



**American
Red Cross**

Office of the Corporate Ombudsman

2015 Annual Report

July 1, 2014 – June 30, 2015

A Message From the Corporate Ombudsman

I am pleased to present the eighth annual report on the activities and initiatives of the Office of the Corporate Ombudsman for fiscal year 2015—from July 1, 2014 to June 30, 2015, in accordance with the Governance Modernization Act of 2007.



This report reflects concerns that internal and external constituents raised with us, as the designated neutral party for the Red Cross, and as an informal, independent and confidential office.

In FY15, the Ombudsman Office handled 1,430 issues raised by 986 constituents, and had direct contact with another approximately 1,900 volunteers, employees and leaders through our outreach, trainings, and group facilitations. We provided coaching, mediation, process consulting and facilitation to support Red Cross leaders, employees and volunteers as they worked together to serve our donors, clients, and the general public.

The issues raised with the Ombudsman comprise a small slice of data from self-selecting internal and external constituents. Moreover, the role of our office is to provide informal dispute resolution, and guidance on how best to raise or address issues with the organization, and not to investigate or determine the veracity of the issues raised, such as Human Resources or the Office of Investigations, Compliance and Ethics might do. The interpretations we make in this report are necessarily constrained by these factors.

This office is always available to assist staff and volunteers at all levels and in all lines of service as well as any recipient of Red Cross services. For more information on our office, please visit **redcross.org/ombudsman**.

Sincerely,

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

Kevin Jessar, J.D., Ph.D.
Office of the Corporate Ombudsman

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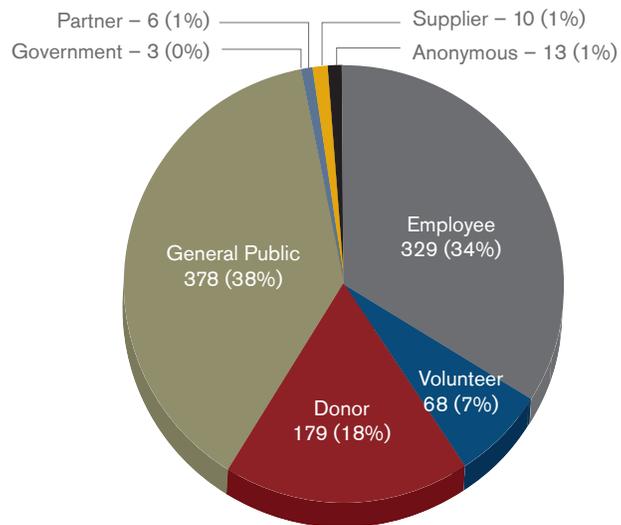
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Case Statistics

Constituent Profile

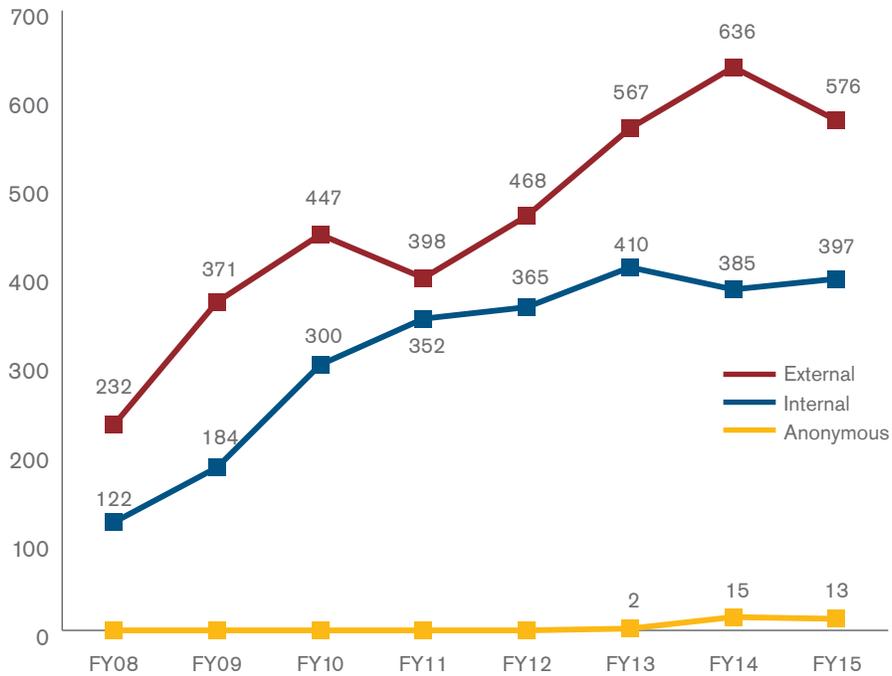
In FY15, 986 constituents contacted the Ombudsman Office. While the overall annual number of constituents utilizing the Office has increased since its inception in FY08, the number of contacts fell slightly this past year, from 1036 in FY14 to 986 in FY15. Figure 1 illustrates the number and composition of internal and external constituent contacts in FY15.

Figure 1. All Constituents (986 Total)



In FY15, 59 percent of contacts with the Ombudsman were initiated by external stakeholders, while 40 percent were initiated by internal stakeholders. The remaining one percent of contacts, identified as “anonymous,” represented 13 contacts, four of which were callers looking to file a formal complaint who were referred to the Concern Connection Line (CCL), a whistleblower hotline operated by the Red Cross Office of Investigations, Compliance and Ethics. Figure 2 illustrates the relationship of internal and external contacts since the Office began its operations in FY08.

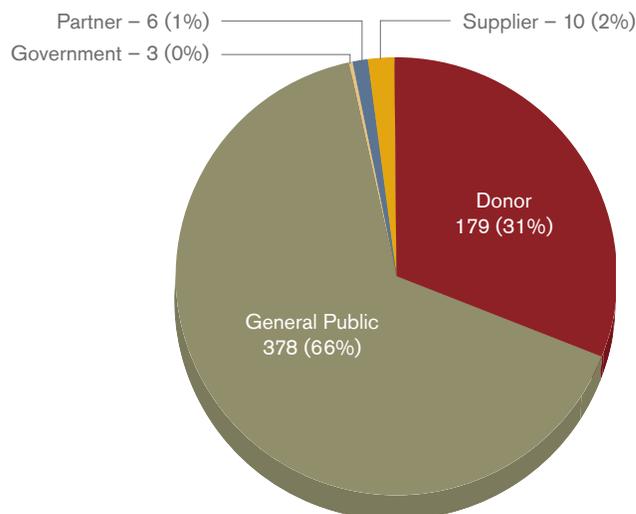
Figure 2. Internal and External Constituents by Fiscal Year



External Constituents

The total number of external contacts has risen steadily from 232 in FY08 to 636 in FY14. In FY15 we saw a slight drop to 576 external contacts. Figure 3 illustrates the various types of external contacts relative to one another, such as partners, suppliers, donors, and the general public. Combined financial and blood donor contacts to the Ombudsman increased from 20 in FY08 to 244 in FY14, and fell in FY15 to 179. This fall consisted primarily of a reduction in the number of blood donors contacting the Office, while contacts by financial donors increased very slightly. During FY15, blood donors accounted for 83 percent of the donor contacts to the Office and 26 percent of all external contacts, while financial donors accounted for 17 percent of donor contacts and 5 percent of all external contacts. It should be noted that the blood donor contacts are from a base of 3.3 million blood donors nationwide.

Figure 3. External Constituents (576 Total)

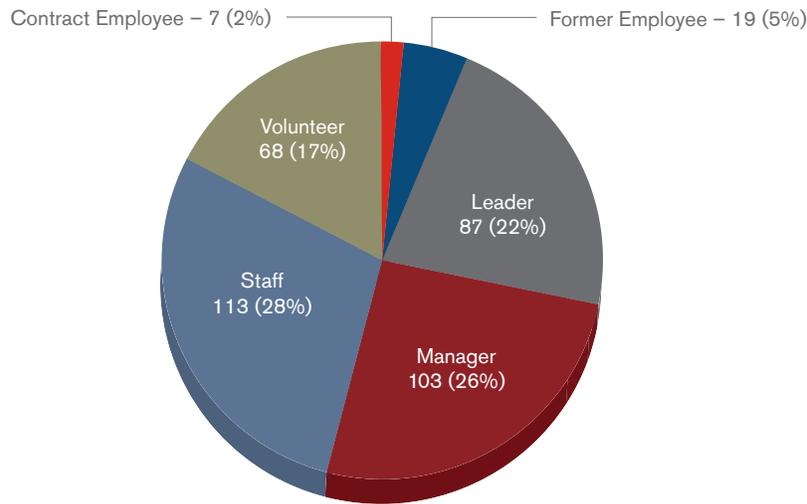


Internal Constituents

Internal constituents increased slightly from 385 in FY14 to 397 in FY15. The number of employees contacting the Ombudsman Office, out of an active base of 22,032 employees, increased slightly from 315 in FY14 to 329 in FY15. Employees comprised 83 percent of internal constituents and one-third of the total contacts to the Ombudsman Office in FY15.

Figure 4 reflects internal constituents by job category. FY15 showed a steady utilization of the Office by leaders and managers, which comprised 48 percent of internal contacts in FY15 versus 40 percent in FY14. A leader is defined as someone who supervises multiple teams or is in a role such as a vice president or regional chapter executive. A manager is a supervisor, for instance, in collections in Biomedical Services or at a call center which supports Service to the Armed Forces clients.

Figure 4. Internal Constituents (397 Total)

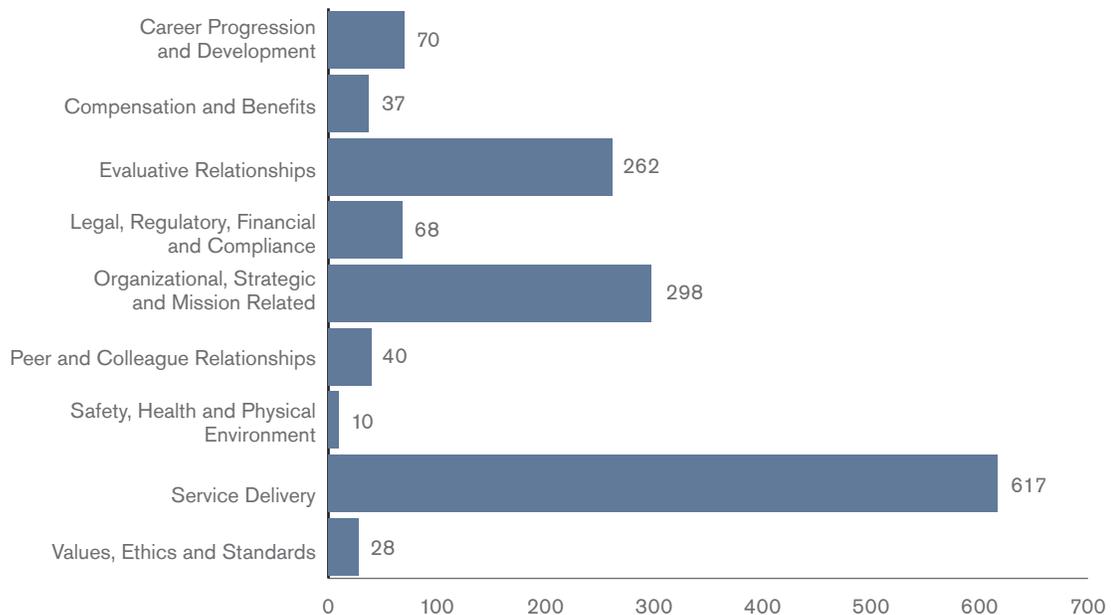


Issues

Why Have People Consulted the Ombudsman?

Figure 5 illustrates the overall issue profile of the 1,430 issues raised with the Ombudsman in FY15. The issues are represented according to the uniform reporting categories promulgated for the organizational Ombudsman field by the International Ombudsman Association (IOA) and are designed to classify the kinds of issues for which people use Ombudsman services and identify trends in requests for services.

Figure 5. All Issues Identified Under IOA Uniform Reporting Categories (1,430 Total)*



*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 delivery continued to be the most prominent issue category from FY08 through FY15, though it decreased from 694 in FY14 to 617 in FY15. Service delivery typically involves prospective questions regarding potential service or concerns with the quality of service, the timeliness of service, the behavior of the service provider, or the interpretation and application of policies that affected service delivery.

Organizational, Strategic, and Mission-Related issues comprised the next greatest issue area and rose to 298 in FY15 after falling to 115 in FY13 and rising only slightly to 135 in FY14. The FY15 increase is likely explained by significant organizational initiatives and changes that were implemented during the year. Issues most commonly raised in relation to organizational strategy, direction and mission pertained to change management, organizational climate, restructuring and relocation, priority setting and funding.

Evaluative Relationship issues, which involve the supervisory relationships of employees or volunteers and can be initiated by either supervisors or staff, represented in FY15 the third-largest issue set across the Red Cross with 262 issues raised. The number of issues rose slightly from FY14 after falling from the previous year. The most prominent concerns pertained, in particular, to communication, respect or treatment, supervisory effectiveness, performance grading, departmental climate, and feedback.

Figure 6 illustrates the issues raised across the past three fiscal years.

Figure 6. Issues – Yearly Comparison

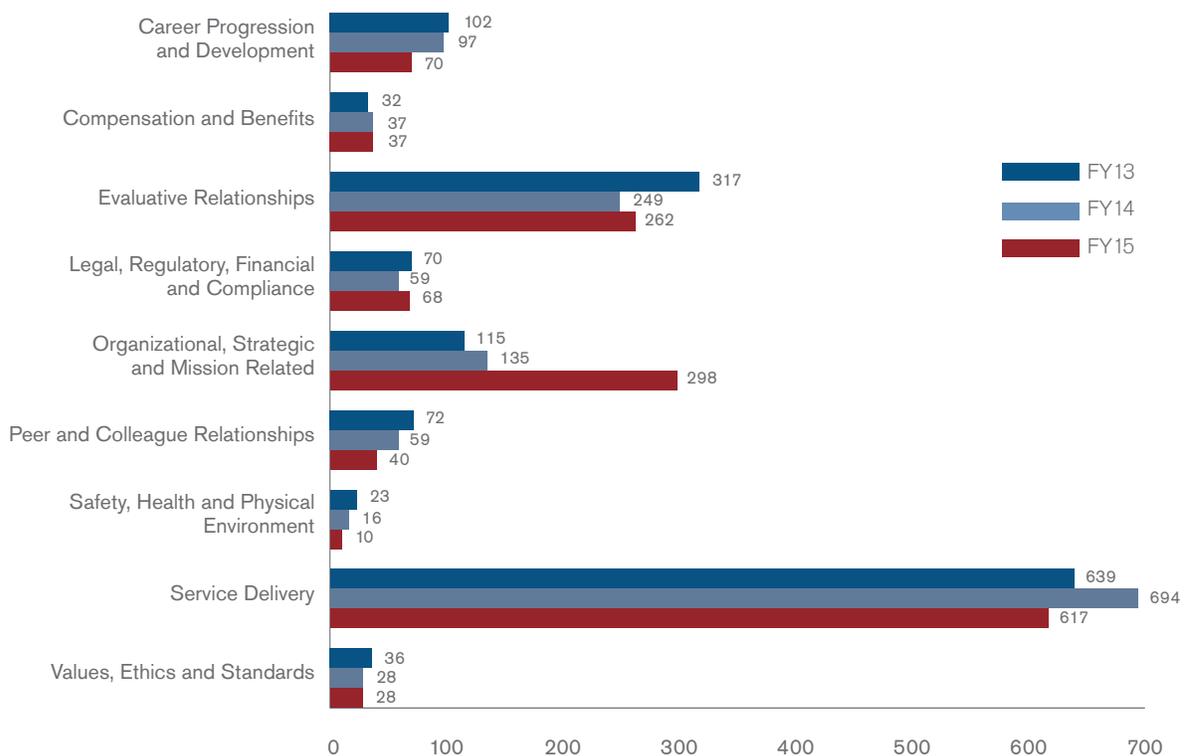


Figure 7 reflects that the greatest number and percentage of issues raised in FY15 pertained to Humanitarian Services, followed by national headquarters, Biomedical Services, Preparedness and Health and Safety Services, and International Services. It should be noted that the number for Humanitarian Services includes Disaster Cycle Services.

Figure 7. Issues Per Organizational Unit (1,430 Total)

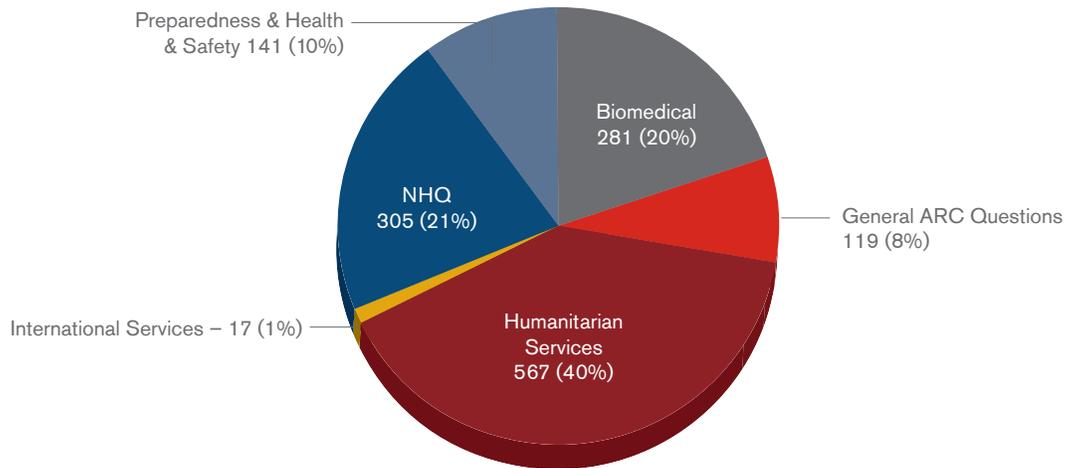
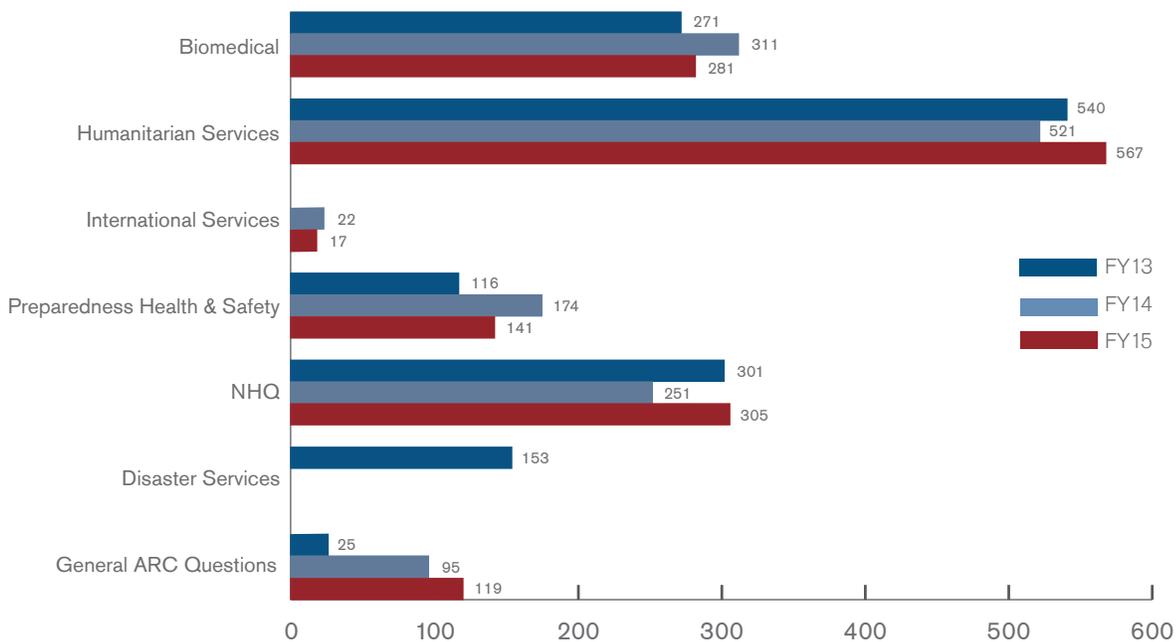


Figure 8 illustrates issues in relation to the major components of the Red Cross from FY13 through FY15. International Services issues are included under Humanitarian Services for FY13, but broken out separately for FY14 and FY15 as this unit is no longer part of Humanitarian Services. Disaster Services is broken out for FY13 but not FY14 and FY15 as it has been part of Humanitarian Services since the start of FY14.

Figure 8. Issues Per Unit – Yearly Comparison



Of the 567 issues pertaining to Humanitarian Services that were raised in FY15, 243 pertained to issues relating to legal, ethical or organizational concerns, and 189 involved concerns with the supervisory relationship as well as career development and progression. An additional 102 issues reflected service delivery concerns. Remaining issues included concerns with compensation and benefits; health and safety in the physical working environment; and relationships with peers and colleagues.

Among issues raised pertaining to Humanitarian Services, the greatest number concerned the Chapter network (49 percent), followed by Disaster Cycle Services (33 percent), Volunteer Services (11 percent), and Service to the Armed Forces (6 percent).

In FY15, 305 of the total 1,430 issues raised (21 percent) pertained to national headquarters, which consists of Human Resources, the Office of General Counsel, Development, Finance, Information Technology, Audit, Public Affairs, Marketing and other smaller offices. Of the issues raised, 39 percent (120) pertained to service delivery concerns, representing an increase of such issues from FY14 (87). An additional 63 issues involved evaluative relationships. The remaining issues pertained, in descending order, to the strategy, direction and mission of the organization, compensation and benefits, legal or regulatory matters, career progression, and peer and colleague relationships.

The Ombudsman received 281 issues pertaining to Biomedical Services in FY15, down from 311 in FY14. Service delivery issues comprised 60 percent of the issues raised. This represents a drop in the number of Biomedical Services service delivery-related concerns from 244 in FY14 to 169 in FY15. Issues pertaining to evaluative relationships rose slightly to 42 in FY15 from 31 in FY14.

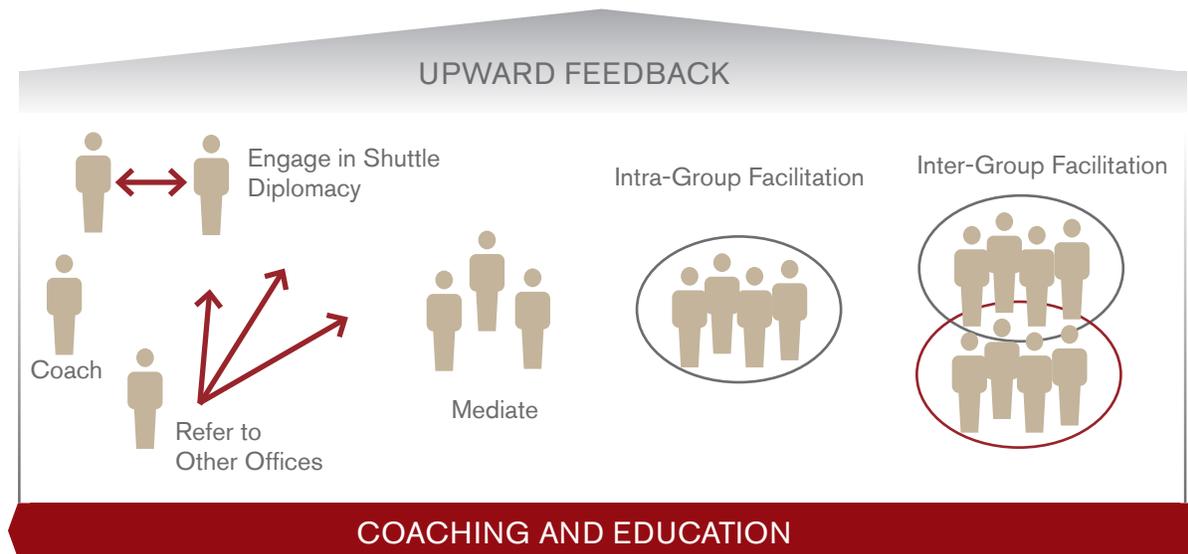
Concerns regarding Preparedness, Health and Safety dropped from 174 in FY14 to 141 in FY15. Slightly more than three-quarters of the issues involved service delivery.

Actions

The Ombudsman provides guidance to parties on how best to bring forward issues or concerns in the organization so that they can be raised in the most constructive way and addressed at the most appropriate level. Ombudsman cases utilize diverse approaches and actions, such as confidential coaching to help people think strategically through difficult situations. The Ombudsman also, as appropriate, uses shuttle diplomacy, in which we alternate meeting with each party to move toward a mutually satisfactory resolution. We can also bring disputing parties together and mediate a face-to-face resolution, where both parties are interested.

We also utilize facilitated processes for handling issues within a team, or between teams, to enhance working relationships, intra-team functioning, and inter-team coordination and collaboration. Work teams and their leaders look to us in our neutral role as subject matter experts in process consulting, group dynamics and facilitation. In FY15, the Ombudsman Office engaged in 85 activities relating to outreach, training and group facilitation, touching approximately 1,900 people across the Red Cross. Ombudsman training includes topics relating to handling difficult conversations, giving effective feedback, working effectively in virtual teams, supporting and managing a volunteer workforce, identifying what effective teams need, managing effective group meetings and decision-making, and facilitative leadership skills. Finally, the Ombudsman Office engages in “upward feedback,” meaning that we follow up with management to identify issues that may impact the Red Cross in a broader way or in the future.

Figure 9. Ombudsman Work With Internal and External Constituents



As we look ahead in 2016, the Office of the Ombudsman remains committed to serving the American Red Cross, its employees, volunteers, donors and the public.

For more information, please call (202) 303-5399 or toll free (866) 667-9331, email us at ombudsman@redcross.org or visit redcross.org/ombudsman.

Persons wishing to place the American Red Cross on official notice of an issue or to request a management investigation may contact a representative from the Office of Human Resources or call the toll-free Concern Connection Line (CCL) at 888-309-9679 or the toll-free Biomedical Regulatory Line (BRL) at 800-741-4738. The CCL and BRL are administered by the Office of Investigations, Compliance and Ethics.



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



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