

**CELESTICA INC.**

**CORPORATE GOVERNANCE GUIDELINES**

**1. Board Responsibilities**

- 1.1 The Board of Directors (the “Board”) is responsible for supervising the management of the business and affairs of Celestica Inc. (“Celestica”) and its mandate includes responsibility for stewardship of Celestica. Directors do not conduct day-to-day management of Celestica; that is the responsibility of the executive officers. The responsibility of the Board includes duties set out in the Celestica Inc. Board of Directors Mandate, the terms of which are specifically incorporated by reference herein.

**2. Shareholder Voting**

- 2.1 Voting for Individual Directors - Celestica shall submit to its shareholders the name of each candidate approved by the Board for election by the shareholders and the shareholders entitled to vote on the election of directors shall be entitled to vote (or withhold from voting) with respect to each individual director (rather than on a slate of directors).

**3. Director Qualification Standards**

**3.1 Independence**

The Board shall be comprised of Directors such that the Board complies with all independence requirements under applicable corporate and securities laws and all stock exchange requirements applicable to it.

No more than two management representatives may serve on the Board at the same time.

Each year, the Nominating and Corporate Governance Committee, as well as the Board, shall review the relationships that each Director has with Celestica in order to satisfy themselves that the independence criteria have been met.

**3.2 Qualifications**

The Board seeks members from diverse professional backgrounds who have experience in positions with a high degree of responsibility and a reputation for integrity and who otherwise meet the selection criteria approved by the Board from time to time.

**3.3 Membership on Other Boards**

Directors are expected to devote the time and attention to Celestica's business and affairs necessary to discharge their duties as Directors effectively. Subject

to this requirement, the Directors shall not be subject to any restrictions with respect to their activities outside of their relationship with Celestica, including their service as directors of other corporations or charitable organizations.

### **3.4 Terms in Office and Retirement**

Directors shall be elected at the annual meeting of shareholders for a one-year term, to serve until the next annual meeting of shareholders or until their successors are elected or appointed.

There is no limit on the number of terms a Director may serve; however, unless the Board authorizes an exception, a Director shall not stand for re-election after his or her 75<sup>th</sup> birthday.

## **4. Functioning of the Board**

### **4.1 Size**

Celestica's articles of incorporation allow for a minimum of three and a maximum of twenty Directors. The Board has the authority to set the size of the Board from time to time. The size of the Board shall be such that it allows for a balance of skills and experience necessary for the Board to discharge its oversight responsibility effectively.

### **4.2 Chairman**

The Board shall appoint the Chairman of the Board on an annual basis. The Chairman shall be an independent Director. The Board shall maintain a position description for the Chairman.

### **4.3 *In Camera* Sessions**

As part of every scheduled meeting of the Board, the independent Directors shall meet in the absence of management. In camera sessions shall be chaired by the Chairman.

### **4.4 Committees of the Board**

The Board shall maintain an Audit Committee, a Nominating and Corporate Governance Committee and a Compensation Committee, each having a mandate and composition that is consistent with the requirements of relevant securities regulatory authorities and stock exchanges. Subject to Celestica's articles and by-laws, the Board may appoint an Executive Committee and any other committee of the Board and delegate to such committee any of the powers of the Board, except to the extent that such delegation is prohibited by corporate law. The Nominating and Corporate Governance Committee and the Board shall review the mandates and composition of each committee of the Board on an annual basis.

## 5. **Board's Relationship with Management**

### 5.1 **Chief Executive Officer ("CEO")**

The Board shall approve, annually, corporate goals and objectives relevant to CEO compensation and shall evaluate the CEO's performance in light of those goals and objectives.

The Compensation Committee shall review succession planning for the CEO and establish policies and principles for CEO selection. The Compensation Committee shall develop plans for interim succession in the event that this becomes necessary and shall review same with the Board annually.

The CEO is required to hold securities of Celestica having a market value at least three times the CEO's then applicable base salary; provided however, that (i) if the CEO acquires the requisite shareholding, the CEO will not be deemed to be out of compliance with this requirement as result of a change in the trading price of Celestica securities (but the CEO will acquire such additional securities within a reasonable period of time to bring the CEO's shareholding in line with the requirement set out above; and (ii) the timeline to achieve the required ownership level for the CEO who was incumbent on January 27, 2005, the date that share ownership guidelines were implemented, begins on that date.

### 5.2 **Directors' Access to Executives**

Directors may deal directly with members of Celestica's management team as they consider appropriate. Each Director shall use his or her judgment to ensure that his or her dealings with members of the management team is not unduly disruptive to the day-to-day operation of Celestica's business and shall, to the extent appropriate, coordinate such dealings through Celestica's CEO.

Direct reports to the CEO (and other members of management as appropriate) shall make presentations to the Board as appropriate and shall attend Board dinners and retreats as appropriate to enable Directors to become acquainted with Celestica's management team.

## 6. **Directors' Access to Outside Advisors**

6.1 Each Director shall have the authority to retain external advisors with the approval of the Chair of the Nominating and Corporate Governance Committee. Fees and expenses relating to the retention of such advisors shall be pre-approved by the Chair of the Nominating and Corporate Governance Committee and paid by Celestica.

## 7. **Director Compensation**

7.1 The mandate of the Compensation Committee requires it to review annually, and make recommendations to the Board regarding, the compensation of the Directors.

7.2 The Nominating and Corporate Governance Committee recommends to the Board Director compensation guidelines, which include the following:

- (a) a statement of principle that Celestica's Director compensation arrangements must be competitive with compensation at comparable companies;
- (b) a requirement that a portion of the Director's compensation (as determined by the Committee from time to time) be paid in common shares of Celestica (including on a deferred basis); and
- (c) a requirement that Directors who are not employees or officers of Celestica or Onex hold shares of Celestica on the following basis:
  - (i) Directors who have been on the Board for five years or more must hold securities of Celestica having a market value of at least five times that Director's then applicable annual retainer and after such level of ownership has been obtained shall continue to invest a significant portion of the annual retainer in securities of Celestica;
  - (ii) Directors who have been on the Board for two years or more (but less than five years) must hold securities of Celestica having a market value of at least three times that Director's then applicable annual retainer;
  - (iii) Directors who have been on the Board for less than two years (but more than a year) must hold securities of Celestica having a market value of at least one times that Director's then applicable annual retainer;
  - (iv) Directors who have been on the Board for less than a year are encouraged, but not required, to hold securities of Celestica;

provided however, that (i) if a Director acquires the requisite shareholding, that Director will not be deemed to be out of compliance with these requirements as result of a change in the trading price of Celestica securities (but such Director will acquire such additional securities within a reasonable period of time to bring that Director's shareholding in line with the requirements set out above; and (ii) the timeline to achieve the required ownership level for Directors who were on the Board on April 22, 2004, the date that share ownership guidelines were implemented, begins on that date.

7.3 Celestica's Director compensation arrangement will not include the grant of options to Directors, but will encourage ownership of Celestica stock (including on a deferred basis) and should be competitive with compensation plans at comparable companies.

7.4 Directors who are members of Celestica's management team shall not receive additional compensation for their service as Directors.

8. **Director Orientation and Continuing Education**

8.1 New Directors are oriented to the business and affairs of Celestica through discussions with management and other Directors and by periodic presentations from senior management on major business, industry and competitive issues.

Management and outside advisors provide information and education sessions to the Board and its Committees as necessary to keep the Directors up-to-date with Celestica, its business and the environment in which it operates as well as with developments in the responsibilities of Directors.

Directors may attend outside conferences and seminars that are relevant to their role at Celestica's expense, with the approval of the Chairman.

9. **Annual Performance Evaluation of the Board**

9.1 The Nominating and Corporate Governance Committee of the Board has responsibility for developing and recommending to the Board, a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual Directors, including the Chairman of the Board. The Nominating and Corporate Governance Committee is responsible for overseeing the execution of the assessment process approved by the Board.