



**Board Governance Principles**

**January 13, 2010**

## TYCO ELECTRONICS VISION AND VALUES

Tyco Electronics' Board of Directors (also referred to as the "Board") is responsible for directing, and providing oversight of, the management of Tyco Electronics' business in the best interests of the shareholders and consistent with good corporate citizenship. In carrying out its responsibilities, the Board selects and monitors top management, provides oversight for financial reporting and legal compliance, determines Tyco Electronics' governance principles and implements its governance policies. The Board, together with management, is responsible for establishing the Company's operating values and code of conduct and for setting strategic direction and priorities.

While Tyco Electronics' strategy and leadership evolve in response to its changing market conditions, the Company's vision and values are enduring. So too are the Company's governance principles, which, along with the Company's vision and values, constitute the foundation upon which the Company's governance policies are built.

Tyco Electronics believes that good governance requires not only an effective set of specific practices but also a culture of responsibility throughout the organization. Governance at Tyco Electronics is intended to optimize both. Tyco Electronics also believes that good governance ultimately depends on the quality of its leadership, and it is committed to recruiting and retaining Directors and Officers of proven leadership and personal integrity.

### **Tyco Electronics' Values: How We Conduct Ourselves**

**Integrity:** We must demand of ourselves and of each other the highest standards of individual and corporate integrity. We safeguard company assets. We comply with all laws and company policies. We are dedicated to diversity, fair treatment, mutual respect and trust.

**Accountability:** We honor the commitments we make, and take personal responsibility for all actions and results. We create an operating discipline of continuous improvement that is an integral part of our culture.

**Teamwork:** We foster an environment that encourages innovation, creativity, excellence and results through teamwork. We practice leadership that teaches, inspires, and promotes full participation and career development. We encourage open and effective communication and interaction.

**Innovation:** We recognize that innovation is the foundation of our business. We challenge ourselves to develop new and improved ideas for all that we do. We encourage, expect and value creativity, openness to change, and fresh approaches.

## **Tyco Electronics' Culture of Responsibility and Guide to Ethical Conduct**

Tyco Electronics' company culture is built on the premise that the Company seeks to draw the best from its employees, and that every employee, without exception, is responsible for the conduct and success of the organization. This includes full, accurate, candid and timely disclosure of information, and compliance with all laws and regulatory standards. Employee responsibilities are elaborated in our Guide to Ethical Conduct. The Board of Directors is responsible for setting the ethical tenor for management and the Company. That ethical tenor works on the expectation that employees understand where the lines are that they should not cross and stay widely clear of those lines. The Guide to Ethical Conduct is reviewed annually by all Directors, managers and employees, and they affirm in writing that they understand it and are fully in compliance with it. All Senior Executives, including the Chief Executive Officer (the "CEO"), are evaluated and compensated in part on proactively promoting integrity and compliance.

### **THE TYCO ELECTRONICS BOARD**

#### **Mission of the Board of Directors: What the Board Intends to Accomplish**

The mission of Tyco Electronics' Board of Directors is to promote the long-term value and health of the Company in the interests of the shareholders and to set an ethical "tone at the top." To this end, the Board provides management with strategic guidance, and also ensures that management adopts and implements procedures designed to promote both legal compliance and the highest standards of honesty, integrity and ethics throughout the organization.

#### **Governance Principles: How the Board Oversees the Company**

1. **Active Board:** The Directors are well informed about the Company and vigorous in their oversight of management.
2. **Company Leadership:** The Directors, together with management, review Tyco Electronics' strategic direction and financial objectives, and establish a high ethical tone for the management and leadership of the Company.
3. **Compliance with Laws and Ethics:** The Directors ensure that procedures and practices are in place designed to prevent and identify illegal or unethical conduct and to permit appropriate and timely redress should such conduct occur.
4. **Inform and Listen to Investors and Regulators:** The Directors take steps to see that management discloses appropriate information fairly, fully, timely and accurately to investors and regulators, and that the Company maintains a two-way communication channel with its investors and regulators.
5. **Continuous Improvement:** The Directors remain abreast of new developments in corporate governance, and they implement new procedures and practices as they deem appropriate.

## **Board Responsibilities**

The Board is responsible for:

- Ultimately managing and directing the Company and issuing the necessary directives to management.
- Reviewing and approving management's strategic and business plans.
- Ultimately supervising the persons entrusted with management of the Company, in particular with respect to compliance with the law, the Company's Articles of Association, the Organizational Regulations and other regulations and directives.
- Reviewing and approving financial plans, objectives and actions, including significant capital allocations and expenditures, share buybacks and other capital markets transactions.
- Monitoring management execution of Company plans and objectives.
- Advising management on significant decisions and reviewing and approving major transactions.
- Passing resolutions regarding increases in share capital that have been approved by shareholders, and implementing such capital increases and related amendments to the Articles of Association.
- Preparing the business report (including the financial statements) as well as convening the shareholders' meetings, and implementing resolutions passed by shareholders where appropriate.
- Granting and revoking the power to sign on behalf of the Company.
- Recommending Director Candidates for election by shareholders.
- Appraising the Company's major risks and overseeing that appropriate risk management and control procedures are in place.
- Selecting, monitoring, evaluating, compensating and, if necessary, replacing the CEO and other Senior Executives, and seeing that management development and succession plans are maintained for these executive positions.
- Determining the CEO's compensation, and approving Senior Executives' compensation, based on performance in meeting pre-determined standards and objectives.
- Determining that procedures are in place designed to promote compliance with laws and regulations and setting an ethical "tone at the top."
- Determining that procedures are in place designed to promote integrity and candor in the audit of the Company's financial statements and operations, and in all financial reporting and disclosure.
- Designing and assessing the effectiveness of the Board's governance practices and procedures.
- Providing advice and counsel to the CEO and principal Senior Executives.
- Reviewing major changes in appropriate auditing and accounting principles and practices.
- Examining compliance with the legal requirements regarding the appointment, election and the professional qualifications of the auditors of the Company.
- Such other matters as may be set forth in the Company's Articles of Association and Organizational Regulations.

Certain of these responsibilities are non-transferable, as set forth in the Company's Articles of Association and Organizational Regulations.

## **Board Risk Management**

The Board is responsible for appraising the Company's major risks and for determining that appropriate risk management and control procedures are in place and that Senior Executives take the appropriate steps to manage all major risks.

## **Board Capacities**

The Board as a whole is constituted to be strong in its collective knowledge of and diversity of experience in accounting and finance, management and leadership, vision and strategy, business operations, business judgment, crisis management, risk assessment, industry knowledge, corporate governance and global markets.

The culture of the Board is such that the Board can operate effectively in making key decisions and facing major challenges. Board meetings are conducted in an environment of trust, open dialogue, mutual respect and constructive commentary.

The Board is informed, proactive and vigilant in its oversight of the Company and protection of shareholder assets.

Each Director has an obligation to keep confidential all non-public information that relates to the Company's business. Such information includes, but is not limited to, information regarding the strategy, business, finances and operations of the Company, minutes, reports and materials of the Board and its Committees, and other documents identified as confidential by the Company. Additionally, each Director is obligated to keep confidential the proceedings and deliberations of the Board and its Committees.

## **Board Organization and Independence of its Members**

- The business of the Company is managed under the direction of the Board, in the interest of the shareholders.
- The Board delegates its authority to management for managing the affairs of the Company as provided in the Company's Organizational Regulations. The Board requires that Senior Management review major actions and initiatives with the Board prior to implementation.
- To conduct its business the Board maintains three standing Committees: Audit, Management Development and Compensation, and Nominating, Governance and Compliance. The Audit Committee, Management Development and Compensation Committee and Nominating, Governance and Compliance Committee are composed of independent Directors. Assignments to, and Chairs of, the Audit and Management Development and Compensation Committees are recommended by the Nominating, Governance and Compliance Committee and selected by the Board. The independent Directors as a group elect the members and the Chair of the Nominating, Governance and Compliance Committee. All Committees report on their activities to the Board.
- To ensure effective discussion and decision making while at the same time having a sufficient number of independent Directors for its three Committees, the Board is normally

constituted of between ten and thirteen Directors. The number of directors shall be such number not less than two as the Board by resolution may from time to time determine. The shareholders have the exclusive right to change the size of the Board by amending the Company's Articles of Association. A shareholder vote is required to fill vacancies on the Board.

- The Nominating, Governance and Compliance Committee reviews the Board's organization annually and recommends appropriate changes to the Board.
- The Company has adopted a counterbalancing governance structure, including:
  - A designated Non-Executive Chairman;
  - A substantial majority of independent Directors;
  - All Directors annually elected by a majority of votes cast at the annual general meeting;
  - The Audit Committee, Management Development and Compensation Committee and Nominating, Governance and Compliance Committee are entirely composed of independent Directors; and
  - Established governance guidelines.

To maintain its objective oversight of management, the Board consists of a substantial majority of independent Directors. Directors meet a stringent definition of independence, and for those Directors that meet this definition, the Board will make an affirmative determination that a Director is independent.

Characteristics of Independent Directors include the following:

- No director who is, or has been within the last three years, an employee of the Company;
- No immediate family member<sup>1</sup> is, or has been within the last three years, an executive officer of the Company;
- Directors with no current or prior material relationships with Tyco Electronics (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company), aside from their Directorship, that could affect their judgment;
- No director who is an employee or an immediate family member<sup>1</sup> who is an executive officer of any entity for which the Company's annual sales to or purchases from exceeded the greater of \$1 million or two percent of such on either entity's annual revenues for any of the last three fiscal years;
- No Director who has received, or has an immediate family member<sup>1</sup> who has received, during any twelve-month period within the last three years, more than \$120,000 (or the equivalent in Swiss francs or another non-U.S. currency) in direct compensation from the Company, other than Director and Committee fees and pension payments or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- (A) No Director or an immediate family member<sup>1</sup> who is a current partner of a firm that is the Company's internal or external auditor; (B) no Director who is a current employee of such a firm; (C) no Director who has an immediate family member<sup>1</sup> who is a current employee of such a firm and who personally works on the Company's audit; and (D) no Director or an immediate family member<sup>1</sup> who was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time; and

- No director or an immediate family member<sup>1</sup> who is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present Executive Officers at the same time serves or served on that company's Compensation Committee.

### **Charitable Contributions**

The Board understands that its members, or their immediate family members<sup>1</sup>, serve as directors, trustees, executives, advisors, and in other capacities with a host of other organizations. If Tyco Electronics directs a charitable donation to an organization in which a Tyco Electronics Director, or their immediate family member<sup>1</sup>, serves as a director, trustee, executive, advisor, or in other capacities with the organization, the Board must approve the donation. Any such donation approved by the Board will be limited to an amount that is less than one percent of that organization's annual charitable receipts, and less than one percent of Tyco Electronics' total annual charitable contributions. Furthermore, charitable donations by the Company to organizations associated with a Director are limited to matching donations in an amount no greater than the amount contributed by the Director, and consistent with Tyco Electronics' employee matching gift program. Any commercial and charitable relations of Tyco Electronics with the Directors' outside organizations are publicly reported, consistent with the regulatory requirements.

### **Board Meetings**

- The Board meets at least four times annually, and additional meetings may be called in accordance with the Company's Articles of Association and Organizational Regulations. Frequent Board meetings are critical not only for timely decisions but also for Directors to be well informed about Company operations and issues. One of these meetings will be scheduled in conjunction with the Company's annual general meeting of shareholders and Board members will be expected to be in attendance at the annual general meeting.
- The CEO and Non-Executive Chairman are responsible for setting meeting agendas with input from the Directors.
- Committee meetings are normally held in conjunction with Board meetings. Major Committee decisions are reviewed and approved by the Board.
- Directors receive the agenda and materials for regularly scheduled meetings in advance. Best efforts will be made to make materials available as soon as one week in advance, but no later than three days in advance. When practical, the same applies to special meetings of the Board. Directors may ask for additional information from, or to meet with, senior managers at any time.
- An executive session of independent Non-Executive Directors, chaired by the Non-Executive Chairman, is held at each formal meeting of the Board.
- Strategic planning and succession planning sessions are held annually at a regular Board meeting. The succession planning meeting focuses on the development and succession of not only the CEO but also the other Senior Executives.
- The Board's intent is for Directors to attend all regularly scheduled Board and Committee meetings. Regularly scheduled Board and Committee meetings are to be attended in person. Telephonic participation is the exception. The decisions by the Board and its Committees are

recorded in the minutes of their meetings, and copies of the minutes are forwarded promptly to all Directors after each Board and Committee meeting.

- All Board members are welcome to attend any Committee meeting.

### **Board and Committee Calendars**

A calendar of the five regularly scheduled Board meetings as established by the Board and all regularly scheduled Committee meetings is prepared annually by the CEO, in consultation with the Non-Executive Chairman, Committee Chairs and all interested Directors.

### **Board Communication**

Management speaks on behalf of the Company, and the Board normally communicates through management with outside parties, including Tyco Electronics shareholders, business journalists, equity analysts, rating agencies and government regulators. Shareholders can directly raise issues with the Board via email at [Directors@Tycoelectronics.com](mailto:Directors@Tycoelectronics.com).

- The Non-Executive Chairman speaks for the Board.
- Directors are expected to take special care in all communications concerning the Company, in light of confidentiality requirements and laws prohibiting insider trading, tipping and avoidance of selective disclosure.

### **Board Contact with Operations and Management**

- Visits to Company operations are made at least annually in conjunction with regular Board meetings. The CEO and Non-Executive Chairman determine the appropriate sites and timing. Directors are encouraged to visit Company operations at any time, with visits coordinated through the Corporate Secretary's office.
- The CEO and Non-Executive Chairman arrange for senior managers to attend Board meetings and meet informally with Directors before and after the meetings.
- Directors may wish to contact members of Senior Management from time to time.

### **Board Advisors**

The Board and its Committees (consistent with the provisions of their respective charters) may retain their own advisors, at the expense of the Company, as they determine necessary to carry out their responsibilities.

### **Board Self-Evaluation**

The Nominating, Governance and Compliance Committee coordinates an annual evaluation process by the Directors of the Board's performance and procedures, including evaluation of individual Directors. This self-evaluation leads to a full Board discussion of the results.

- The Non-Executive Chairman informally consults with each of the Directors as part of the evaluation.
- The qualifications and performance of all Board members are reviewed in connection with their re-nomination to the Board.

- The Nominating, Governance and Compliance Committee, the Audit Committee and the Management Development and Compensation Committee each conduct an annual self-evaluation of their performance and procedures, including the adequacy of their charters.

### **Board Compensation and Stock Ownership**

- The Management Development and Compensation Committee, in collaboration with the Nominating, Governance and Compliance Committee, periodically reviews the Directors' compensation and recommends changes in the level and mix of compensation to the full Board.
- To help align Board and shareholder interests, Directors are encouraged to own, at a minimum, Tyco Electronics' stock or stock units equal to three times their annual retainer within three years of joining the Board. Once a Director satisfies the minimum stock ownership recommendation, the Director will remain qualified, regardless of market fluctuations, under the guidelines as long as the Director does not sell any stock. A majority of the Directors' annual compensation is provided as equity.
- Directors who are Company Officers and employees of the Company receive no additional compensation for service as Directors.

### **Director Candidates**

General criteria for the nomination of Director Candidates include:

- The highest ethical standards and integrity.
- A willingness to act on and be accountable for Board decisions.
- An ability to provide wise, informed and thoughtful counsel to top management on a range of issues.
- A history of achievement that reflects superior standards for themselves and others.
- Loyalty and commitment to driving the success of the Company.
- An ability to take tough positions while at the same time working as a team player.
- Individual backgrounds that provide a portfolio of experience and knowledge commensurate with the Company's needs.

Invitations to Director candidates for a position on the Board will be extended by the Chair of the Nominating, Governance and Compliance Committee after discussion with the Non-Executive Chairman and agreement by the Board. The Board will consider nominations of Director candidates submitted by shareholders.

### **Director Service**

- Directors are elected by an affirmative vote of a majority of the votes cast by shareholders at the annual meeting and they serve for one-year terms. Any nominee for Director who does not receive a majority of votes cast from the shareholders is not elected to the Board. The sitting Director will remain in office until a new Director is elected, which shall take place in a timely manner.
- Directors resign from the Board at the annual meeting following their 72nd birthday.

- The Nominating, Governance and Compliance Committee is responsible for the review of all Directors, and where necessary will not propose a Director for re-election at the next annual meeting of shareholders.
- Directors inform the Nominating, Governance and Compliance Committee of any significant change in their employment or professional responsibilities and will offer their resignation to the Board of Directors. This allows for discussion with the Nominating, Governance and Compliance Committee to determine if it is in the mutual interest of the Company and the Director for the Director to continue on the Board.
- The guideline for Committee Chairs and the Non-Executive Chairman is: (1) service in their respective roles no more than five years, and (2) rotation from those roles at the time of the annual meeting following the completion of their fifth year of service.
- When the CEO steps down, he or she simultaneously resigns from the Board, unless the Board decides that his or her services are in the best interests of the Company. It is only in unusual circumstances that the Board decides that the retired CEO continues to serve.

### **Director Orientation and Education**

- A formal orientation program is provided for new Directors relating to Tyco Electronics' mission, values, governance, compliance programs and business operations.
- A program of continuing education is annually provided to incumbent Directors, and it includes the review of the Company's Guide to Ethical Conduct.
- Directors are encouraged to take advantage of outside continuing education relating to their duties as Directors and to subscribe to appropriate publications at the Company's expense.
- For each Director, the Company will pay registration, tuition, fees and accommodation expenses for participation in, and transportation to and from, one RiskMetrics endorsed director education event every two years.

### **Other Directorships and Conflicts**

- In order to provide sufficient time for informed participation in their Board responsibilities, Non-Executive Directors, who are employed as chief executives of a publicly traded Company, are required to limit their external directorships of other public companies to two. Non-Executive Directors, who are otherwise fully employed, are required to limit their external directorships of other public companies to three. Non-Executive Directors, who are not fully employed, are required to limit their external directorships of other public companies to five. Current directorship positions in excess of these limits may be maintained unless the Board determines that doing so would impair the Director's service on the Company's Board.
- The CEO serves on no more than two other public company boards.
- The Nominating, Governance and Compliance Committee is notified of the intention of Directors, the CEO and other senior managers to serve on another board, and the Committee reviews the possibility for conflicts of interest or time constraint issues.
- Each Director is required to notify the Chair of the Nominating, Governance and Compliance Committee of any conflicts.

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<sup>1</sup> “immediate family member” includes your spouse (whether by marriage or under common law), “spousal equivalent” (a cohabitant occupying a relationship generally equivalent to that of a spouse), parents (biological or adoptive), stepparents, children, stepchildren, siblings, mother-in-law, father-in-law, brothers-in-law, sisters-in-law, sons-in-law, daughters-in-law and anyone (other than a tenant or domestic employees) who shares your home, and includes adoptive relationships.