suggests that constituents are using our office less frequently than they have in the past to obtain information that they can appropriately find through the Public Inquiry Line. We had, in fact, identified in last year's report the need to clarify and distinguish our role from the Public Inquiry Line and other information outlets, and it appears that this has been successful.

It has been previously noted in the discussion of why people have accessed the Ombudsman Office that all issue categories except service and business decisions are overwhelmingly handled as Ombudsman cases. This reflects the complexity of the dynamics of evaluative relationships and the interactive nature of issues around career development and progression. Similarly, matters pertaining to legal and regulatory compliance; values, ethics and standards in Red Cross operations; and the organization's strategic direction, leadership or mission, raise a variety of complex and multi-layered issues well beyond simple inquiry and referral.

By contrast, a higher percentage of service and business decision issues are typically handled as inquiry and referral cases as they most often involve passing information to an inquirer on chapter or national headquarters programs or contacts. Calls to our office that fall outside the mission of the Red Cross or are solicitations from prospective vendors are also captured under service and business decisions in a category designated "other."

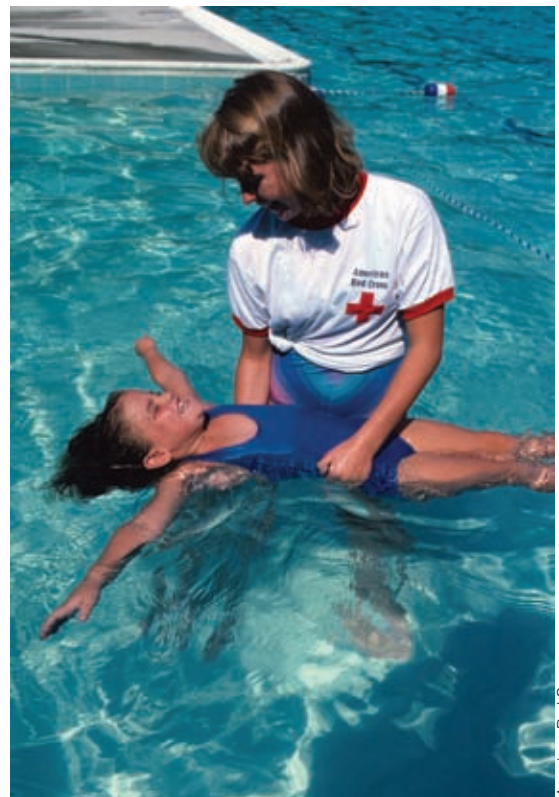
It is important to note, however, that service and business decision issues that pertain to the quality of service, the behavior of the service provider, responsiveness and timeliness or the interpretation or application of rules, are more likely to be handled as Ombudsman cases.

Modes of Ombudsman Intervention

Ombudsman cases are typically handled by a variety of approaches. Often we work with parties through confidential coaching to think strategically through what may be difficult or conflicted situations, to clarify issues, and identify options so they can decide how best to address their concerns at an appropriate level and in an optimally constructive manner. This Ombudsman coaching gives constituents candid feedback on their conflict style, strategy and approach, and builds the conflict competence of employees, volunteers, and managers throughout the Red Cross. This coaching work may include cases in which the Ombudsman researched complex policies or procedures and shared information pertinent to those policies with the constituent to help him or her make the most informed decision about how to handle the situation.

The Ombudsmen also often use shuttle diplomacy, meaning that we alternate in meeting with each party and coach each separately as we work with the constituents and disputants to achieve a mutually satisfactory resolution. On occasion, we will bring disputing parties together and mediate a face-to-face resolution.

We hope and plan in the year ahead to utilize informal facilitated discussions or mediations more frequently as they are effective in addressing and resolving issues. We are hampered in this, however, by the geographical dispersion of the Red Cross and by the fact that



American Red Cross

it is not possible to travel to every chapter, SAF station or Blood Services region where there is a dispute that could benefit from face-to-face facilitated discussion. We have begun to explore the efficacy of erecting a volunteer Ombudsman cadre to expand our coaching and mediating services to the field.

This office also engages in what we call “upward feedback,” meaning that we follow up with management or leadership at appropriate levels to identify systemic issues or concerns that might impact the Red Cross in a broader way or in the future. This is a significant part of the Ombudsman’s role under the governance modernization reforms in helping leadership successfully manage elements of enterprise risk. In this way, the Ombudsman can serve as a valuable early warning system for the Red Cross and, consistent with our office charter and our charge under the Modernization Act, identify and analyze issues or trends confronting the organization. Part of the Ombudsman’s role in raising systemic issues, then, is to help management and leadership think strategically through patterns presented and to facilitate appropriate processes for leadership to delve into and grapple with systemic issues raised.

Outreach and Collaboration

The Ombudsman regularly identifies and participates in activities to familiarize employees, volunteers, leaders and external constituents with the office and its function. In FY10, the Ombudsman Office—

- Worked to increase the understanding of our role and access to our services by developing new materials (e.g., website and brochure), by hosting a Web chat (with more to come), by engaging in the activities described below, and by visiting and presenting to staff, boards, and leaders in 20 Red Cross locations. In addition to the 747 constituents who contacted our office, we have reached an estimated 455 staff and another 356 leaders across the Red Cross directly through our visits and presentations. This office, then, has reached at least 1,558 internal and external constituents across the Red Cross community in FY10;
- Made contacts at more than 120 chapters with emergency managers at an information fair sponsored by the Emergency Services Program Manager Service Institutes (ESPMIs). We distributed information about the office, met people, explained the resources that the Ombudsman Office can provide and answered questions;
- Collaborated with Performance Improvement and Leadership Development for Disaster Services to develop, present, and facilitate a series of brown bag lunchtime sessions, which were part of a series entitled “Learning Opportunity Time.” Topics included negotiation theory and effectively handling difficult conversations;
- Spoke at all-hands meetings in SAF, Disaster Services, and International Services to introduce staff to the office and to answer questions. The Ombudsman also met with the team leaders of the Disaster Services Human Resources system to familiarize them with our office and obtain their assistance in identifying possible candidates for a volunteer Ombudsman cadre;
- Participated in the Red Cross Ethics Fair with other offices with whom it shares a responsibility for corporate governance systems, such as the Office of General Counsel, Human Resources, and Investigations, Compliance and Ethics. The office distributed information, discussed the Ombudsman Office with Red Cross employees and volunteers and helped educate them on ethics and good governance at the Red Cross, particularly how the Ombudsman could be helpful to them as an independent, neutral, informal and confidential resource. The office participated in the Ethics Fair at national headquarters as well as at the Ashburn, Va., Holland Lab, and Shared Services Center facilities;

- Developed collaborative partnerships with ICE, OGC, HR, and our governance partners by having periodic joint staff meetings to clarify issues and concerns and promote dialogue on how best to coordinate and work on cases that may intersect with informal and formal processes for resolving issues; and
- Collaborated closely in FY09 with the newly formed Center of Excellence for Corporate Compliance. Though not a compliance function itself, the Ombudsman Office acts in an advisory role when partnering with other members of this group: the Office of General Counsel; Investigation, Compliance and Ethics; Quality and Regulatory Affairs; Human Resources; Finance; and Corporate Diversity.

In sum, in the course of this past year, the Ombudsman Office has reached out to many national headquarters employees and volunteers, as well as employees and volunteers throughout the country. All these events were in addition to the day-to-day attempts made through casework contacts and through trainings to educate and inform the Red Cross community about the resources the Ombudsman Office offers.



Daniel Cimmar/American Red Cross

Systemic Work

In FY10, the Ombudsman Office worked extensively with managers and senior leadership to navigate challenging organizational dynamics and change management issues to strengthen the Red Cross. Significant changes in the chapter network structure and reporting relationships, changed roles for board members and chapter executives, as well as line staff, and the standing up of financial centers of expertise, present unique challenges and opportunities. This office has played a significant role in helping leaders and managers think through how to navigate a fast pace of organizational change and how to optimally integrate employees, volunteers, and leadership volunteers into those changes. The Ombudsman Office has provided, as a neutral and independent office, critical process and organizational consulting to assist managers and leaders in different parts of the Red Cross to collaborate and work efficiently together in pursuit of significant organizational initiatives and projects. This represents a critical systemic contribution that the Ombudsman can make to the effective functioning of the Red Cross.

Across the lines of business, the Ombudsman Office has—

- Assisted business planning and offered cross-functional and cross-departmental support for chapters, Development, Finance, and Disaster;
- Identified and led an effort with Human Resources and the Office of General Counsel to clarify dispute systems and reduce redundancies by separating formal and informal resolution systems (i.e., Integrated Conflict Management Systems);
- Tracked and reported trends (including, reworked how we capture data); and
- Helped finance leaders strengthen client chapter relationships.

Within the lines of business, the Ombudsman Office has—

- Assisted streamlining change-management efforts and worked closely with senior chapter leadership to optimally engage community chapters and boards in change;
- Spoken in all but one division on effectively driving organizational change in the Red Cross culture;
- Helped speed up regionalization and functionalization in several divisions by facilitating working meetings at the divisional level and at the regional-community chapter level;
- Increased the effectiveness of division budget, development, and planning meetings by offering facilitation services; and
- Increased the efficiency of work groups in the lines of business by facilitating work processes and relationships in existing work teams.

Looking to the Future

Increasing Outreach, Accessibility and Awareness

The year ahead promises to be a busy one as the Office of the Corporate Ombudsman will work assiduously to enhance its outreach and accessibility. The office will pursue strategies to increase awareness of what it does and to inform internal and external constituents, including those who depend on Red Cross services, of how it can be a valuable resource. The Ombudsman Office will regularly speak at management team meetings, staff meetings and at all-hands meetings in the various business lines across the Red Cross to share how the office can be a resource for handling complex or difficult situations, for working through conflicts, and for raising vital issues. It will, in this coming year, increase its direct, first-hand exposure to Red Cross activities as well by visiting chapters, Blood Services regions, National Testing Laboratories, and SAF stations, and, where possible, by deploying for disaster operations. Because the Red Cross is such a complex and geographically dispersed organization, the Ombudsman Office will further develop and implement a comprehensive communication strategy that utilizes appropriate media, including cutting-edge social media and other vehicles. The office will continue to enhance the materials available to the Red Cross community through CrossNet and **redcross.org**. All of these activities will enable the Ombudsman to provide greater assistance with the complex activities, challenges and culture of the Red Cross.

Case Handling—Resolving Disputes

The Ombudsman Office will continue to handle as an independent, confidential and neutral resource a wide variety of cases covering nearly every aspect of the work and impact of the Red Cross through the improved and streamlined case intake and case handling process. The office will offer a safe setting in which people will feel encouraged and able to bring forward issues or concerns with Red Cross management, policies, procedures or actions and to assist leaders, managers, staff and all stakeholders to become more accountable to hear and grapple productively and fairly with issues raised. The Ombudsman will handle cases consistent with the tenets of the International Ombudsman Association and with the principles reflected in the office's newly clarified and revised Vision Statement, Mission Statement and Strategic Plan.

Enhancing Red Cross Conflict Competence

In this next year, the Corporate Ombudsman will collaborate with business lines and functional departments throughout the Red Cross to provide conflict resolution skill building. The office will offer brown bag lunches or other sessions focused on specific topics of interest to staff and managers and provide workshops for working teams and leadership teams. Enhancing the capacity of the Red Cross to resolve disputes will be improved through these kinds of activities. These activities will help the Ombudsman Office meet the second element of its mission statement, to “help make effective conflict management skills become common and internalized ways of working for American Red Cross employees and volunteers at all levels as they seek to accomplish the mission of the American Red Cross.”

Collaborating on Conflict Resolution Programs

Related to this, the Corporate Ombudsman will work this next year with other offices responsible for the governance structure to analyze and enhance the design of effective and integrated conflict management systems in the Red Cross. This will optimize how employees and volunteers are able to raise concerns and work their issues through to successful and constructive resolutions. It will enhance, as well, leadership's ability to address and constructively resolve disputes or issues throughout the Red Cross. The Ombudsman Office will identify places where the Ombudsman can collaborate with lines of business and enterprise-wide functional departments in the development and advancement of conflict resolution programs, projects and practices across the Red Cross.

Identifying Systemic Issues

By being increasingly immersed in the varied aspects of the Red Cross, the Ombudsman Office will enhance its capacity to facilitate resolution of difficult situations as well as to identify larger systemic issues that may complicate or hinder the ability of the Red Cross to achieve its mission. The office will work closely and collaboratively with the lines of business and enterprise-wide functional departments to facilitate appropriate analysis and review of, as well as consideration of revisions to, Red Cross policies, procedures or practices where the Corporate Ombudsman process indicates the need for them. The Ombudsman will continue in the year ahead the work we started in FY10 of providing critical process and organizational consulting to assist managers and leaders in their challenging roles and to assist various parts of the organization to collaborate and work efficiently together in pursuit of significant organizational initiatives and projects. It is critical that the Ombudsman does not simply sit back and wait for cases or identify systemic issues after the receipt of cases brings to light particular concerns or trends. Rather, the Ombudsman needs to actively engage and consistently meet Red Cross employees and volunteers and see Red Cross activities first-hand to be able to provide preventive assistance that can help the organization anticipate and avoid potential pitfalls.

The systemic responsibilities under the Governance Modernization Act of 2007 also require the Ombudsman to prepare and submit annually a report to the Audit and Risk Management Committee of the Board of Governors, the president and CEO, and Congress concerning any trends and systemic matters that the Office of the Corporate Ombudsman has identified as confronting the American Red Cross. Consistent with that responsibility, the Ombudsman Office will look for ways to improve its processes to capture data on patterns and trends for upward feedback to leadership in a way that does not compromise confidentiality or identify any individuals, but that provides the most useful information to leadership.

Appendix



IN HONOR AND MEMORY OF THE MEN AND WOMEN
OF THE AMERICAN RED CROSS
WHO HAVE GIVEN THEIR LIVES IN THE SERVICE OF MANKIND

Brian MacDonald/American Red Cross



American Red Cross

American Red Cross Ombudsman Office Charter

Establishment of Office

The Board of Governors, in *American Red Cross Governance for the 21st Century: A Report of the Board of Governors*, recognized the need for an organizational ombudsman to improve the organization's ability to resolve disputes and take action on significant issues confronting the Red Cross. The Congress and the President agreed and, in The American National Red Cross Governance Modernization Act of 2007, amended the Congressional Charter of the American National Red Cross to establish an Office of the Corporate Ombudsman (Ombudsman Office). The accompanying report (H.R. Rpt. 110-87 at 25 (April 16, 2007)) provides for an office that:

will act as a neutral and impartial dispute resolution center whose major function will be to provide confidential and informal assistance to the many internal and external constituents with concerns or complaints about the American Red Cross. The Office of the Ombudsman will have unfettered access to the entire corporation and all personnel, corporate reports, [and] documents, and will report directly to the organization's Chief Executive Officer and on a regular basis to the Audit and Risk Management Committee of the Board of Governors.

In addition to conflict resolution, the Office of the Ombudsman will report annually to the U.S. Congressional Committees of jurisdiction¹, areas and types of concerns, including trends and systemic matters that the Ombudsman determines to be confronting the organization. As a practice, these reports will also be made available to the public through the Red Cross external website, www.redcross.org.

The Red Cross Corporate Ombudsman will receive inquiries from members of the American Red Cross community including internal stakeholders such as employees and volunteers, and external stakeholders such as Red Cross donors, suppliers, partners, and the public at large. Given the role of the Red Cross in disaster relief, blood services, international treaty obligations of the Geneva Conventions, armed forces emergencies,

¹ Senate Committees on Finance; Foreign Relations; Health, Education, Labor, and Pensions; Homeland Security and Governmental Affairs; and Judiciary. House Committees on Energy and Commerce, Foreign Affairs, Homeland Security, the Judiciary, and Ways and Means.



American Red Cross

Establishment of Office (continued)

and health and safety services it is essential that the Corporate Ombudsman be focused on the organization as a whole and be accessible to internal and external stakeholders.

As noted in the American Red Cross Code of Business Ethics and Conduct, the Ombudsman Office provides confidential and informal dispute resolution services, and is not a substitute for existing formal complaint or problem resolution channels at the American Red Cross. Unlike the Ombudsman Office, Human Resources; management; the Office of General Counsel; and Investigations, Compliance and Ethics are empowered to conduct investigations, make decisions and policy, and receive official notice for the American Red Cross. Parties who wish to make a formal complaint for the American Red Cross to act on or formally document their concerns must go through one of these formal channels. The Ombudsman Office is a supplement to these formal channels, not a replacement for them or a necessary step to reach them. No one is required to use the independent and impartial services of the Ombudsman Office.

Standards

The Corporate Ombudsman and the staff of the office shall adhere to the International Ombudsman Association Code of Ethics and Standards of Practice. These tenets require Ombudsman Offices to function independently of the organization, to be confidential and neutral, and to limit the scope of its services to informal means of dispute resolution. The American Red Cross recognizes that the Ombudsman Office will operate consistently with the following essential characteristics:

- (1) **Independence.** The Corporate Ombudsman shall be, and shall appear to be, free from interference in the legitimate performance of his or her duties. The Corporate Ombudsman shall report trends and systemic issues that he or she observes to the President and CEO and be scheduled regularly to report such matters to the Audit and Risk Management Committee of the Board of Governors. The Corporate Ombudsman shall not perform other ad hoc roles and is not part of management.

The American Red Cross recognizes that no one who may be affected by actions of the Ombudsman Office shall: control or limit the Corporate Ombudsman's performance of assigned duties, eliminate the office, remove the Corporate Ombudsman without cause, or reduce the budget or resources of the office for retaliatory purposes.



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Standards (continued):

The American Red Cross affirms the right of individuals to seek assistance from the Ombudsman Office without fear of retaliation.

- (2) **Neutrality and Impartiality.** The Corporate Ombudsman shall conduct inquiries in an impartial manner, free from initial bias and conflicts of interest. He or she shall not take sides in any conflict, dispute or issue. The Corporate Ombudsman shall consider the interests and concerns of all parties involved in a situation impartially with the aim of facilitating communication and assisting the parties in reaching mutually acceptable agreements that are fair and equitable.

Impartiality shall not preclude the Corporate Ombudsman from developing an interest in securing changes that are deemed necessary as a result of the process. The Corporate Ombudsman shall be an advocate for fair processes and fair administration of the same, and shall be an advocate within the entity for change where the process demonstrates a need for it.

- (3) **Confidentiality.** The Ombudsman Office shall not disclose names of individuals or any information provided in confidence, unless in the course of discussions with a constituent, the Corporate Ombudsman asks for and receives permission to make a disclosure or unless the Corporate Ombudsman determines that there is an imminent risk of serious harm. The Ombudsman Office shall not confirm communicating with any party or parties. The Corporate Ombudsman shall neither willingly participate as a witness with respect to any confidential communication, nor be compelled to participate in any formal process inside or outside of the American Red Cross.
- (4) **Voluntary.** Individuals shall not be required to meet with the Corporate Ombudsman. To the contrary, all interactions with the Corporate Ombudsman must be voluntary.
- (5) **Privilege.** Communications between members of the Ombudsman Office in their official capacity and others shall be confidential and privileged and cannot be waived by others, including the American Red Cross as an entity. This allows constituents to come forward in a confidential setting with no risk of reprisal. Mediation communications shall be privileged against disclosure consistent with District of Columbia law. D.C. Code §§ 16-4201 to 16-4213.



American Red Cross

Standards (continued):

- (6) **Informality.** The Ombudsman Office shall be a resource for informal dispute resolution and mediation services. The Corporate Ombudsman shall not investigate, arbitrate, adjudicate or in any other way participate in any internal or external formal process or action. The Ombudsman Office shall not keep records for the American Red Cross, and shall not create or maintain documents or records for the American Red Cross about individual cases. Notes, if any, taken during the course of working on a case shall be routinely destroyed at regular intervals and at the conclusion of a matter. The office will retain non-identifying data and information for purposes of analyzing and reporting trends regarding concerns and systemic problems. This non-identifying data and information shall not be property of the American Red Cross, but of the Office of the Corporate Ombudsman.

Responsibilities and Duties

The Corporate Ombudsman shall be authorized to:

- (1) receive complaints, concerns, and questions about alleged acts, omissions, improprieties, and systemic problems from internal and external stakeholders;
- (2) exercise discretion to accept or decline to act on a complaint, concern, or question;
- (3) act on his or her own initiative to address issues and conduct inquiries within his or her prescribed jurisdiction;
- (4) gather relevant information and require the full cooperation of the managers, employees, and volunteers of the American Red Cross;
- (5) facilitate fair and equitable resolution of issues at the most appropriate level of the entity;
- (6) advocate for organizational change;
- (7) develop, evaluate, and discuss options available to affected individuals;
- (8) educate, facilitate, negotiate, and mediate;
- (9) make recommendations for the resolution of an individual complaint or a systemic problem to those persons who have the authority to act upon them;
- (10) identify trends and opportunities to improve the American Red Cross or to prevent problems from recurring;



American Red Cross

Responsibilities and Duties (continued)

- (11) provide overview information, trends and analyses regarding concerns and systemic problems in reports to the President and CEO; the Board of Governors, principally through its Audit and Risk Management Committee; U.S. Congressional Committees of jurisdiction; the public; and other constituencies as appropriate. In no case shall confidentiality or anonymity be breached; and
- (12) request and receive legal counsel and representation as appropriate independent from the American Red Cross in the event a conflict of interest or dispute arises between the Ombudsman Office and the management of the American Red Cross.

The Corporate Ombudsman shall not, nor shall an entity expect or authorize him or her to:

- (1) make, change or set aside a law, policy, or administrative decision;
- (2) make management decisions;
- (3) directly compel any entity or any person to implement the Corporate Ombudsman's recommendations;
- (4) conduct formal investigations;
- (5) accept jurisdiction over an issue that is currently pending in a legal forum or the subject of a formal investigation (exceptions may be made on a case-by-case basis at the sole discretion of the Corporate Ombudsman);
- (6) address any issue arising under a collective bargaining agreement;
- (7) act in a manner inconsistent with the grant of and limitations on the jurisdiction of the office when discharging the duties of the Ombudsman Office;
- (8) be a substitute for formal channels;
- (9) accept notice of claims on behalf of the American Red Cross;
- (10) participate in formal proceedings;
- (11) provide legal advice or determine rights; or
- (12) testify or serve as a witness on matters brought to the Corporate Ombudsman's attention.



American Red Cross

Not Authorized to Receive Notice of Claims Against the American Red Cross

Communications to the Corporate Ombudsman shall not constitute notice to the American Red Cross. These communications include allegations that may be perceived to be violations of laws, regulations or policies, such as sexual harassment, and issues covered by the whistleblower policies. Because the Corporate Ombudsman does not function as part of the management or administration of the American Red Cross, even if the Corporate Ombudsman becomes aware of such an allegation, the Corporate Ombudsman shall not be required to report it to the American Red Cross.

Beverly Ortega Babers

**Beverly Ortega Babers
Corporate Ombudsman
American Red Cross**

Mary Elcano

**Mary Elcano
Acting President and Chief Executive Officer
American Red Cross**

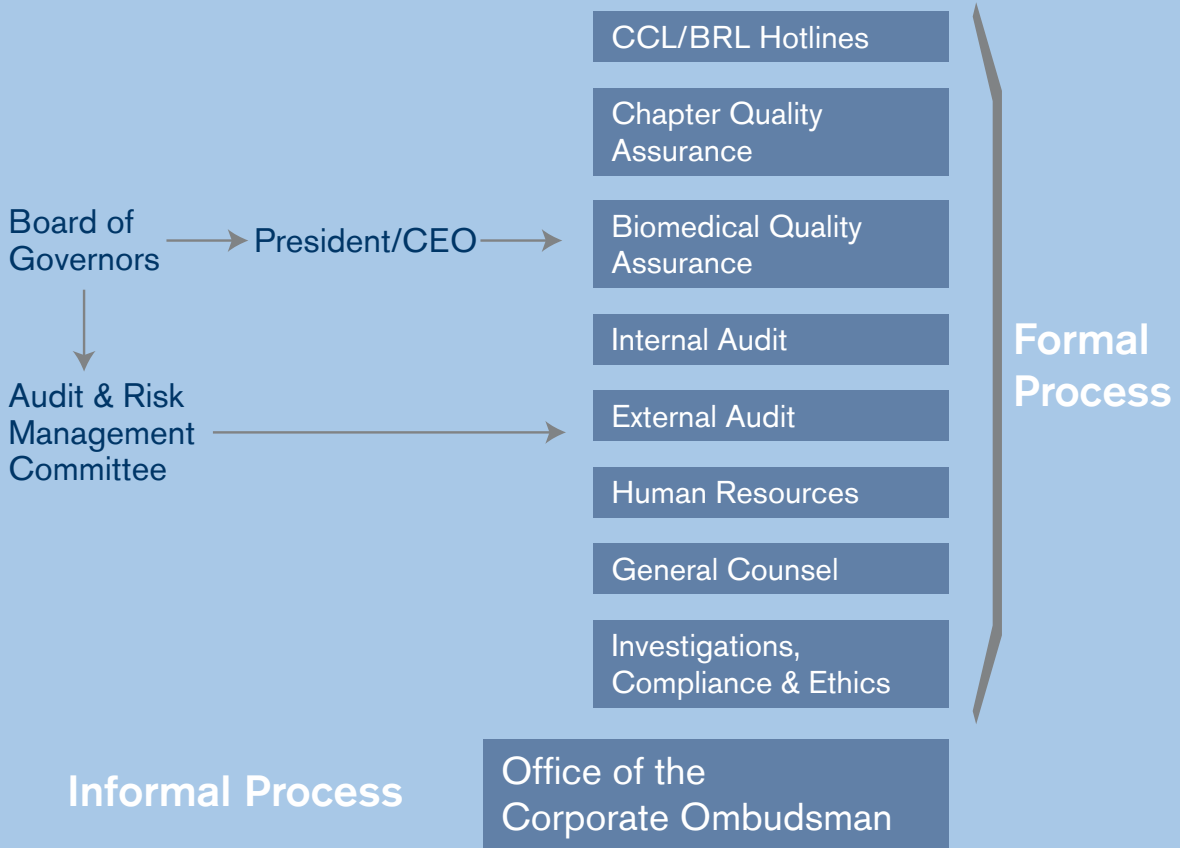
Sanford A. Beiden

**Sanford Beiden
Chair, Audit and Risk Management Committee
Board of Governors
American Red Cross**

Effective Date: January 15, 2008



Corporate Governance System





Virginia Hart/American Red Cross



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