

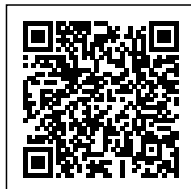
# TYCO: THE IMPORTANCE OF WATCHING THE EXECUTIVES

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**The emergence of Ombudsman roles within multinationals demonstrates an increasing willingness to tackle issues arising from the way in which the company operates**

As Corporate Ombudsman at Tyco International, María Hernández has a unique position

within the company. She reports to the Audit Committee of the Board of Directors and she alone has the authority to open investigations when a concern is raised about unethical behaviour and is the only one who can close claims which may be received from Tyco's own employees, shareholders or clients.

*Como Ombudsman corporativo en Tyco International, María Hernández tiene una posición única en el seno de la empresa. Ella depende del Consejo de Administración, y tiene la autoridad para investigar o dirimir quejas sobre comportamientos indebidos de la empresa o dentro de ella. La creación de la figura del Ombudsman en las multinacionales muestra que las empresas están cada vez más dispuestas a tratar los problemas que surgen de sus propias actuaciones o las de sus ejecutivos.*

"My role encompasses several functions, including assigning investigators when complaints against Tyco and the way we operate are received. To ensure that when it comes to the way we do business, we are doing the right thing," she says.

Hernandez acts as an Ethics and Compliance Ambassador for the company and as such provides training around the world alongside colleagues to build and strengthen the company's compliance culture. Her goal is to encourage employees to speak up when they have a concern about violations of Tyco's Guide to Ethical Conduct, she says. "Our major focus is on promoting values rather than rules."

For a business with more than 100,000 employees across 60 countries, the Ombudsman is central to the way in which Tyco now takes a very proactive approach to its corporate behavior and the actions of its managers and executives.

Formerly the Madrid-based Legal Director for Southern Europe and Middle East, Hernández has relocated to the company's Princeton, New Jersey, headquarters to take on the Ombudsman role. The move is significant for two key reasons, she says.

"First, it means that the Ombudsman is located at the very centre of the Tyco corporate structure, where the decision makers are. It is important that I understand both how and why decisions are made and their potential impact across the business as well as ensure that Ethics are taken into account when defining the business strategies. But my relocation – and my background – is important because it also demonstrates the desire of Tyco to engage with its entire structure, to bring in non-US employees to senior roles, and to take a wider international view."

Despite her location, great emphasis is nonetheless placed on the need to reach out and engage with the company's divisions around the world. The coming months will see Hernandez visit business leaders in Latin America, Europe and Asia.

"The Ombudsman has to be someone whom employees feel comfortable approaching, so building relationships is vital. But we also have to demonstrate the commitment Tyco is making to promote alternative communication channels for employees and customers to tackle issues of significance to them. This is particularly so in a region like Asia, for example, where socially there is a very hierarchical structure and a huge reluctance for employees to go over the bosses' heads."

Hernandez therefore also works closely with the company's compliance, human resources (HR) and forensic teams. The Ombudsman is technically not a legal position but her legal background is nonetheless proving vital.

"In terms of understanding the issues, the potential liabilities and the necessary remedies, being a lawyer can clearly help. But regardless of the checks and balances we introduce, we cannot cover every possible situation. But at least we are taking the necessary steps to reduce our risks and ultimately demonstrate the importance of corporate responsibility."

Having taken up the position in July this year, the Ombudsman is however a rotational role which

she believes is necessary to ensure the continued legitimacy of the position.

"It is important that I am not perceived as too close to the leadership or decision-making powers. The Ombudsman has to be seen to be independent and approachable in order to act as a true bridge to the Board of Directors for those with genuine concerns about how they have been treated, or the ways in which Tyco or any of our subsidiaries operates."

A significant element of the role is also to pre-empt issues before they arise. Working with colleagues around the world, Hernandez is able to create and demand HR, compliance or financial reports to study recurring trends or patterns of behavior. As a consequence, she both attends and presents her findings at quarterly meetings of Tyco's Board of Directors.

"The Ombudsman has to take a holistic approach to the business and be ready to tackle matters head on. The Board has to be comfortable that I am as willing to tackle any potential adverse behaviour by the Chief Executive as readily as I would problems arising within our smallest subsidiary."

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