



**American
Red Cross**

Office of the Corporate Ombudsman 2011 Annual Report

July 1, 2010 – June 30, 2011



A Message From the Corporate Ombudsman

I am pleased to present the fourth annual report on the activities and initiatives of the Office of the Corporate Ombudsman for fiscal year 2011—from July 1, 2010 to June 30, 2011. Since the office opened in October 2007, it has handled more than 2,400 cases. In FY11 alone, the office handled cases brought by 750 constituents. In addition, I had direct contact with another 1,300 volunteers, employees and leaders through our systemic work, outreach activities, trainings, presentations and group facilitations. Our continued integration into the Red Cross has enabled us to meet our mandate under the Governance Modernization Act of 2007 to enhance the capacity of the Red Cross to resolve conflicts and to identify problems, trends and patterns confronting the organization.



The scope and breadth of the 1,584 issues raised with the Ombudsman Office and the number of constituent contacts in FY11 reflect the transformation that has taken place in the chapter network and across the organization to enhance the delivery of services to the people we serve and to be better stewards of our donors' dollars. These changes consisted of the consolidation of many support services and back-office functions, including marketing, human resources, finance and information technology, where duplication existed in the organization, particularly at the chapter level. Moreover, internal activities such as purchasing, contracting and travel were streamlined at national headquarters, enabling the Red Cross to reduce chapter field operations and headquarters by a little over 10 percent. Indeed, recent staff reductions included 1,000 from chapters, 400 from Biomedical Services and 170 from national headquarters. Finally, FY11 contacts and issues reflect the sheer size and complexity of the Red Cross, a 32,000 employee organization with over half a million volunteers, as well as extensive outreach by the Ombudsman Office that has resulted in individual interaction with volunteers, employees and leaders in chapters, SAF stations, blood regions, and other facilities across the nation.

We stand in a critical position as the designated neutral party for the organization, and as a confidential, independent office where internal and external constituents can raise concerns or issues about the ability of the American Red Cross to meet its mission effectively. The Office of the Corporate Ombudsman plays a significant role in supporting the volunteers, employees and leaders doing the lifesaving work of the American Red Cross, whether they are supporting military families in coping with deployments, collecting blood, or responding to floods in North Dakota or tornadoes in Missouri.

For people relying on our services, the Red Cross can seem so large and complex that it can feel overwhelming to find a way to make their voice heard. In addition, people inside or outside the Red Cross may be reluctant to bring difficult issues forward because they may feel uncertain as to whom they can go and how best to raise an issue, or because they are concerned about being perceived as "difficult." For this reason, the Ombudsman Office assists internal and external constituents of the Red Cross to determine how they can address their concerns in the most constructive way and at the most appropriate level in the organization. This service may be critical not only for those persons wishing to raise a concern, but it is crucial as well for ensuring the health of the Red Cross as it fulfills its seminal mission.

The Ombudsman Office further plays a vital systemic role, beyond receiving cases and identifying problematic trends, by providing critical process consulting, coaching and facilitation to support Red Cross leaders, employees and volunteers. We help various parts of the organization collaborate and work efficiently together in pursuit of significant organizational initiatives to serve our donors, clients, the recipients of our services, and the general public optimally. The Ombudsman's facilitative and systemic roles are especially salient as the Red Cross navigates significant organizational and cultural change both as a national corporation and grass roots community-based organization.

The 750 constituent contacts in FY11 with the Ombudsman Office represent a small slice of data from self-selecting constituents. Moreover, the role of our office is not to investigate or determine the veracity of the issues raised. The interpretations we make in this report are necessarily constrained by these factors.

The American Red Cross is entrusted each day by the American people to lend vital help to people in their hour of maximum need. This essential mission guides the work of the Ombudsman Office. Whether a person is an employee, a disaster or chapter volunteer, a partner who helps us to provide services, a blood donor or blood recipient, or a recipient of any Red Cross service, my office is available to help. For more information on our office, please visit redcross.org/governance.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Jessar". The signature is fluid and cursive, with a long horizontal stroke at the end.

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



American
Red Cross
VOLUNTEER

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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 October 2006, the Board of Governors issued a report based on the analysis and recommendations of an independent governance advisory panel and 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. The American National Red Cross Governance Modernization Act of 2007 amended the original Congressional Charter for the Red Cross and created the Office of the Corporate Ombudsman. The legislative history (H.R. Rpt. 110-87 at 29 (April 16, 2007)) for this statute stated that the Corporate Ombudsman would do the following:

- 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 jurisdiction, 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**.

In October 2007, the Office of the Corporate Ombudsman opened its doors, offering an informal and responsive alternative resource for conflict resolution to all persons with an interest in the American Red Cross, including the general public, donors, recipients of disaster services, employees, volunteers and other stakeholders. 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.



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. While the office charter (see Appendix) 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.
- Discussions with the Ombudsman, even the fact that one has 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.
- 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.

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.

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 one wishes to place the Red Cross on notice or to request an investigation or any other management action, the Ombudsman Office can provide 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 decision about how to handle a concern remains with the person who has raised it. 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, 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

In FY11, 750 constituents contacted the Ombudsman Office. The overall annual number of constituents utilizing the office has more than doubled since FY08, rising from 354 in FY08 to 750 in FY11 which is nearly identical to FY10. Figure 1 illustrates the number and composition of internal and external constituent contacts in FY11.

Figure 1. All Constituents (750 Total)

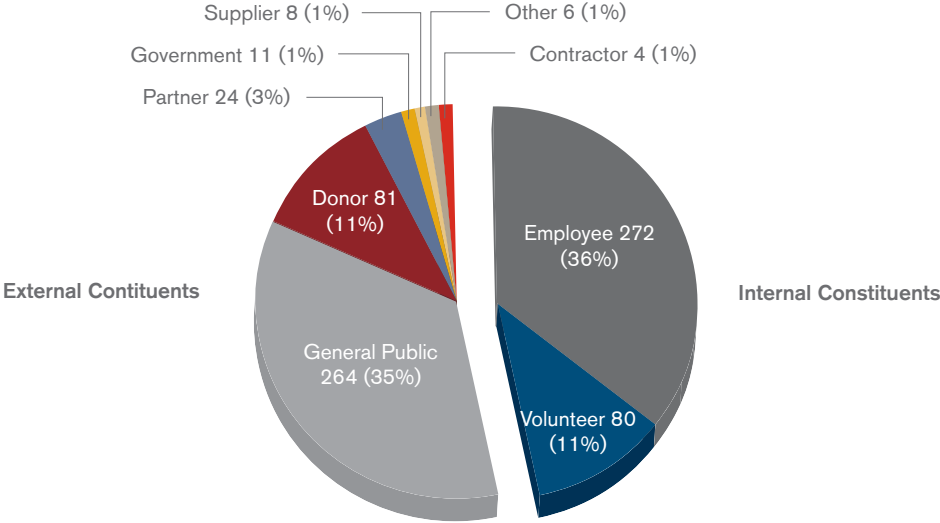
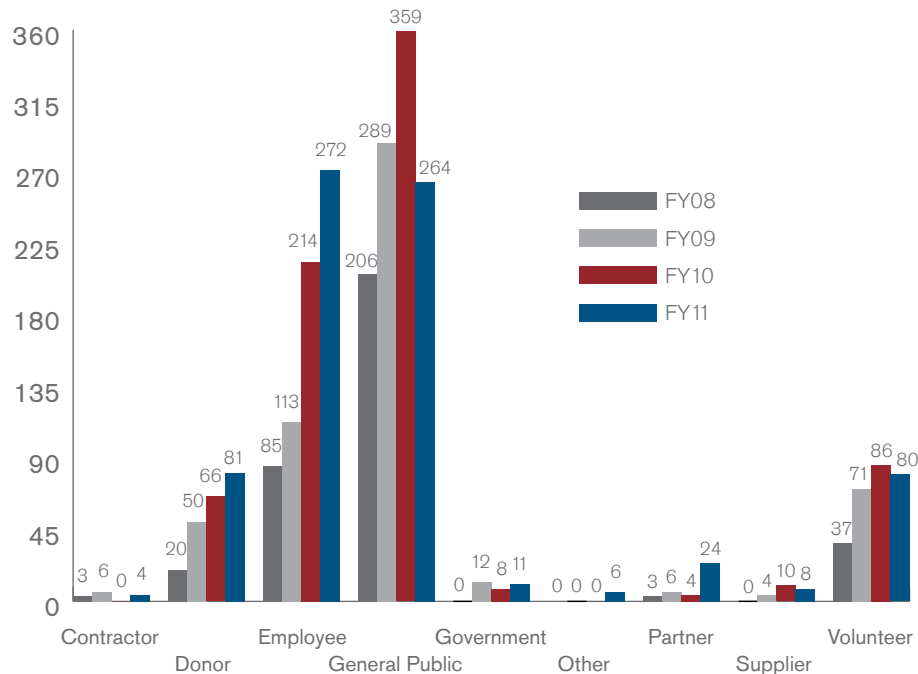


Figure 2 offers a composite picture of the various internal and external constituent types in relation to each other over a four-year period.

Figure 2. Constituent by Type – Yearly Comparison



The percentage of internal constituents utilizing the Ombudsman Office rose from 33 percent in FY09 to 40 percent of total contacts in FY10 to 47 percent in FY11. This higher proportion of internal constituents suggests that employees and volunteers are increasingly utilizing our services. However, this is a modest shift when we consider that internal constituent contacts increased by 52 cases and external contacts (such as financial and blood donors, recipients of disaster services, customers of Red Cross health and safety products and classes, and the general public) decreased by a similarly slight number during the past year. Nevertheless, the trend toward parity between internal and external stakeholders is sustained over the four years since the office was established and it indicates that employees and volunteers are finding it easier to learn of and contact the office as the office boosts its outreach efforts and the Red Cross centralizes various functions across the chapter network and the corporation.

External Constituents

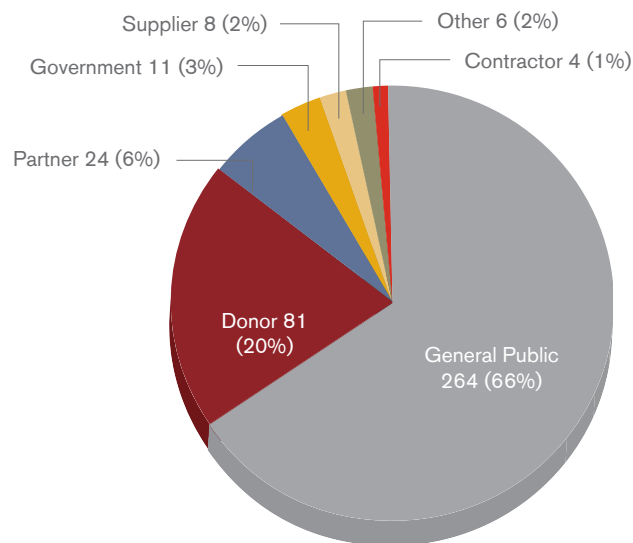
Of the 398 external constituents contacting the Ombudsman in FY11, 264 (66 percent) were members of the general public, distinct from partners, government representatives, suppliers or donors (see Figure 3). This represents a decrease of general public contacts as a percentage of external contacts from 80 percent in FY10. This is not surprising, as general public contacts in FY11 returned closer to FY09 levels in the aftermath of a Haiti-related spike in FY10. The earthquake and tsunami in Japan failed to generate a similar spike in FY11 in general public contacts to the Ombudsman.

Eighty-one donors represented the other major category of external constituents who contacted the Ombudsman in FY11, representing 20 percent of external contacts in FY11, an increase from 15 percent in FY10. Donors contacting the office have increased fourfold since the office opened in FY08, and we expect that this number will increase as the Red Cross actively pursues new fund development strategies and as more donors learn about our office.

FY11 also showed an increase from four to 24 in the number of partner contacts; it is difficult to ascribe this increase to any particular factor. Partners include organizations and persons who wish to collaborate with the Red Cross or who may already work with the organization to provide disaster or other community assistance.

The remaining external contacts fell into various smaller categories of government and supplier relationships, and did not markedly change from prior fiscal years. Some of these contacts related to vendors who were interested in supplying products for the relief efforts in the wake of both domestic and international disasters.

Figure 3: External Constituents (398 Total)



Internal Constituents

Internal constituents rose from 300 contacts (40 percent) in FY10 to 352 (47 percent) in FY11. In FY11, 80 volunteers accounted for 23 percent of the internal contacts made with the office, close to FY10 levels.

By contrast, employees as a percentage of internal contacts to the office rose from 71 percent in FY10 to 77 percent, constituting 272 of the 352 total internal contacts in FY11. Employees represented 36 percent of total constituent contacts to the office in FY11, rising from 21 percent in FY09 and 29 percent in FY10. This change reflects Ombudsman outreach to internal constituents through visits to Biomedical, chapter and SAF facilities, as well as presentations and facilitations throughout the organization.

Figure 4 reflects internal constituents by job category. FY11 showed an increased utilization of the office by executives and managers. Combined executive and manager use of the office constituted 40 percent of internal contacts in FY11.

It will be important in the year ahead to continue to be a resource for executives and managers as they lead and navigate substantial change in all areas of the Red Cross. The trend of increased usage by leadership continued as leaders in the chapter network, functionalizing or centralizing departments, and other areas sought assistance for themselves or for those they supervise relating to their changing responsibilities and relationships.

Figure 4: Internal Constituents (352 Total)

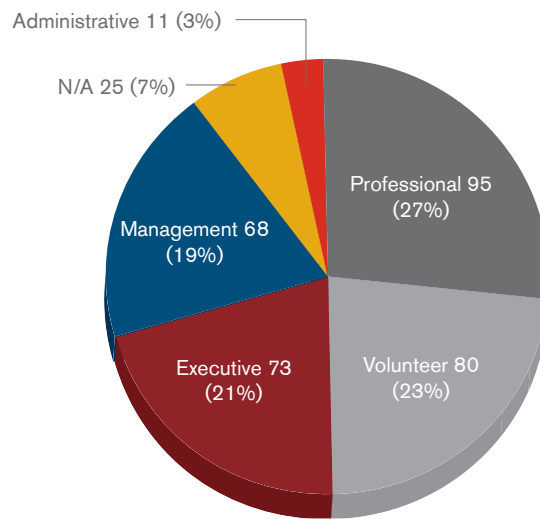
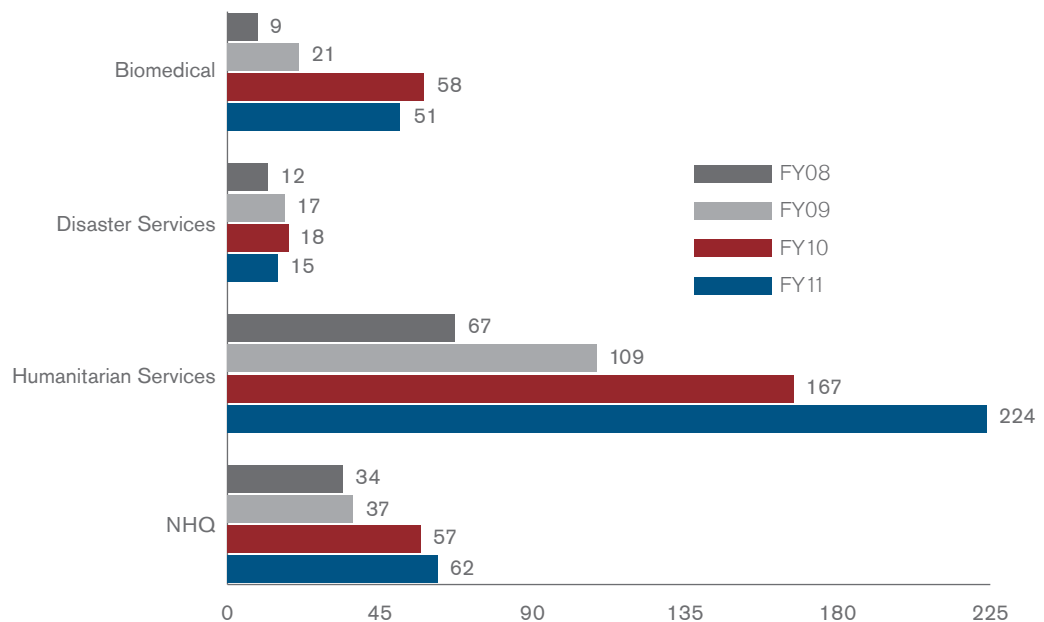


Figure 5 below illustrates the organizational units from which internal constituents contacted the Ombudsman Office. National headquarters consists of Human Resources, the Office of General Counsel, Development, Finance, Information Technology, Audit, Public Affairs and other smaller offices.

Figure 5: Internal Constituents by Unit – Yearly Comparison



The number of Humanitarian Services constituent contacts has risen steadily from 67 in FY08, to 224 in FY11. Humanitarian Services remained in FY11 the largest source of internal contacts, as it has been in all four years since the office was established. While the proportion of internal contacts coming from Humanitarian Services steadily hovered for three years between 55 percent and 59 percent, in FY11 it rose to 64 percent. This likely reflects the profound restructuring, regionalizing, and centralizing that has been

taking place across the chapter network and other parts of the Red Cross that directly impact the chapters. Constituent contacts from national headquarters constituted the next greatest number of internal contacts to the office, rising only marginally over FY10 levels. Biomedical contacts fell slightly from FY10 while contacts from Disaster Services employees or volunteers have likewise dropped slightly.

Internal constituent contacts from chapters, which are part of Humanitarian Services, have risen steadily each year from 99 in FY09 to 203 in FY11. That numerical increase in chapter contacts has kept pace with the overall increase in the number of constituents such that constituents from chapters have continued to represent between 87 percent and 91 percent of contacts from Humanitarian Services for the past three years. Moreover, in FY11, chapter contacts as a percentage of the overall number of internal constituents rose to 58 percent after having fallen from 54 percent in FY09 (99 of 184) to 49 percent in FY10 (146 of 300). The fact that chapter numbers are significant is to be expected given the sheer size of the chapter network as well as the manifold changes being undertaken in that part of the organization. The Ombudsman has made a concerted effort to visit every division, to get to know leadership and management across the chapter regions and divisions, and to meet and present to employees, volunteers, and board members across the nation and the network in both small and large chapters. Our office will continue to be a resource to chapter volunteers, board members, and employees in the year ahead. Service to the Armed Forces, International Services, and Preparedness, Health and Safety represented 20 of 224 Humanitarian Services internal constituent contacts in FY11, a slight decrease in percentage from FY10.

In the next year, this office will continue to reach out to inform Red Cross employees and volunteers about how we can be a valuable resource, forge effective coordination and collaboration with other offices in the Red Cross to facilitate the resolution of conflicts and concerns, and work with senior leaders to facilitate the resolution of problematic systemic issues. Much of the systemic work the Ombudsman does in the Red Cross helps people to optimize their effectiveness in their roles and relationships during a time of significant organizational change.

We have spoken with board members and other volunteers when we have visited chapters, Blood Services regions, and SAF stations. In addition, in FY10 and FY11, members of the Ombudsman staff visited disaster relief operations, where we had opportunities to speak with and learn from volunteers first-hand, and we anticipate that we will continue this important outreach as well in the year ahead.

Finally, it is critical to note that the reach of the Ombudsman Office is reflected not simply in the contact we have and the service we provide to those constituents whom 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 raised with our office, help those in authority consider how they respond to issues raised, and as we facilitate resolution.



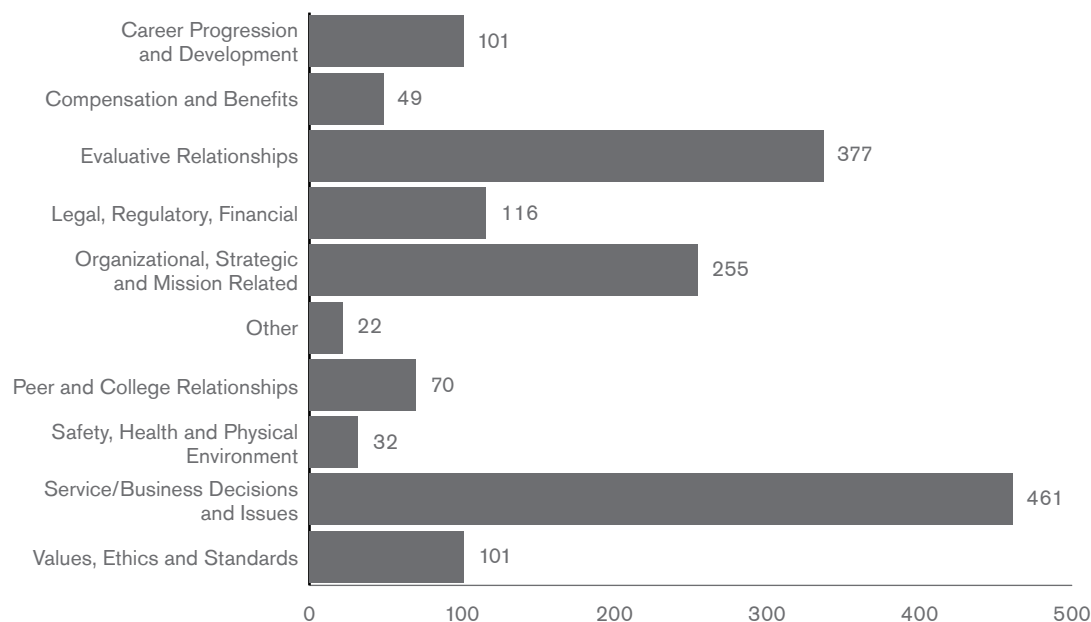


Issues

Why Have People Consulted the Ombudsman?

Figure 6 indicates the overall issue profile of the 1,584 issues raised by 750 constituents who contacted the Ombudsman in FY11. The issues are represented according to the uniform reporting categories promulgated for the organizational Ombudsman field by the International Ombudsman Association.

Figure 6. All Issues Identified Under IOA Uniform Reporting Categories (1,584 Total)



The rise in the number of issues brought to the office (from 691 in FY09 and 1,125 in FY10 to 1,584 in FY11) reflects increased usage of the Ombudsman Office, refined processes for identifying and capturing multiple issues, especially as Ombudsman Office staff increase their understanding of the Red Cross, and a greater complexity in the situations brought to the office. It is important to note that the issue count reflects single contacts to the Ombudsman Office raising multiple concerns as well as those issues raised by people who have used the office on multiple occasions.

Service and Business Decision-related issues continued to be the most prominent issue category from FY08 through FY11. The number of service-related issues rose from 331 in FY10 to 461 last year, while remaining steady as a percentage of total issues raised (29 percent in FY10 and FY11). In particular, the largest increase in service issues pertained to the timeliness of service and the quality of the service delivered. Concerns around these two aspects of service delivery more than doubled numerically from FY10 to FY11.

Evaluative Relationships represented the next largest issue set across the Red Cross, increasing significantly in number from 172 issues in FY10 to 377 issues in FY11. The most prominent concerns pertained, in particular, to communication and respect or treatment.

Organizational, Strategic, and Mission-Related issues comprised the next greatest issue area and rose modestly in number from 197 issues in FY10 to 255 issues in FY11. This numerical increase and the relative stability of these issues as a percentage of the overall issues raised likely reflects the ongoing organizational changes in the chapter network and elsewhere in the Red Cross as employees and volunteers navigate new structures, roles, and relationships. Issues most commonly raised in relation to organizational strategy, direction and mission pertained to change management and communication from leadership around change.

In summary, it is fair to say that, consistent with FY10 results, two-thirds of the issues that were raised with the Ombudsman in FY11 pertained to service concerns, the supervisory relationship, or the strategy, mission or direction of the organization. It should be noted as well that the number of peer and colleague relationship issues across the organization doubled from FY10 to FY11, though the actual numbers are quite modest. Most peer issues involved concerns around communication, trust or integrity, and respect or treatment.

It is worthwhile to consider together, as we did last year, some of the concerns represented by separate issue categories. Thus, evaluative relationships combined with career progression reveals interesting aspects of why issues emerge in the employment relationship. These combined issue areas rose from 282 in FY10 to 478 in FY11, thus representing 30 percent of FY11 issues.

In similar fashion, we can consider the three categories pertaining to larger organizational issues (i.e., Legal and Organizational and Values), which together accounted for 29 percent of total issues raised in FY11, down from 38 percent in FY10. The modest increase in strategy and direction issues from FY10 to FY11 was offset by a decline in legal and compliance issues as well as the very modest numerical increase in issues relating to values, ethics and standards. The continued prevalence of these issues when considered together relative to the other categories, however, may reflect more 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 numerical evolution of issues raised across the four years that this office has been open are illustrated in Figure 7.

Figure 7. Issues – Yearly Comparison

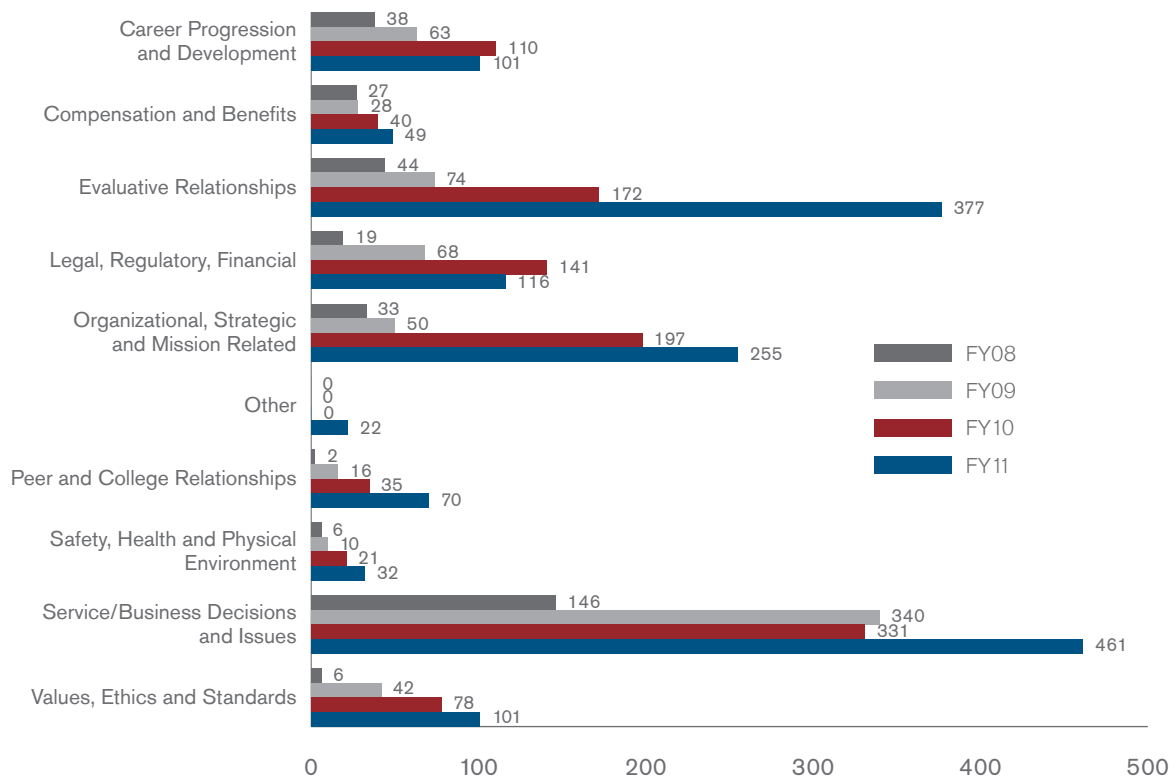
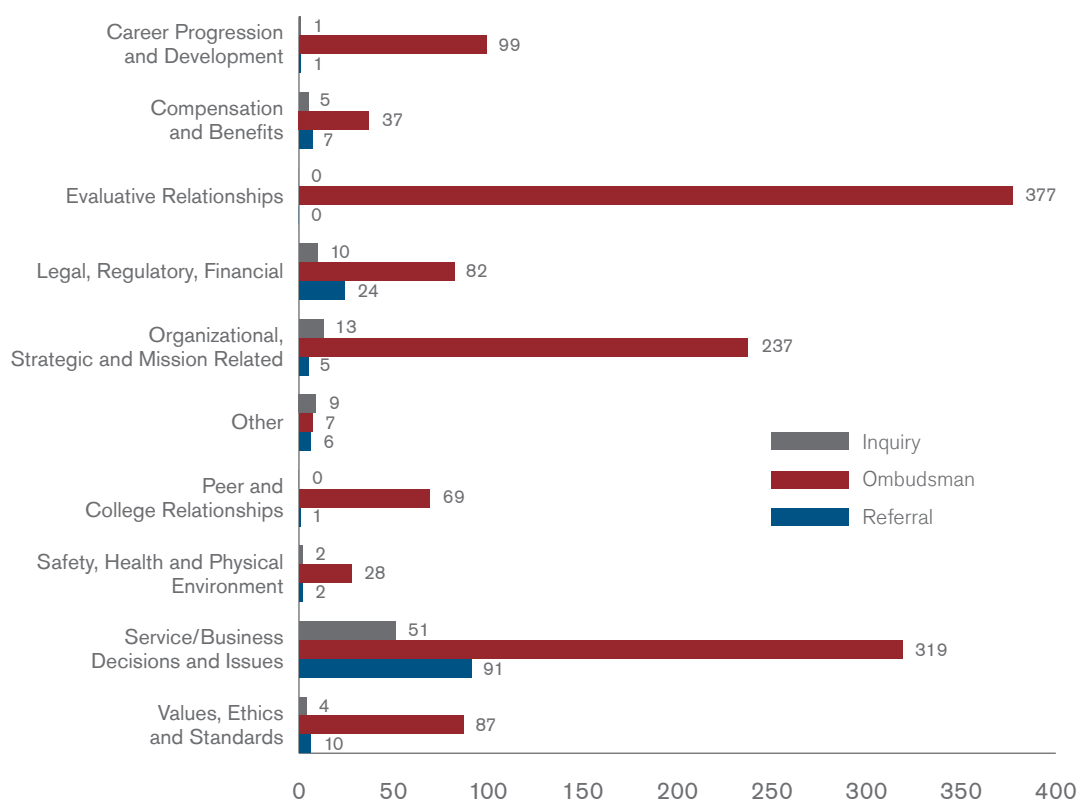


Figure 8 reflects how each type of issue category was handled, namely as a simple response to an inquiry, as a matter appropriate for referral to another office or location in the organization, or as an Ombudsman case requiring a more complex intervention.² This figure illustrates how all of the issue categories, except service and business decisions, are overwhelmingly handled as 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. Thus, for instance, 100 percent of evaluative relationship issues as well as 99 percent of career progression and development issues were handled as part of an Ombudsman case, as were 98 percent of career progression and development issues, 93 percent of organization direction and strategy issues, 93 percent of organization direction and strategy issues, and 86 percent of values and standards issues.

Figure 8. Issues Identified Under IOA Uniform Reporting Categories by Ombudsman and Inquiries and Referrals (1,584 Total)



²We 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.

The FY11 ratio of issues handled as Ombudsman cases to Inquiries and Referrals was 1,342 to 242 (85 percent to 15 percent respectively). This represents a significant shift from prior fiscal years when 72 percent of issues were handled as Ombudsman cases in FY10 and 60 percent were so handled in FY09. This reflects an important shift as Ombudsman staff become more adept at 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 beyond simply answering questions and referring clients elsewhere.

It is not surprising that 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 include calls that fall outside the mission of our office or solicitations from prospective and prospecting vendors. Despite these factors, 69 percent of service delivery issues were handled as Ombudsman cases in FY11, an increase from 50 percent in FY10. It is worth noting that where the service and business decision issue 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 overwhelmingly more likely to be handled as an Ombudsman case.



Issues by Red Cross Business Unit

It is critical, aside from examining issue trend data across the entire Red Cross, to look more closely at what issues have been raised in relation to each major Red Cross business area. We believe that providing this data and analyzing conflict and issue profiles for each major business unit can assist managers and leaders of those functions better to identify and address concerns of internal and external constituents.

Figure 9 reflects that the greatest number and percentage of issues raised in FY11 pertained to Humanitarian Services, followed by national headquarters, Biomedical Services and Disaster Services.

Figure 9. Issues Per Organizational Unit (1,584 Total)

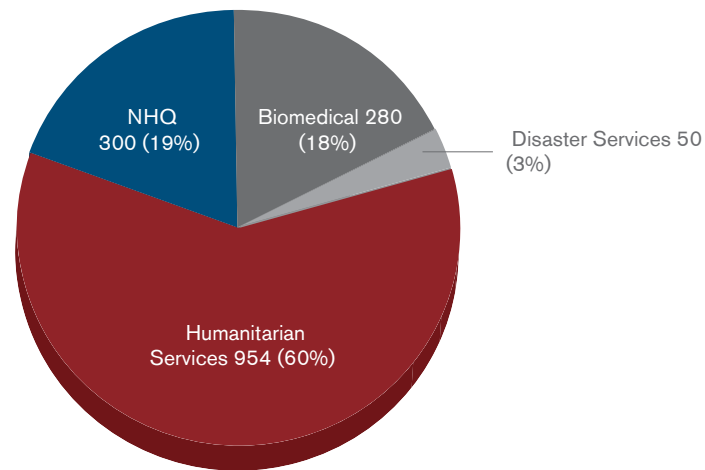
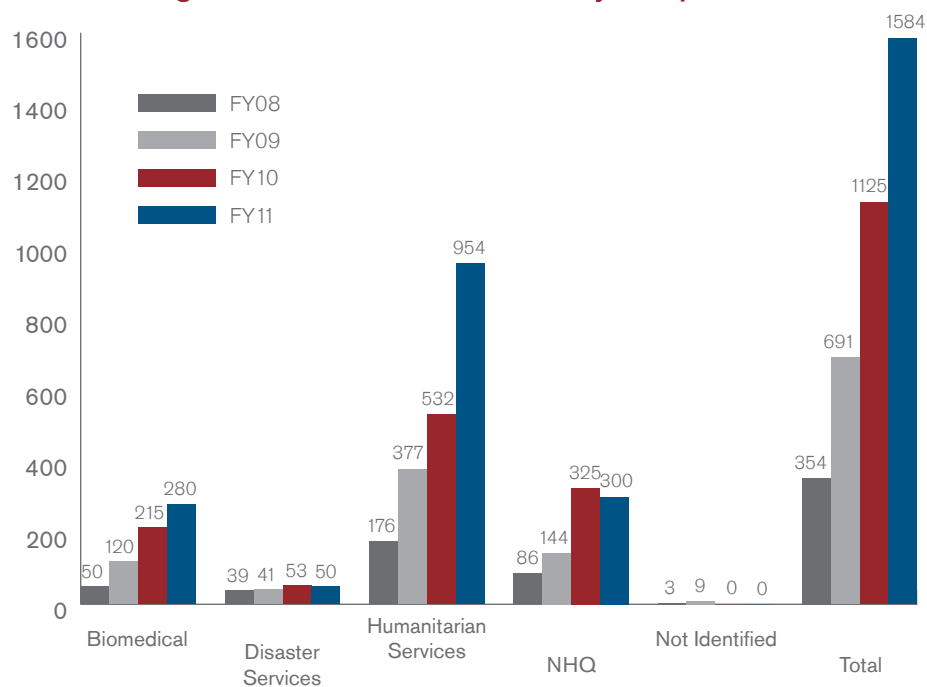


Figure 10 illustrates the numerical growth in cases in relation to the major components of the Red Cross from FY08 through FY11.

Figure 10. Issues Per Unit – Yearly Comparison



In FY11, 60 percent of issues raised with the Ombudsman pertained to Humanitarian Services, 19 percent to national headquarters, 18 percent to Biomedical Services and 3 percent to Disaster Services. While the 50 issues raised in relation to Disaster Services was a relatively small number, an additional 119 issues were raised in relation to the chapters' role in disaster assistance. Also, 13 International Services issues are included in the national headquarters category.

It is worth noting that an increase in the number of issues that are raised with the Office of the Ombudsman does not necessarily indicate growing problems. In many cases issues may increase as parts of the organization work proactively to resolve concerns. Also, when our office has been effective in working with individuals or groups in particular areas of the organization, it is common for people in those areas to approach us with additional issues. Therefore, we may see a number of people from the same area due not to a new situation, but rather an increased understanding of our services.

Humanitarian Services

Figure 11 illustrates the number and percentages of issues in relation to each business component of Humanitarian Services.

Figure 11. Issues Per Humanitarian Services Units (954)

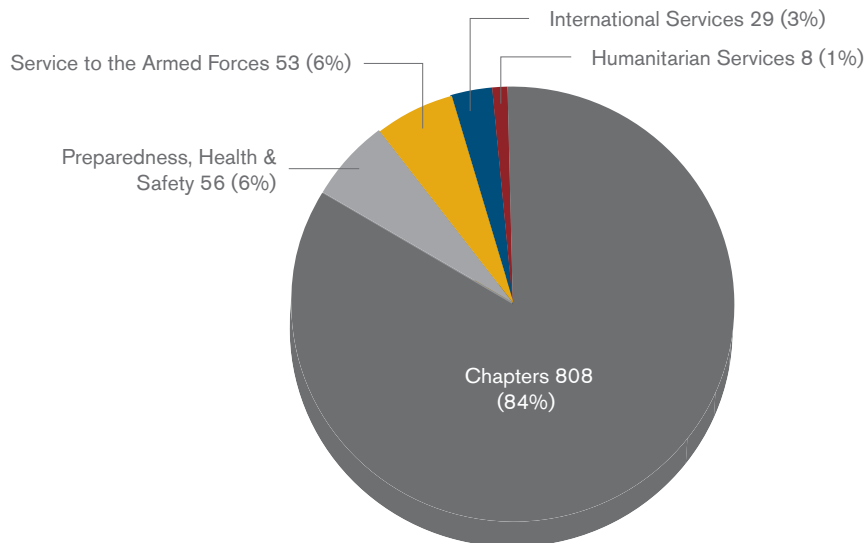
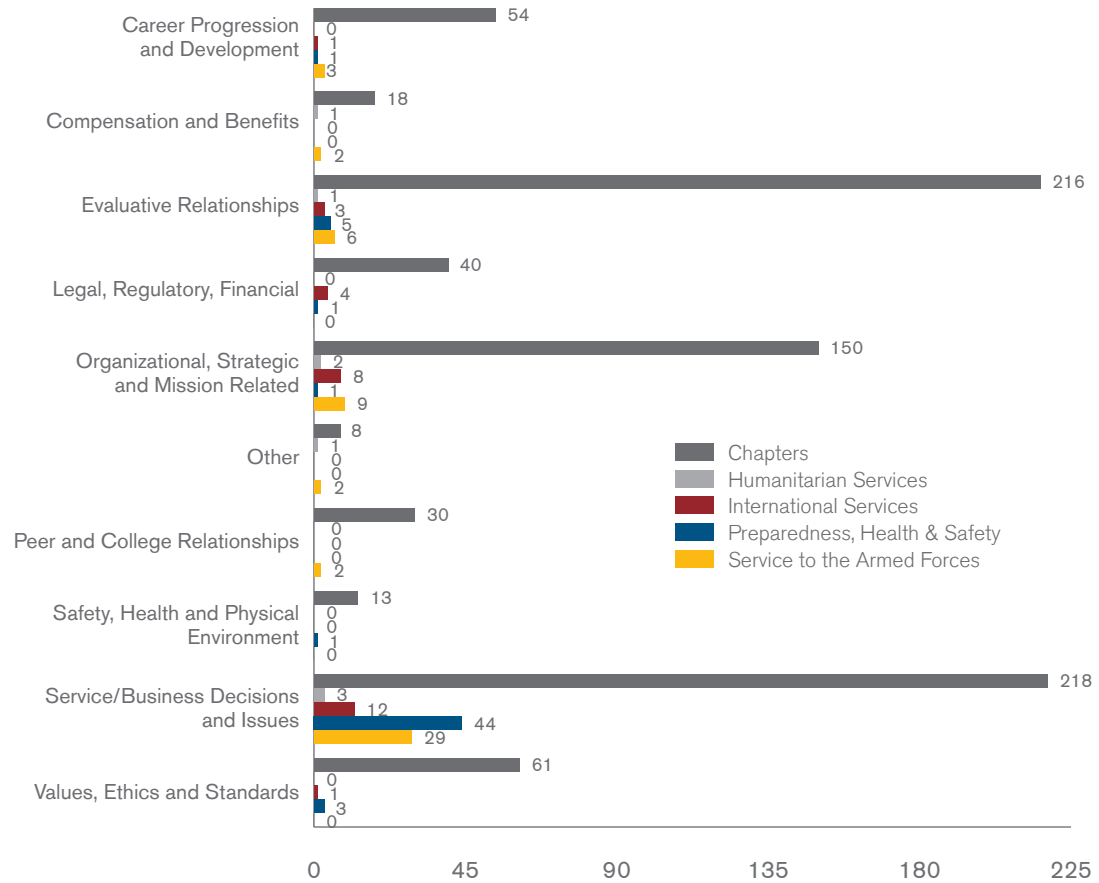


Figure 12 represents the breakout of issue categories across Humanitarian Services by business unit.

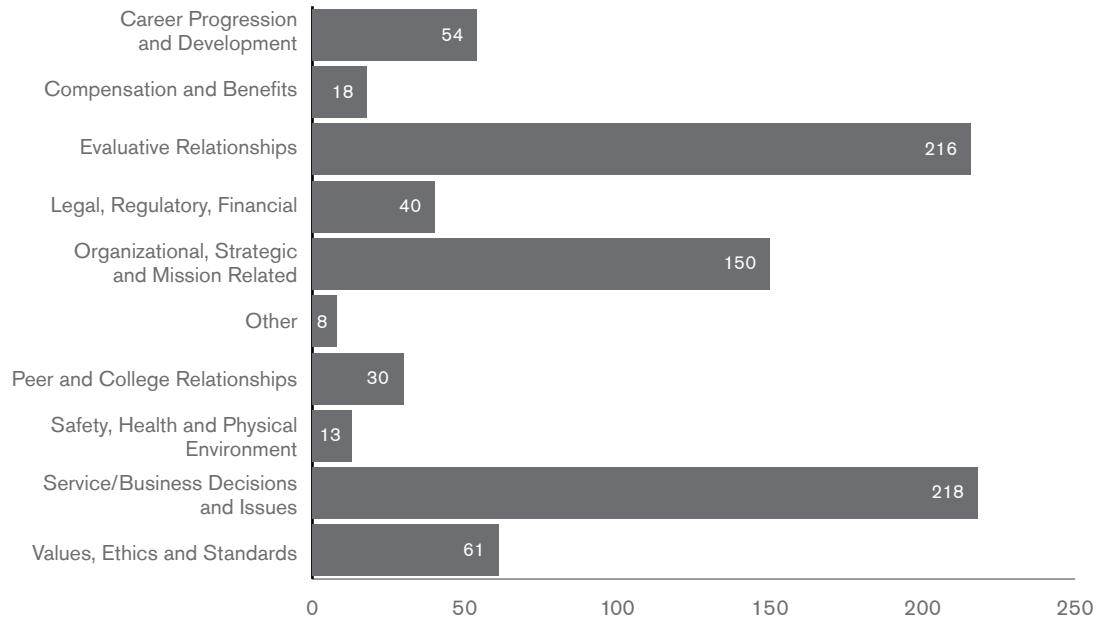
Figure 12. Humanitarian Services Issues (954 Total)



Chapter Network

The specific issue profile for concerns raised in relation to the chapter network in Humanitarian Services is reflected below in Figure 13.

Figure 13. Humanitarian Services: Chapter Issues (808 Total)

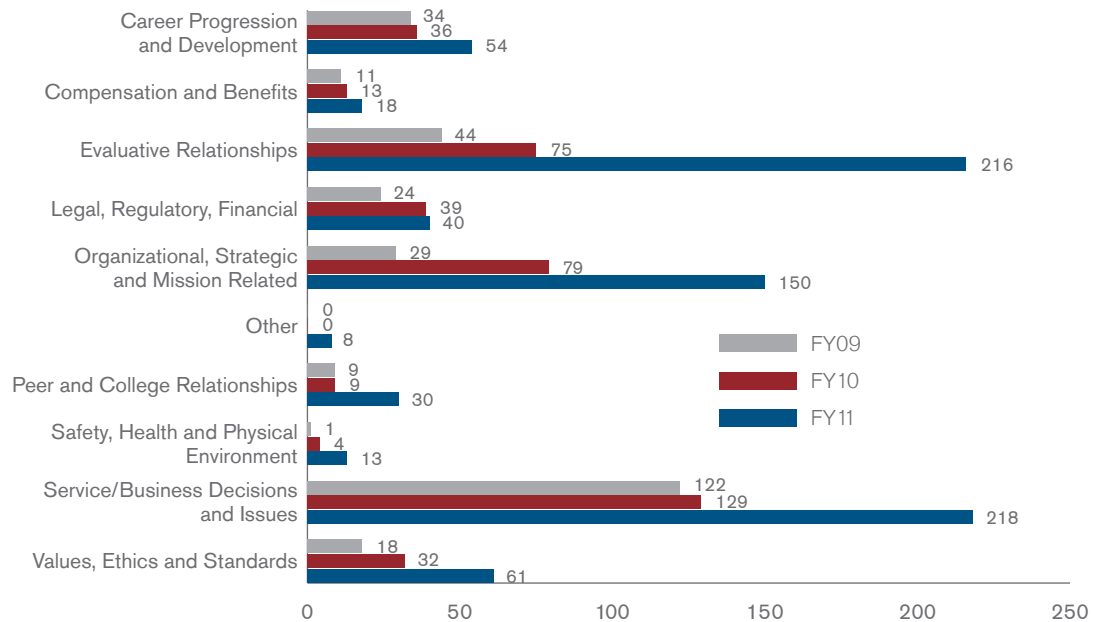


Chapter-related issues rose from 416 in FY10 to 808 in FY11. Twenty-seven percent of FY11 chapter issues identified in Figure 13 pertained to evaluative relationships. In part, the increase in these issues could relate to the Ombudsman Office's greater understanding of the chapter network and its ability to assist in the resolution of issues related to evaluative relationships. The continued prevalence of the issues also suggests that enhancing communication between employee and volunteer supervisors and supervisees in chapters could be beneficial.

Thirty-two percent of chapter issues in FY11 pertained to larger organizational issues involving legal, financial, regulatory and compliance matters combined with issues of values and ethics as well as organizational mission, direction and strategy. While this represents a percentage decrease from 36 percent in the prior fiscal year in the incidence of these combined concerns, there has been a modest increase in the number both of values and ethics issues as well as organizational strategy, mission and direction issues from FY10 to FY11. The number of legal, regulatory or financial compliance issues was close to identical from FY10 to FY11. Overall, the continued prevalence of issues pertaining to organization strategy and direction as well as values and standards 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.

Figure 14 illustrates the prevalence of various issues raised in relation to chapters for FY09 through FY11.

Figure 14. Humanitarian Services: Chapter Issues – Yearly Comparison



This figure shows that the greatest increase in issues in relation to chapters involved concerns around service delivery, evaluative relationship, and the mission, direction and strategy of the organization. Given the proximity of chapters to, and their integration in, their communities, it is not surprising that service-related matters would arise. Ninety-three percent of the 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. It should be noted that 66 percent of service delivery issues were raised in relation to Humanitarian Services units, while the remainder were raised in relation to Biomedical services and national headquarters.

Chapter-related concerns accounted for 808 of the 954 issues raised regarding Humanitarian Services. The remaining 146 issues raised were distributed between Preparedness, Health and Safety Services; Service to the Armed Forces; and International Services.

Preparedness, Health and Safety

Preparedness, Health and Safety-related issues rose from 15 in FY10 to 56 in FY11. This reversed a decline in issues related to this line of business from 40 issues in FY09 to 15 issues in FY10. It is not surprising that 44 of the 56 health and safety issues pertained to service delivery given the large number of people trained each year in preparedness, first aid, CPR and AED, and lifeguarding. Forty-one of the 44 issues relating to service delivery in health and safety concerned the interpretation and application of rules, the quality of service, the behavior of the service provider or the timeliness of service, such as the issuing of certification cards after training.

Service to the Armed Forces

The issues raised pertaining to SAF increased from 29 in FY09 to 45 in FY10 to 53 in FY11. Twenty-nine of the 53 issues 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. The remaining issues were focused primarily on the evaluative relationship, peer-to-peer interactions, and the strategy and direction of SAF.

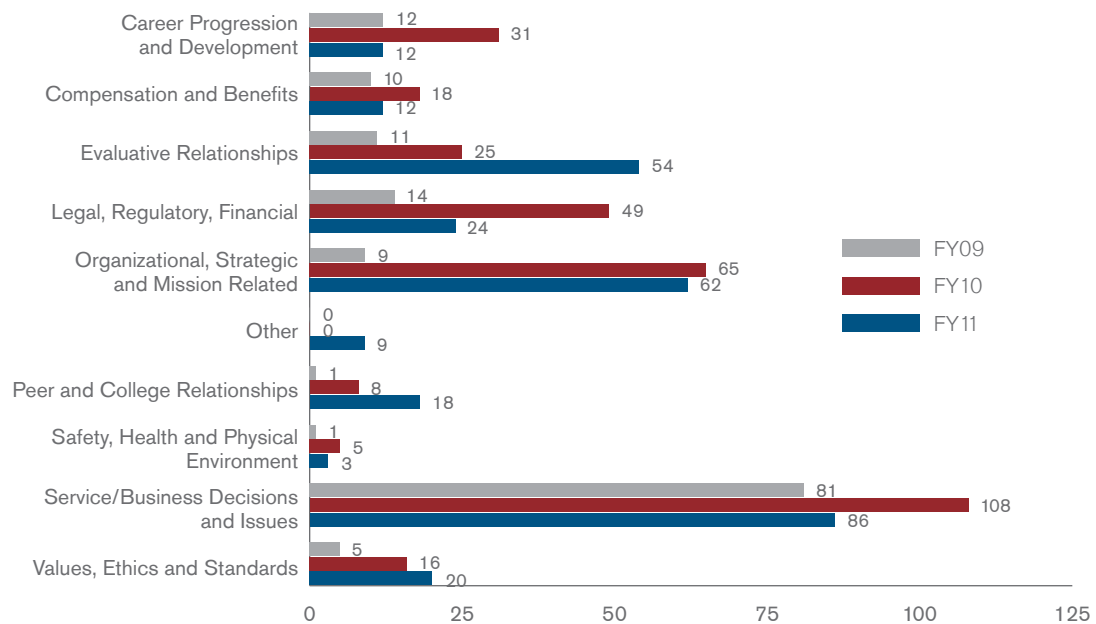
International Services

The breakout of issues raised pertaining to International Services fell to 29 in FY11 after a rise from 14 in FY09 to 47 in FY10. The largest component of issues here pertained to service delivery and to the strategy and direction of International Services.

National Headquarters

In FY11, the next largest number and percentage (19 percent) of issues raised with the Ombudsman pertained to national headquarters, which consists of Human Resources, the Office of General Counsel, Development, Finance, Information Technology, Audit, Public Affairs and other smaller offices. National headquarters accounted for 300 of the 1,584 total issues raised in FY11. This represents a slight numerical decrease from 325 in FY10. Figure 15 illustrates the issue distribution for national headquarters from FY09 through FY11.

Figure 15. National Headquarters Issues – Yearly Comparison



The three most common issue categories raised in relation to national headquarters in FY11 pertained to service delivery and business decisions (86 issues, 29 percent), the mission, direction and strategy of the organization (62 issues, 21 percent), and evaluative relationships (54 issues, 18 percent). If those categories pertaining to larger organizational issues (i.e., values, legal issues, and organizational direction) are considered together, they comprise 106 issues, or 36 percent of the concerns raised about national headquarters in FY11 with the Ombudsman. Similarly, career progression issues considered together with evaluative relationship concerns would comprise 66 issues or 22 percent of the FY11 national headquarters issues.

The most significant changes from FY10 to FY11 were the increase in the number of issues relating to the evaluative relationship, which doubled from 25 in FY10 to 54 in FY11. Most of these issues revolved around communication concerns, performance appraisal issues, respect and treatment, or concerns with supervisory effectiveness. The significant drop in service delivery issues is apparent as well from Figure 15, as is the decline in the number of issues pertaining to legal, regulatory or financial compliance issues. It is worth noting that of the 62 issues pertaining to organizational direction or strategy, 54 touch on areas that could well be related to managing and navigating change, such as communication, governance leadership, organizational climate, restructuring, priority setting, and inter-departmental work.

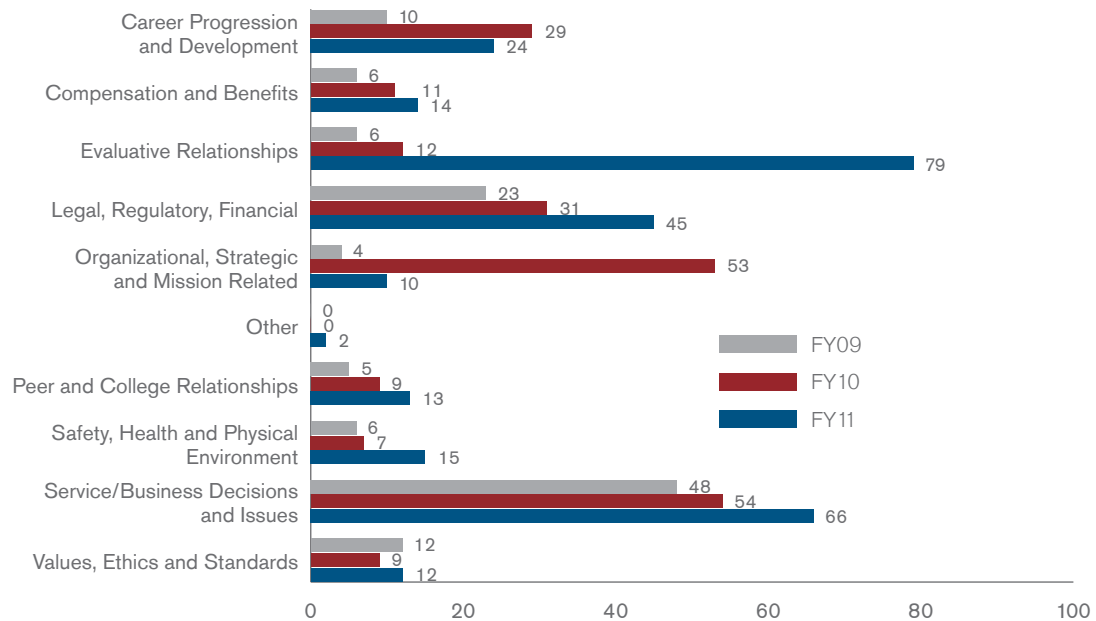


The decline from 108 service delivery concerns in FY10 to 86 in FY11 restores this area to FY09 levels, in which there were 81 such concerns. Most of the service and business decision issues relating to national headquarters pertained to the interpretation and application of rules, the timeliness and responsiveness of service, the behavior of the service provider and the quality of service. Common concerns included how to donate to the Red Cross; requests to be removed from Red Cross call solicitation lists; requests of volunteers, vendors or corporate partners seeking information; people wanting financial assistance; and calls falling entirely outside the Red Cross mission.

Biomedical Services

As reflected in Figure 16, the Ombudsman received 280 issues pertaining to Biomedical Services in FY11. This represents a modest number increase from 215 issues in FY10. Percentage-wise, issues pertaining to Biomedical issues have been steady over the past three years.

Figure 16. Biomedical Issues – Yearly Comparison



The three largest areas of concerns relative to Biomedical Services in FY11 were evaluative relationships, which constituted 28 percent of the Biomedical issues; service and business decisions, which comprised 24 percent of Biomedical issues; and legal, regulatory or financial compliance issues, which represented 16 percent of Biomedical issues. The issue profile for Biomedical from FY10 to FY11 reflects two significant developments, namely, a substantial rise in issues pertaining to the evaluative relationship and a large decline in those regarding organizational mission, direction and strategy. Evaluative relationship issues have risen from 12 in FY10 to 79 in FY11. These issues pertained mostly to concerns with organizational climate, communication, and equity of treatment around leave, work schedules, and assignments. In addition, it is worth noting that the number of service delivery concerns has risen modestly for the third straight year, while they have declined as a percentage. Similarly, legal, regulatory and financial compliance issues have risen in modest number over the past three years from 23 in FY09 to 31 in FY10 to 45 in FY11. Legal and regulatory issues pertaining to Biomedical Services typically include concerns around eligibility to donate blood, deferral for male homosexual behavior in a prospective donor's past, deferrals for prospective 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 blood drive.

Disaster Services

Fifty of the 1,584 issues raised with the Ombudsman in FY11 pertained to Disaster Services. This represents a slight numerical decline from the 53 issues raised in FY10. The greatest number of issues raised pertain to the evaluative relationship, even apart from concerns around career progression and development. If both issue categories are considered together, they comprise nearly half of the issues raised. Other issues raised include values, organizational direction and strategy, and compliance and peer to peer difficulties or concerns.





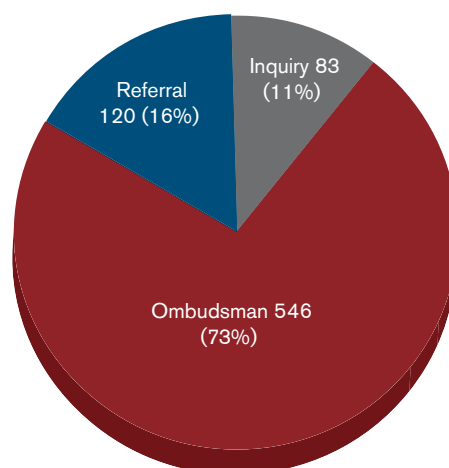
Actions

In this section, we analyze the actions taken by the Ombudsman in response to matters brought to our office in FY11. The possibilities for 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's 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 are handled as Ombudsman cases. Ombudsman cases are handled by the Corporate Ombudsman or one of the associate Ombudsmen in the office and involve utilizing diverse approaches such as coaching, mediation and facilitation. As Figure 17 suggests, 546 of the 749 cases initiated with the Ombudsman in FY11 were handled as Ombudsman cases because they raised matters that could not be responded to by answering a straightforward inquiry or were beyond a simple referral to another office.

Figure 17. Three Primary Actions (749 Total)

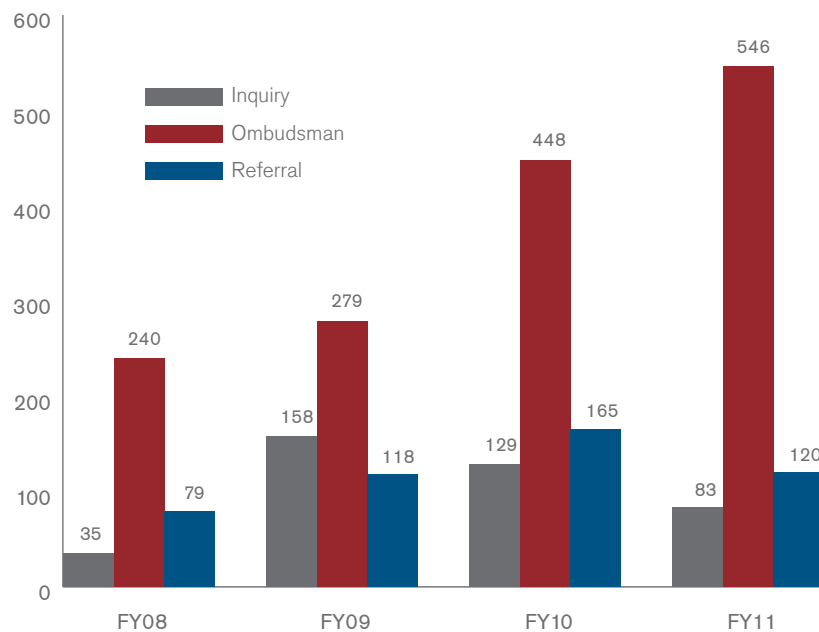


In these 546 contacts resulting in Ombudsman cases, we handled 1,342 (85 percent) of the total 1,584 issues raised with our office in FY11.

The number of constituents whose concerns were handled as Ombudsman cases increased from 279 (50 percent of all case contacts) in FY09 to 448 (60 percent) in FY10 to 546 (73 percent) in FY11. By contrast, referrals to other offices decreased in both number and percent in FY11, dropping to 120 from 165 in FY10. Simple informational inquiries made to our office declined more sharply from 158 in FY09 to 129 in FY10 to 83 in FY11. We suggested in last year's report, and the same appears to hold true for FY11 as well, 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, which responds to requests regarding Red Cross services, activities and information. We had, in fact, identified in the FY09 report and reiterated in the FY10 report that there was value in clarifying and distinguishing our role from the Public Inquiry Line and other information outlets. It appears that these efforts have been successful. The degree to which various types of issues were handled as Ombudsman cases, referrals, or simple inquiries has been discussed earlier in this report where we consider issue data across the Red Cross.

Figure 18 illustrates the trend data from FY08 through FY11 for how cases have been handled in the Ombudsman Office.

Figure 18. Three Primary Actions – Yearly Comparison



Modes of Ombudsman Intervention

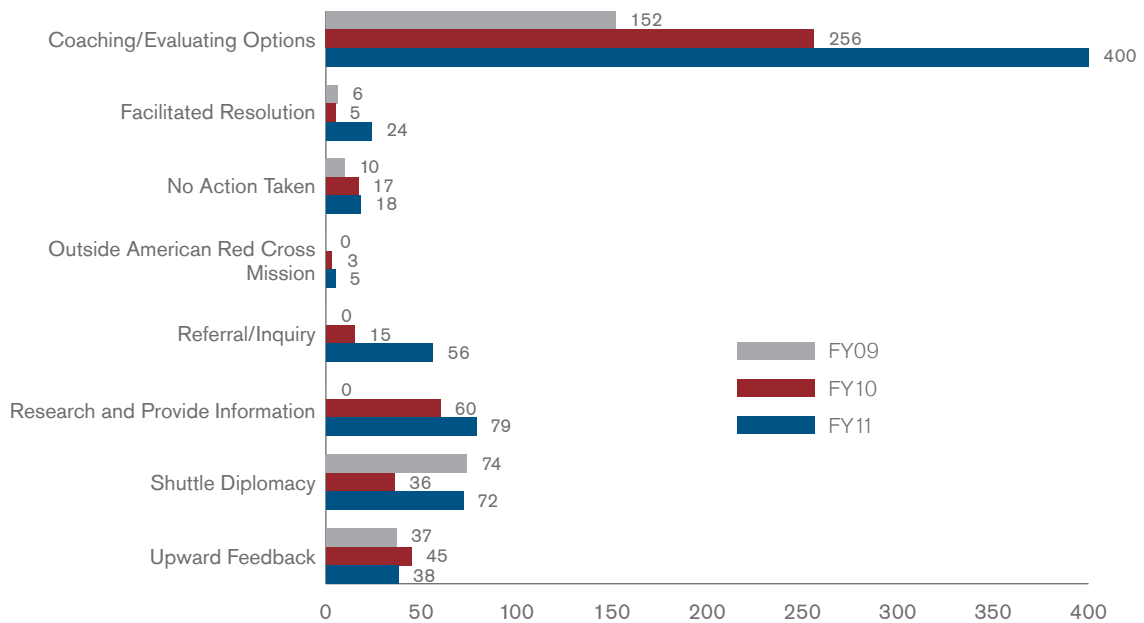
Ombudsman cases are typically handled by a variety of approaches. Often, we work with parties through confidential coaching to think strategically through what may be difficult or conflicted situations, to clarify issues and identify options so they can decide how best to address their concerns at an appropriate level and in an optimally constructive manner. 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 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.

Critically, the Ombudsman Office 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. Figure 19 illustrates the modes of intervention used in the 546 Ombudsman cases that resulted from the 750 contacts with the Ombudsman in FY11.

Figure 19: Actions Taken Toward Resolution – Yearly Comparison



Systemic Work

Aside from working with the 750 constituents who contacted the office, the Ombudsman engaged in another 80 activities or events, including group facilitations, board retreats, chapter visits, and division meetings that directly touched, at a minimum, an additional 1,300 people across the American Red Cross. These facilitation, training and outreach efforts pertained directly to the CEO's goals of improving teamwork across the American Red Cross. These activities also supported the organization's goals of preserving the relationship with financial and blood donors as well as fostering a culture of compliance.

In FY11, 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 CEOs, as well as line staff, and the standing up of functionalized centers of expertise, presented unique challenges and opportunities. This office 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 Office of the Ombudsman provided, as a neutral and independent office, critical process 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.

Specifically, in FY11, the Ombudsman Office:

- Facilitated teamwork across the Red Cross working with chapter executives and other senior leaders in the chapter network to consider how best to communicate optimally to help their employees, volunteers, and boards handle the manifold changes under way in the structure and work processes throughout the chapter network.
- Facilitated board retreats in the chapter network and worked with leadership volunteers.
- Worked closely with leaders of the chapter network to develop an agenda and process for a meeting of chapter executives from non-major market chapters incident to a national meeting of all chapter executives.
- Engaged functionalizing departments such as Marketing, IT, Development, and Finance as they further developed or began to create centralized structures, utilizing facilitation and training pertaining to teamwork, navigating change, and effective communication between national headquarters and field leadership.
- Facilitated teamwork in disaster services and the chapter network. Much of this work in the chapter network and in the functionalizing departments involved the resolution of existing conflicts and concerns as well as the prevention of future conflicts by offering concepts from social psychology, conflict resolution, and negotiation theory and by facilitating discussions that assisted executives and other leaders to approach difficult situations and conversations strategically and effectively.
- Facilitated cross-functional planning meetings such as the creation by Finance, Development and the chapter network of a single donor database.

- Facilitated a session at the Job Directors Conference in Disaster Services to help the disaster relief operations job directors and senior leads build effective partnerships with chapter leadership when they “stand up” a relief operation in a chapter’s jurisdiction.
- Spoke in nine of the 10 chapter network divisions on effectively managing organizational change in the Red Cross culture.
- Helped the efficiency of regionalization and functionalization in several divisions by facilitating working meetings at the divisional level and at the regional-community chapter level.
- Increased effectiveness of division budget, development, and planning meetings by providing facilitation service.
- 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.
- Participated in the Red Cross Ethics Fairs with other offices with whom we share 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 events at national headquarters; Ashburn, Va.; the Holland Lab; and the Shared Services Center in Charlotte, N.C.
- Developed collaborative partnerships with Investigations, Compliance and Ethics; the Office of General Counsel; and Human Resources, as 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.
- Collaborated closely with the 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, in addition to the day-to-day casework contacts, has reached out and worked directly with more than 1,300 employees and volunteers at national headquarters and around the nation. This work has given us an opportunity to have a systemic impact on conflict prevention and building teamwork as well as educating the Red Cross community about the resources the Ombudsman Office offers.

Looking to the Future

Increasing Outreach, Accessibility and Awareness

Fiscal Year 2012 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, continue 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. 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 continue to 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 Vision Statement, Mission Statement and Strategic Plan.

Enhancing Conflict Prevention and Teamwork

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 Systems 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 to provide 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 await cases or identify systemic issues after the receipt of cases surface particular concerns or trends. Rather, the Ombudsman needs to actively engage and consistently meet Red Cross staff and see first-hand Red Cross activities to be able to provide prophylactic and preventative assistance that can help the organization anticipate and avoid potential pitfalls.





Appendix

American Red Cross Ombudsman Office Charter
American Red Cross Corporate Governance System Graphic



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.



American Red Cross

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. Belden

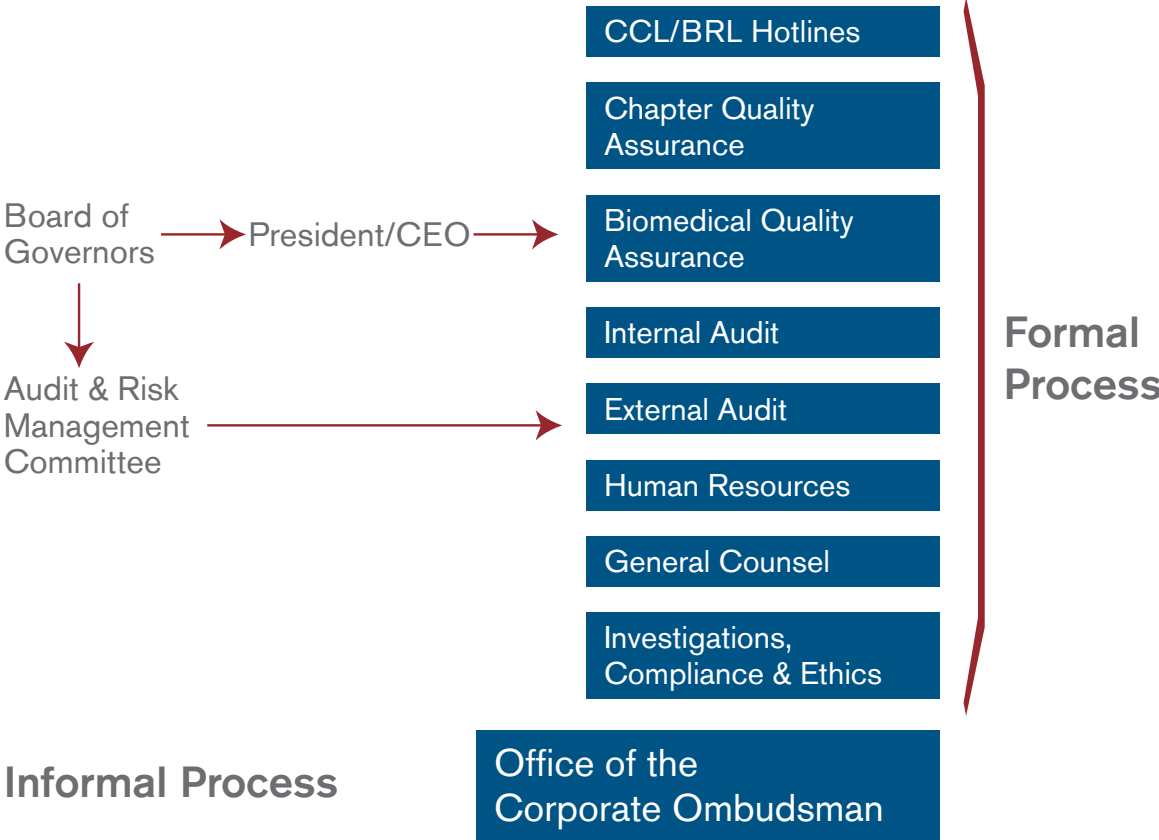
Sanford Belden
Chair, Audit and Risk Management Committee
Board of Governors
American Red Cross

Effective Date: January 15, 2008



American Red Cross

Corporate Governance System





**American
Red Cross**

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