

# GOVERNANCE, COMPLIANCE AND ETHICS

Our values — integrity, accountability, teamwork and innovation — define how we lead and grow our business. We believe in an unwavering commitment to these values and practice the highest standards of ethics to drive our success. We live these values by ensuring we have the right leadership, policies and practices in place for all employees not only to abide by but to fully embrace, regardless of the role they play in the company.

## THE COURSE WE'VE SET

### OUR BOARD OF DIRECTORS

Our Board of Directors continues to set the tone for the entire company and embodies our commitment to personal and professional integrity. Our board is responsible for aligning our management with the best interests of shareholders in a manner that is consistent with good corporate citizenship. Specific responsibilities include:

- Selecting and monitoring our top management
- Providing oversight for financial reporting and legal compliance
- Determining the company's governance principles
- Implementing governance policies across all business units and activities

There have been a few changes to our Board since the last reporting period. Below is the most current list of members, including those elected at our recent shareholder meeting. Biographies for our Board members as well as our corporate officers can be found at [www.te.com/responsibility](http://www.te.com/responsibility).

## THE COURSE WE'VE SET

### **Thomas J. Lynch**

Chairman and Chief Executive Officer, TE Connectivity Ltd.

First Elected Director June 2007 and Chairman January 2013

### **Dr. Pierre R. Brondeau**

President, Chief Executive Officer and Chairman, FMC Corporation

First Elected June 2007

### **Terrence R. Curtin**

President, TE Connectivity Ltd.

First Elected March 2016

### **Carol A. (John) Davidson**

Retired SVP, Controller and Chief Accounting Officer, Tyco International Ltd.

First Elected March 2016

### **Dr. Juergen W. Gromer**

Retired President, Tyco Electronics

First Elected June 2007

### **Dr. William A. Jeffrey**

Chief Executive Officer and President, SRI International

First Elected March 2012

### **Yong Nam**

Advisor to the CEO, Daelim Industrial Co. Ltd.

Former Chief Executive Officer, LG Electronics Inc.

First Elected March 2012

### **Daniel J. Phelan**

Retired Chief of Staff, GlaxoSmithKline plc

First Elected June 2007

### **Paula A. Sneed**

Chair and Chief Executive Officer, Phelps Prescott Group, LLC

Retired Executive Vice President, Kraft Foods Inc.

First Elected June 2007

### **Mark C. Trudeau**

President, Chief Executive Officer and Director, Mallinckrodt plc

First Elected March 2016

### **John C. Van Scoter**

President, Chief Executive Officer and Director, eSolar, Inc.

First Elected December 2008

### **Laura H. Wright**

Founder, GSB Advisors

Retired Chief Financial Officer, Southwest Airlines Co.

First Elected March 2014

## THE COURSE WE'VE SET

### OUR VALUES

Every day we are able to put our four core values — Integrity, Accountability, Teamwork and Innovation — into action. They are an essential ingredients to our success — not only the success of our bottom line, but in building long-term partnerships with our customers and attracting the best and brightest talent.

#### 1 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.

#### 2 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.

#### 3 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.

#### 4 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.

### CORPORATE POLICIES

Our Guide to Ethical Conduct was designed to promote a common understanding of our core values, how they relate to individual employees and how they lay the foundation for our success. The Guide, which is translated into 21 languages, is one resource we use to educate our employees on areas including:

- Anti-corruption
- Fair competition
- Fair treatment and mutual respect
- Import and export compliance laws
- Protection of confidentiality of information
- Environment, health and safety
- Resources for questions and reporting misconduct

A copy of our Guide can be found at [www.te.com/responsibility](http://www.te.com/responsibility).

## THE COURSE WE'VE SET

### ETHICAL CONDUCT COMPLIANCE

#### Training

Our compliance team, led by our Chief Compliance Officer, oversees education, training and enforcement. Employees are trained on the Guide each year and asked to certify their compliance.

Compliance Training in 2015:

# 151,016

Total number of ethics compliance training sessions completed



Percentage of employees who certified their compliance with the TE Guide to Ethical Conduct

#### Empowered Employees

Employees are empowered to report potential non-compliance issues in a timely manner. All reports, which can be made to their direct supervisor, to the human resources or law department or directly to the Office of Ombudsman, are addressed with the oversight of the Office of Ombudsman. Reports can be made through our toll-free global telephone line, ConcernLINE or the website ConcernNET. Our managers, supervisors, HR team and other internal groups are instructed to inform the Ombudsman of any possible misconduct so that all issues can be investigated and addressed quickly.

### The Office of Ombudsman

We have established the Office of Ombudsman to act as an independent, impartial and confidential resource for employees, suppliers, investors, customers and other third parties who are concerned about potential violations of the Guide to Ethical Conduct, our policies, laws and regulations, or have other ethics or compliance related concerns. The Office of Ombudsman reports directly to the Board of Directors' Audit Committee. The Ombudsman and Chief Compliance Officer regularly meet with the Compliance Committee, which includes members from TE's senior management team, to discuss compliance issues and program response.

# 795

Total number of matters reported to the Ombudsman Office

# 770

Total number of matters closed by the Ombudsman Office

### BUSINESS PARTNER MANAGEMENT PROGRAM

Working with the right partners—those who share our values and ethics—is essential to our success. Now in its third year, our Business Partner Management Program is a core element of how we select and manage those who want to do business with us. In 2015, we reviewed more than 125,000 third parties and approved more than 3,200 in-scope third parties. Our third-party denial rate ranges from 0.7 to 3.6 percent.

## THE COURSE WE'VE SET

### RISK FRAMEWORK

The risk to any global operation can be extensive and varied, which is why we have put in place a risk management approach that is grounded in a comprehensive and rigorous process with two key objectives: sustain workplace safety and promote financial security. We evaluate strategic, technical and tactical risk, and the potential impact of our decisions on the company, our stakeholders, customers and communities. Our Enterprise Risk Management team works with our businesses and functions to evaluate emerging risks and appropriate responses. Our business continuity plans aim to ensure that our manufacturing facilities and operations can quickly adapt to natural and man-made disasters.

### EXECUTIVE COMPENSATION

Our executive compensation philosophy is based on achieving two objectives: reward executives who meet individual and corporate performance objectives and attract, motivate and retain leaders who increase shareholder value and play an integral role in moving our corporate vision forward. The Management Development and Compensation Committee of the Board reviews and administers the compensation and benefits programs for TE executives. A comprehensive discussion on executive compensation can be found in our 2016 Annual General Meeting Proxy Statement available in the Investor Relations section of [www.te.com](http://www.te.com).

### GLOBAL GOVERNMENT AFFAIRS

TE's Global Government Affairs (GGA) team works with public officials to shape policies and influence decisions that directly impact our business, including in the areas of innovation, competitiveness, market access and growth. In 2015, the team continued to focus on policies, programs and regulations that affect tax, education, workforce development, environment, privacy, cybersecurity and the Internet of Things.

### POLITICAL ACTION COMMITTEE

The TE Connectivity Inc. PAC (TELPAC) was created for eligible employees to voluntarily support federal, and where allowed by law, state candidates who support TE's business objectives. These contributions are made in compliance with applicable federal and state laws and can be found at [www.fec.gov](http://www.fec.gov). TE does not make political contributions anywhere using corporate funds.

### STAKEHOLDER ENGAGEMENT

The objectives of our stakeholder engagement efforts are to ensure we keep the lines of communication open, promote accountability, address areas of concern and solicit external feedback from those who have a vested interest in TE. We engage in a variety of ways — including meetings, surveys, reports and updates — with our customers, community leaders, distribution partners, suppliers, regulators, investors and analysts.

TE is a member of business and professional groups and associations with whom we share common interests.

TE has been a signatory of the United Nations Global Compact for the past five years.

## WHAT'S CHALLENGED US

Growth in the global marketplace always presents challenges. As we grow through acquisitions and expand our business and operations in emerging markets, we must continue to ensure our corporate values and our ethics policies and practices are not only understood by employees and business partners, but are more importantly embodied and abided by across transactions.

## MAJOR AWARDS AND RECOGNITION RECEIVED



TE was recognized as a 2016 World's Most Ethical Company By The Ethisphere Institute for the second consecutive year. The award recognizes companies that align principle with action and our commitment to leading ethical business standards and practices.



The primary driver of our ethical foundation flows from the words and actions of the Board and senior management. Our Guide to Ethical Conduct sets out Integrity as our first core value. It provides that we demand of ourselves and each other the highest standard of individual and corporate integrity. We comply with all laws and company policies and are dedicated to diversity, fair treatment, mutual respect and trust. It is this value that binds TE together under a single culture. ””

- **John Jenkins**, Executive Vice President and General Counsel, TE Connectivity Ethisphere Magazine December 2015. To read the full article, please go to the TE News Center. <http://www.te.com/usa-en/about-te/news-center>

For more on our focus on Corporate Governance and our Guide to Ethical Conduct, please visit: [www.te.com/responsibility](http://www.te.com/responsibility)