

# American Red Cross

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## Conflict of Interest Policy

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<b>Status</b>	Final
<b>Policy ID</b>	P1013
<b>Responsible Office</b>	Office of the General Counsel
<b>Sponsor</b>	General Counsel
<b>Related Policies</b>	<a href="#">Code of Business Ethics and Conduct</a> <a href="#">Business Gifts and Entertainment Policy (P1007)</a> <a href="#">Employee Handbook</a> <a href="#">Financial Manual of Policies and Procedures</a>

### 1. Purpose

The American Red Cross (the “Red Cross”) expects employees and volunteers to act with the highest professional and ethical conduct. This includes expecting employees and volunteers to take actions that address personal or business interests that are or appear to be in conflict with the interests of the Red Cross.

Conflicts of interest in the workplace are not uncommon, given the complexity of most people’s personal and business lives. The Red Cross holds itself to the highest standard in identifying and addressing conflicts of interest, consistent with the trust placed in the organization by the American public. The Conflict of Interest Policy (the “Policy”) (1) describes the types of situations that can raise conflict of interest issues; (2) informs employees and volunteers of their duty to disclose any conflicts or potential conflicts to the Red Cross; and (3) informs employees and volunteers of the process to follow when disclosing a conflict or potential conflict of interest.

### 2. Scope

This is a corporate-wide Policy and applies to all employees and volunteers in any Red Cross department or unit. The Policy supplements, but does not supplant, state and federal laws governing conflicts of interest and does not create any statutory rights.

### 3. Definitions

**Conflicts of interest** occur when an employee or volunteer has a personal or business interest or activity that impairs or appears to impair their ability to perform their duties and responsibilities in the best interest of the Red Cross. An actual conflict of interest need not be present to necessitate an employee or volunteer to make a disclosure in accordance with this Policy. Activities that appear to conflict with the best interests of the Red Cross must

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be avoided in order to prevent negative impact on the mission and reputation of the organization.

Conflicts of interest include, but are not limited to:

- A business conflict, such as when an employee or volunteer uses their Red Cross position to further a *financial interest* for themselves or their *family*; and
- A personal conflict, such as when an employee or volunteer hires or supervises a family member at the Red Cross.

**Family** is a person’s spouse, parents, children (including stepchildren), siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, grandparents, spouses of children, domestic partners, and/or anyone (other than domestic workers) who shares such person’s home.

**Financial Interest** is when an employee or volunteer uses their official Red Cross position to further a financial interest for themselves or their family, such as the following:

- Ownership of or investment in an entity with which the Red Cross has a financial transaction or agreement;
- Employment by or compensation from an entity or individual with which the Red Cross has a financial transaction or agreement; or
- Potential ownership of, investment in, or compensation from an entity or individual with which the Red Cross is negotiating a financial transaction or arrangement.

#### 4. **Policy Statement**

Given the size and operational scale of the Red Cross, business and personal conflicts of interest are likely to occur. It is the policy of the Red Cross that actual conflicts of interest and potential conflicts of interest must be (1) identified, (2) disclosed to the Office of Ethics & Compliance, (3) managed by the Red Cross and, as necessary, (4) remediated in a manner that protects the integrity and reputation of the Red Cross.

Red Cross employees and volunteers are required to identify and disclose all actual and potential conflicts and to work with the appropriate Red Cross personnel to manage conflicts, as detailed below. Conflicts of interest are fact- and circumstance-specific and therefore remediation may take different forms.

##### *4.1 Identifying, Disclosing and Managing Conflicts of Interest*

Each employee and volunteer is responsible for taking the following actions whenever an actual or potential conflict of interest arises:

- a. Identifying the conflict;
- b. Disclosing the conflict promptly;

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- c. Managing the conflict; and
- d. Complying with any remediation requirements.

#### *4.1.a. Identification of the Conflict*

Conflicts of interest can take many forms and are generally fact and circumstance specific. The Annex to this Policy contains examples intended to illustrate conflicts of interest. However, neither this Policy nor the Annex can include every situation where an actual or potential conflict of interest may exist.

Employees and volunteers who are unclear whether a situation, transaction or relationship constitutes a conflict of interest should seek clarification from both their immediate supervisor and the Office of Ethics & Compliance via email at: [COI@redcross.org](mailto:COI@redcross.org).

#### *4.1.b. Prompt Disclosure*

Employees and volunteers are required to disclose any actual or potential conflict of interest that may impair their ability to act in the best interest of the Red Cross. Disclosing a situation that presents an actual or potential conflict of interest allows the Red Cross to assess the impact and manage the conflict of interest.

#### Disclosure When Starting Work with Red Cross

Prospective board members and employees with Director titles and above are required by the Red Cross to complete the [Conflict of Interest Disclosure Questionnaire](#) during their onboarding process.

#### Annual Disclosures

Employees with the title of Director and above must complete, sign and submit the Conflict of Interest Disclosure Questionnaire on an annual basis via an automated process managed by the Office of Ethics & Compliance. Members of the Board of Governors complete Conflict of Interest Disclosure Questionnaires each year; these questionnaires are collected and retained by the Corporate Secretary's Office.

#### Disclosing New Conflicts of Interest

Actual and potential conflicts of interest may arise at any point in an employee or volunteer affiliation with the Red Cross. All Red Cross employees and volunteers are required to disclose actual or potential conflicts of interest immediately upon becoming aware that such conflicts exist.

Employees and volunteers must disclose conflicts to both to their supervisor and the Office of Ethics & Compliance, by emailing [COI@redcross.org](mailto:COI@redcross.org).

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#### *4.1.c. Managing the Conflict*

Once an actual or potential conflict has been disclosed, the Office of Ethics & Compliance will determine the appropriate remediation of the conflict.

Remediation may include, but is not limited to: (i) recusal from involvement with decisions, votes, or business interactions regarding the business or organization that is the subject of the conflict; (ii) resignation from employment or volunteer service; or (iii) divestiture of the financial interest that is the subject of the conflict, including the sale of stock or assets.

#### *4.1.d. Compliance with Remediation*

Employees and volunteers must adhere to any remediation requirements communicated to them by the Office of Ethics & Compliance, the General Counsel or their designee.

Failure to comply with required remediation may result in disciplinary action, up to and including termination of employment or volunteer status.

### **5. Enforcement Responsibility**

Department heads shall ensure that Red Cross business is carried out in a manner free of employee and/or volunteer conflicts of interest. Employees and volunteers concerned about actual or potential conflicts of interest should report their concerns via the Concern Connection Line (CCL), a 24-hour, confidential, toll-free telephone hotline established by the Red Cross for reporting fraud, waste, abuse, illegal, unsafe or unethical behavior and/or violations of Red Cross policies; the CCL hotline telephone number is 1-888-309-9679.

The General Counsel is the Chief Compliance and Ethics Officer and is responsible for managing the formal reporting channels, ensuring investigation of complaints received through those channels, and working to assure compliance with this Policy. As appropriate, the General Counsel will recommend actions on conflict of interest issues to senior executives, the President and CEO, and/or the Audit and Risk Management Committee of the Board of Governors.

### **6. Implementation and Communication**

All prospective board members and employees with titles of Director and above are required to complete the Conflict of Interest Disclosure Questionnaire at the start of their work with Red Cross. Red Cross Executives with the title of VP or above are required to submit the Conflict of Interest Disclosure Questionnaire on an annual basis. Members of the Board of Governors submit the Conflict of Interest Disclosure Questionnaire on an annual basis.

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The tenets of the Policy are communicated to all employees and volunteers through required review and certification of receipt of the [Code of Business Ethics and Conduct](#), which informs employees and volunteers of their obligation to disclose conflicts of interest. The Conflict of Interest Policy is also explained in the [Employee Handbook](#) and [Volunteer Handbook](#). The Policy is available to all employees and volunteers via OneSource. Annual ethics and compliance training covers conflicts of interest and contains a link to the Conflict of Interest Disclosure Questionnaire and directions for submission.

## **7. Source of Authority/Legislative Context**

Sources of authority and legislative context are the American Red Cross Code of Business Ethics and Conduct. In addition, federal statutes, such as the Federal Healthcare Program Anti-Kickback Statute, 42 U.S.C. Section 1320; the Foreign Corrupt Practices Act, 15 U.S.C. Section 78dd; and crimes of theft or bribery concerning programs receiving federal funds, 18 U.S.C. Section 666 may apply.

## **8. Associated Documents**

- [American Red Cross Code of Business Ethics and Conduct](#)
- [Conflict of Interest Disclosure Questionnaire](#) (Employees and Volunteers)
- [Conflict of Interest Disclosure Questionnaire](#) (Board of Governors)
- [Business Gifts and Entertainment Policy \(P1007\)](#)
- [Financial Manual of Policy and Procedure](#)
- [American Red Cross Employee Handbook](#)
- [American Red Cross Volunteer Handbook](#)

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**ANNEX: Examples of Conflicts of Interest that Red Cross Employees and Volunteers Must Avoid or that Must be Disclosed**

Conflicts of interest are fact- and circumstance-specific. The examples below are provided to build awareness of the types of conflicts of interest employees and volunteers must avoid or, if they cannot be avoided, must be disclosed in accordance with the Conflict of Interest Policy.

The examples below do not constitute a comprehensive list. If an employee or volunteer is unclear whether a personal or business relationship presents a conflict of interest, they must err on the side of caution by disclosing the conflict and allowing the Red Cross to assess the impact.

Type of conflict	What must be avoided or disclosed
Personal workplace relationships	<p>Employees and volunteers may not:</p> <ul style="list-style-type: none"> <li>• Function as supervisor, supervisee or have influence over conditions of employment related to their <i>family</i>, as defined in this Policy, or someone with whom they are in a romantic relationship; and/or</li> <li>• Represent the Red Cross in business dealings with an entity where their family or someone else with whom they are close is employed; and/or</li> <li>• Make or advise on any hiring or internal transfer decision regarding their family.</li> </ul>
Outside engagements, such as employment or serving on Boards of Directors or Advisory Boards	<p>Employees and volunteers may not:</p> <ul style="list-style-type: none"> <li>• Be employed by or receive compensation from any entity with which the Red Cross is engaged in a financial transaction or agreement;</li> <li>• Be employed by or receive compensation from a competitor or potential competitor of the Red Cross;</li> <li>• Engage in paid or unpaid work outside of official Red Cross responsibilities in any of the following situations:               <ul style="list-style-type: none"> <li>○ Serve on boards of directors or advisory boards for organizations, vendors, partners, customers or suppliers with which the Red Cross is engaged in a financial transaction or agreement;</li> <li>○ Have outside employment or business interests that negatively impact job</li> </ul> </li> </ul>

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	performance (due to factors such as work hours, location, etc.).
Personal financial interests	<p>Employees and volunteers may not use their official Red Cross position to further a financial interest for themselves or their family, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Ownership or investment in an entity with which the Red Cross has a financial transaction or agreement; and/or</li> <li>• An ownership interest<sup>1</sup> in, investment interest<sup>2</sup> in or compensation from any entity or individual with which the Red Cross is negotiating a financial transaction or agreement; and/or</li> <li>• Representing the Red Cross in business dealings with an entity in which they have a <i>financial interest</i>; and/or</li> <li>• Acting as an official of, advisor or consultant to any government agency that has supervisory or regulatory power over the Red Cross.</li> </ul>
Gifts, meals, travel, entertainment	<p>Employees and volunteers may not directly or indirectly solicit gifts, meals or entertainment from any current or potential Red Cross business partner, vendor or competitor.</p> <p>Employees and volunteers must adhere to the <a href="#">Business Gifts and Entertainment Policy (P1007)</a> when considering whether offered gifts, meals, travel or entertainment are acceptable.</p>
Fees, commissions, services	<p>Employees and volunteers may not directly or indirectly solicit or receive a fee, commission, or service from any current or potential Red Cross business partner, vendor or competitor or establish a business or other entity that conducts business with the Red Cross or would be a competitor of the Red Cross.</p>

<sup>1</sup> The definition of “ownership interest” is one in which the employee’s or volunteer’s ownership interest could sway the entity’s decision making.

<sup>2</sup> An “investment interest” is one in which an employee’s or volunteer’s or their family member’s investment in any of the last three fiscal years exceeds \$1 million or 2 percent or more of the consolidated gross revenues of the entity.

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<p>Misuse of Red Cross affiliation</p>	<p>Employees and volunteers may not publicly use their Red Cross affiliation in connection with the promotion of partisan politics, religious matters or positions on any issue not in conformity with the official position of the Red Cross.</p>
<p>Misuse of confidential information</p>	<p>Employees and volunteers may not use confidential information gained as a result of their affiliation with Red Cross information for their own personal benefit.</p> <p>Examples of confidential information are provided in the <a href="#">Volunteer Handbook</a>, <a href="#">Employee Handbook</a>, and the <a href="#">Confidential Information and Intellectual Property Agreement</a> that all employees are required to review and certify that they will comply.</p>

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