

## SCHEDULE A

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's corporate governance disclosure required by National Instrument 58-101 — *Disclosure of Corporate Governance Practices* ("NI 58-101") is set out below.

#### *Board of Directors*

##### Director Independence

A greater than two-thirds majority of the Corporation's director nominees are independent (7 out of 9, being approximately 78%). Independence has been determined in accordance with NI 58-101 in the case of each director on the basis of whether that director has a direct or indirect material relationship (such as any relationship with the Corporation, any of the Corporation's subsidiaries or with Onex Corporation ("Onex") (which holds approximately 79% of the voting rights attaching to shares of the Corporation)) which could, in the view of the Board of Directors (the "Board"), be reasonably expected to interfere with the exercise of the director's independent judgment.

NI 58-101 deems certain individuals as non-independent based on certain relationships. Mr. Popatia is an executive officer of Onex, the Corporation's controlling shareholder, and under Canadian Securities Administrators requirements he is deemed to be a non-independent director of Celestica.

Mr. Etherington is a non-employee director of Onex. The Board has affirmed that Mr. Etherington has no other relationship with Celestica or Onex that is considered material and that he is an independent director of Celestica.

The following chart details the Board's determination with respect to the independence status of each director nominee:

Table of Directors' Relationships to the Corporation			
<i>Name</i>	<i>Independent</i>	<i>Not Independent</i>	<i>Reason not Independent</i>
Deepak Chopra	✓		
Daniel P. DiMaggio	✓		
William A. Etherington	✓		
Laurette T. Koellner	✓		
Robert A. Mionis		✓	President and Chief Executive Officer of Celestica
Carol S. Perry	✓		
Tawfiq Popatia		✓	Managing Director of Onex
Eamon J. Ryan	✓		
Michael M. Wilson	✓		

Mr. Chopra is standing for election by shareholders for the first time at the Meeting. Currently, a greater than two-thirds majority of the Corporation's directors are independent (6 out of 8, being 75%).

## Directors' Memberships on the Boards of Other Public Companies

The following chart lists the other public companies on which the director nominees serve:

<b>Director</b>	<b>Other Public Corporation Boards on which the Director Serves</b>
Deepak Chopra	None
Daniel P. DiMaggio	None
William A. Etherington	Onex
Laurette T. Koellner	Papa John's International, Inc., The Goodyear Tire & Rubber Company and Nucor Corporation
Robert A. Mionis	None
Carol S. Perry	None
Tawfiq Popatia	None
Eamon J. Ryan	None
Michael M. Wilson	Air Canada and Suncor Energy Inc.

## Meetings of Independent Directors

The independent directors meet separately as part of every in-person Board meeting. If the meeting is a telephone meeting outside the regular Board schedule, the independent directors may meet separately. Mr. Etherington, the Chair of the Board, presides at all such meetings. From the beginning of 2017 to February 14, 2018, the independent directors held these *in camera* sessions at all Board meetings.

In addition, from time to time, the Board establishes *ad hoc* committees, which, as appropriate, may be comprised solely of independent directors. In 2017, the *ad hoc* Director Search Committee was created for the purpose of the new director search. The Director Search Committee was composed of Messrs. Etherington, Ryan and Wilson. No fees were paid for participation on the Director Search Committee.

## Independent Chair

Mr. Etherington is the Chair of the Board and is an independent director. In this capacity, Mr. Etherington is responsible for the effective functioning of the Board. As part of his duties, he establishes procedures to govern the Board's work and ensure the Board's full discharge of its duties. A complete position description for the Chair is posted in the "Investor Relations" | "Corporate Governance" section of the Corporation's website at [www.celestica.com](http://www.celestica.com). Celestica shareholders and other interested parties may communicate directly to the Chair any concerns that they may have regarding the Corporation. See the contact information under *Questions and Answers on Voting and Proxies — How Can I Contact the Independent Directors and Chair?* in this Circular.

## Attendance Record

For a complete record of the Corporation's directors' attendance at Board meetings and at meetings of those standing committees of which they are members, see *Information Relating to Our Directors — Attendance of Directors at Board and Committee Meetings* in this Circular.

## ***Board Mandate***

The mandate of the Board is attached to this Circular as Schedule B and is posted on the Corporation's website at [www.celestica.com](http://www.celestica.com). See "Investor Relations" | "Corporate Governance".

Under the mandate, the Board has explicitly assumed stewardship responsibility for the Corporation.

## *Position Descriptions*

### Position Descriptions of the Chair of the Board and Committee Chairs

The Board has approved position descriptions for the Chair of the Board and the Chair of each standing committee of the Board.

These position descriptions are posted on the Corporation's website at [www.celestica.com](http://www.celestica.com). See "Investor Relations" | "Corporate Governance". The Chair of the Board is available to respond to questions from shareholders at the Corporation's annual meeting.

### Position Description of the Chief Executive Officer

The Board has developed a written position description for the Chief Executive Officer ("CEO"). The CEO has full responsibility for the day-to-day operations of the Corporation's business in accordance with the Corporation's strategic plan, current year operating plan and capital expenditure budget, each as approved by the Board. The CEO must develop and implement processes that are intended to ensure the achievement of the Corporation's financial and operating goals and objectives. The complete position description of the CEO is posted on the Corporation's website at [www.celestica.com](http://www.celestica.com). See "Investor Relations" | "Corporate Governance".

## *Orientation and Continuing Education*

### Orientation for New Directors

The Corporation's orientation program helps new directors contribute effectively to the work of the Board as soon as possible after their appointment or election to the Board. As part of this program, new directors receive written materials on the Board and committee mandates, the Corporation's structure, organization, current priorities and issues that have been considered by the Board and each of its committees. New directors also attend meetings with the Chair, directors, Compensation Consultant and key executives and receive periodic presentations from senior management on major business strategy, industry trends, customer requirements and competitive issues. Through this orientation program, new directors have the opportunity to become familiar with the role of the Board and its committees, the contribution individual directors are expected to make, and the nature and operation of the Corporation's business.

### Ongoing Director Development and Education

The Board's continuing education program has been designed to, among other things: (i) assist directors to maintain or enhance their skills and abilities as directors of the Corporation; and (ii) assist directors in ensuring that their knowledge and understanding of the Corporation's business remains current. Specifically, directors are provided with:

- detailed information packages in advance of each Board and Committee meeting through an online portal which directors can access immediately upon the issuance of materials;
- regular updates between meetings of the Board with respect to issues that affect the business of the Corporation; and
- full access to the senior management and employees of the Corporation.

Directors review the annual work plan for board and committee meetings, participate in setting the agendas for Board and Committee meetings and participate in annual strategic planning sessions.

The Board's continuing education program also includes management presentations, analyst reports and regular business updates from the CEO. In addition, the Corporation provides each director with a membership in the National Association of Corporate Directors and the Institute of Corporate Directors to keep them up to date on the role and responsibilities of an effective Board member and help them stay in touch with issues of common interest to all directors.

Directors may also attend outside conferences and seminars that are relevant to their role, at the Corporation's expense, with the prior approval of the Chair.

During 2017, directors attended educational presentations and were provided with educational materials related to:

- executive compensation trends
- proposed changes to compensation practices and disclosure requirements in Canada and the U.S.
- developments in corporate governance
- developments in accounting rules and standards
- cyber-security
- regulatory developments
- industry trends

In 2017, management conducted or organized the education sessions noted below:

<b>Date</b>	<b>Director Education Presentations (Subject)</b>	<b>Participants (All members attended except as noted)</b>
January 2017	Presentation by management on long-term value creation strategy	Board
January 2017	Presentation by the Corporation's auditors on current developments in accounting, including IFRS 15 — Revenue From Contracts With Customers	Audit Committee
January 2017	Presentation by management on OSC whistleblower framework and gender diversity, as well as updates on key governance and regulatory developments and disclosure requirements	Nominating and Corporate Governance Committee
April 2017	Presentation by management on current developments in auditing	Audit Committee <sup>(1)</sup>
April 2017	Presentation by management on key governance and regulatory developments	Nominating and Corporate Governance Committee <sup>(1)</sup>
July 2017	Presentation by management on current developments in auditing	Audit Committee
July 2017	Presentation by the Compensation Consultant on current trends in competitive pay practices, regional developments and talent strategy, as well as governance and regulatory updates	Compensation Committee
October 2017	Customer site visit and tour of Fremont site	Board <sup>(2)</sup>

<sup>(1)</sup> Mr. Natale did not attend.

<sup>(2)</sup> Mr. Gross did not attend.

All of the directors were provided with the educational materials and participated in sessions relevant to the committees on which they sit.

## Director Skills Matrix

The Nominating and Corporate Governance Committee has developed a skills matrix which identifies the functional competencies, expertise and qualifications of the Corporation’s director nominees and the competencies, expertise and qualifications that the Board would ideally possess, which is set forth below.

	Deepak Chopra	Daniel P. DiMaggio	William A. Etherington	Laurette T. Koellner	Robert A. Mionis	Carol S. Perry	Tawfiq Popatia	Eamon J. Ryan	Michael M. Wilson	TOTAL
<b>Skills</b>										
Service on Other Public (For-Profit) Company Boards	✓		✓	✓	✓	✓	✓		✓	7
Senior Officer or CEO Experience	✓	✓	✓	✓	✓		✓	✓	✓	8
Financial Literacy	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Communications and/or Enterprise Computing	✓		✓							2
A&D, Healthcare, Semiconductor, Solar, Industrial				✓	✓		✓			3
Services (design, after-market)		✓	✓		✓					3
Europe and/or Asia Business Development	✓	✓		✓	✓		✓	✓	✓	7
Operations (supply chain management and manufacturing)	✓	✓			✓				✓	4
Marketing and Sales	✓	✓	✓		✓		✓	✓	✓	7
Strategy Deployment / M&A	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Talent Development and Succession Planning	✓	✓	✓	✓	✓			✓	✓	7
IT and Business Transformation	✓		✓	✓	✓			✓		5
Finance and Treasury	✓		✓	✓		✓	✓			5
<b>Other Characteristics</b>										
Gender	M	M	M	F	M	F	M	M	M	7M / 2F

## Ethical Business Conduct

### Code of Business Conduct and Ethics and Promotion of Ethical Conduct

The Corporation’s Business Conduct Governance Policy (the “**Policy**”) applies to all the Corporation’s directors, officers and employees. In addition, the Corporation’s CEO, senior finance officers and all personnel in the finance area are subject to the Corporation’s Finance Code of Professional Conduct.

Both of these codes may be obtained on the Corporation’s website at [www.celestica.com](http://www.celestica.com). See “Investor Relations” | “Corporate Governance”.

The Board reviews the Policy and the process for administering the Policy on an annual basis. Management provides regular reports to the Board with respect to compliance with the Policy.

All employees above a designated level are required to certify compliance with the Policy annually. The Corporation also provides an on-line training program for the Policy. The Policy requires ethical conduct from employees and encourages employees to report breaches of the Policy to their manager. The Corporation provides mechanisms whereby employees can report unethical behavior, including the Celestica Ethics Hotline which provides a method for employees in every jurisdiction in the world to report unethical conduct, on an anonymous basis if they so choose.

As part of the written mandate of the Board, the Board has adopted as a minimum standard that directors must demonstrate integrity and high ethical standards. The mandate also requires the Board, to the extent feasible, to satisfy itself as to the integrity of the Corporation's CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the organization.

The Corporation's Corporate Values underpin the Corporation's commitment to strong business ethics. A copy of the Corporate Values may be obtained on the Corporation's website at [www.celestica.com](http://www.celestica.com). See "Investor Relations" | "Corporate Governance".

#### Material Interests in Transactions

The Corporation has no contracts or other arrangements in place in which any of its directors or officers has a material interest and does not anticipate entering into any such arrangement. If any such arrangement were to arise, it would first be considered by the Audit Committee (or a special committee of the Board consisting solely of independent directors) and then would be subject to the approval of the Board (in each case, without the participation of the director who would have the material interest in question).

#### *Sale agreement with respect to real property in Toronto:*

On July 23, 2015, the Corporation entered into an agreement of purchase and sale (the "**Property Sale Agreement**") to sell its real property located in Toronto, Ontario, which includes the site of the Corporation's corporate headquarters and Toronto manufacturing operations, to a special purpose entity (the "**Property Purchaser**") to be formed by a consortium of three real estate developers. Subject to completion of the transaction, the purchase price is approximately C\$137 million, exclusive of applicable taxes and subject to certain adjustments. Upon execution of the Property Sale Agreement, the Property Purchaser paid the Corporation a cash deposit of C\$15 million, which is non-refundable except in limited circumstances. Upon closing, which is subject to various conditions, including municipal approvals, the Property Purchaser is to pay the Corporation an additional C\$53.5 million in cash. The balance of the purchase price is to be satisfied upon closing by an interest-free, first-ranking mortgage in the amount of C\$68.5 million to be registered on title to the property and having a term of two years from the closing date. In April 2017, the Corporation received notice from the Property Purchaser that the municipal zoning approval process required to complete the transaction will take longer than originally anticipated. As a result, the Property Purchaser exercised its option under the Property Sale Agreement to extend the approvals period by one year. Assuming the timely satisfaction of various conditions, the Corporation currently expects the transaction to close during 2018. However, there can be no assurance that this transaction will be completed during 2018, or at all.

As part of the Property Sale Agreement, the Corporation agreed, upon closing, to enter into a short-term interim lease for the Corporation's existing corporate headquarters and manufacturing premises on a portion of the real estate on a rent-free basis (subject to certain payments, including taxes and utilities), which is to be followed by a long term lease for the Corporation's new corporate headquarters, on commercially reasonable arm's-length terms. Whether or not this transaction is consummated, however, the Corporation is moving its existing Toronto manufacturing operations to another location.

Approximately 30% of the interests in the Property Purchaser are to be held by a privately-held company in which Mr. Schwartz, a controlling shareholder and a former director (until December 31, 2016) of Celestica, has a material interest. Mr. Schwartz also has a non-voting interest in an entity which is to have an approximate 25% interest in the Property Purchaser. Given the interest in the transaction by a related party, the Board formed a Special Committee, consisting solely of independent directors, which retained its own independent legal counsel, to review and supervise a competitive bidding process. The Special Committee, after considering, among other factors, that the purchase price for the property exceeded the valuation provided by an independent appraiser, determined that the Property Purchaser's transaction terms were in the best interests of the Corporation. The Board, at a meeting where Mr. Schwartz was not present, approved the transaction based on the unanimous recommendation of the Special Committee.

## *Audit Committee*

The Board has a fully independent Audit Committee (currently comprised of Laurette T. Koellner (Chair), Daniel P. DiMaggio, William A. Etherington, Carol S. Perry, Eamon J. Ryan and Michael M. Wilson). If elected, Deepak Chopra is expected to be appointed as a member of the Audit Committee following the Meeting as an independent director. Shareholders may obtain further information regarding the Corporation's Audit Committee in Part I, Item 6C and Part II, Item 16A of the Corporation's 2017 Annual Report on Form 20-F, and may review the Audit Committee's mandate on the Corporation's website at [www.celestica.com](http://www.celestica.com). See "Investor Relations" | "Corporate Governance".

No member of the Audit Committee serves on more than three audit committees of public companies, including that of the Corporation.

The Audit Committee is directly responsible for the compensation, retention and oversight of the work of a registered public accounting firm for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. In addition, the Committee has sole authority for recommending the person to be proposed to Celestica's shareholders for appointment as external auditor and whether at any time the incumbent external auditor should be removed from office. The Audit Committee also has the authority to retain, in addition to the external auditor, such other outside legal, accounting or other advisors as it may consider appropriate and is not required to obtain the approval of the Board in order to retain, compensate or terminate such advisors.

The Audit Committee and its Chair are appointed annually by the Board. As part of each meeting at which (i) the Committee recommends that the Board approve the annual audited financial statements or (ii) the Committee reviews the quarterly financial statements, the Committee members meet separately with each of: management; the external auditor; and the internal auditors.

In addition to fulfilling the responsibilities as set forth in its mandate, in 2017, the Audit Committee implemented a formal annual review of the qualifications, expertise, resources and the overall performance of the Corporation's external auditor, including conducting a survey of each member of the Audit Committee and of certain key management personnel.

## *Nomination and Election of Directors*

### Director Nomination Process

Recognizing that new directors may be required from time to time, the Nominating and Corporate Governance Committee maintains a matrix of the competencies, skills and other characteristics that each existing director and director nominee possesses for the purpose of identifying any gaps and determining the profiles for potential director nominees that would best serve the Corporation.

The Board is committed to nominating highly qualified individuals to fulfill director roles, based on the needs of the Corporation at the relevant time. The Board believes that diversity is important to ensure that Board members provide the necessary range of complementary perspectives, experience and expertise required to achieve effective stewardship of the Corporation. When considering potential Board members, the Nominating and Corporate Governance Committee considers personal characteristics such as business experience, functional expertise, personal skills, stakeholder perspectives and geographic background.

The Board also recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of women in contributing to diversity of perspective among directors. Accordingly, in January 2015, the Board adopted a written policy with respect to the identification and nomination of women directors and is taking meaningful steps to increase the representation of women on the Board, including targeting women candidates exclusively for the Corporation's director search in 2013. Pursuant to the policy, the Corporation has adopted a target that at least 30% of the Board be comprised of women by 2020 and, in support of this target, established a requirement that the initial candidate list for any new director search be comprised of no less than 50% women. Upon adoption of the policy, in January 2015, there were 2 women on the Board,

representing 22% of the directors (29% of the independent directors). As at December 31, 2017, there were two women on the Board, representing 25% of the directors (33% of the independent directors), each of whom is being nominated for re-election to the Board, and one of whom chairs the Audit Committee. During 2017, the Nominating and Corporate Governance Committee reviewed the composition of the Board following the resignation of two Board members, Messrs. Thomas S. Gross and Joseph M. Natale. The Nominating and Corporate Governance Committee began the process of identifying potential new directors and an ad hoc committee comprised of Messrs. Etherington, Ryan and Wilson was created (the “Director Search Committee”). A preferred candidate profile was developed by the Director Search Committee based on the qualifications, experience, diversity and expertise determined to be best suited to fill any gaps and in accordance with the Corporation’s policy with respect to the identification and nomination of women directors. Candidates were identified with the assistance of a search firm and suitable candidates were interviewed by the members of the Director Search Committee. The Director Search Committee instructed the search firm to ensure that the initial list of director candidates was composed of 50% women. The Board considers that the composition and number of the nominees for the position of director that it proposes will allow the Board to perform effectively and act in the best interest of the Corporation and its stakeholders.

#### Independence and Powers of the Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is a fully independent committee of the Board and is currently comprised of William A. Etherington (Chair), Daniel P. DiMaggio, Laurette T. Koellner, Carol S. Perry, Eamon J. Ryan and Michael M. Wilson. If elected, Deepak Chopra is expected to be appointed as a member of the Nominating and Corporate Governance Committee following the Meeting as an independent director.

The mandate of the Nominating and Corporate Governance Committee is posted on the Corporation’s website at [www.celestica.com](http://www.celestica.com). See “Investor Relations” | “Corporate Governance”.

The Nominating and Corporate Governance Committee is responsible for developing and recommending governance guidelines for the Corporation (and recommending changes to those guidelines), identifying individuals qualified to become members of the Board, and recommending director nominees to be put before the shareholders at each annual meeting.

During 2017, the Nominating and Corporate Governance Committee reviewed the composition of the Board following the resignation of two Board members, Messrs. Gross and Natale. The Nominating and Corporate Governance Committee began the process of identifying potential new directors and the ad hoc Director Search Committee comprised of Messrs. Etherington, Ryan and Wilson was created. Through this process, it was determined that Mr. Chopra would be nominated for election to the Board at the Meeting.

#### Election of Directors

The TSX requires listed issuers that are not majority controlled to adopt a majority voting policy for the election of directors or to otherwise satisfy the TSX’s majority voting requirements. The Board has adopted a policy that requires, in an uncontested election of directors, that shareholders be able to vote in favour of, or to withhold from voting, separately for each director nominee. If, with respect to any particular nominee, other than the controlling shareholder or a representative of the controlling shareholder, the number of shares withheld from voting by shareholders other than the controlling shareholder and its associates exceeds the number of shares that are voted in favour of the nominee by shareholders other than the controlling shareholder and its associates, then the Board shall determine, and in so doing shall give due weight to the rights of the controlling shareholder, whether to require the nominee to resign from the Board and if so required any such nominee shall immediately tender his or her resignation. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board at which the resignation is considered. The Board shall determine whether to accept the resignation, which, if accepted, shall be effective immediately upon such acceptance. The Board shall accept such resignation absent exceptional circumstances. Such a determination by the Board shall be made, and promptly announced by press release (a copy of which will be provided to the TSX), within 90 days after the applicable shareholders’ meeting. If the Board determines not to accept a resignation, the press release

will fully state the reasons for such decision. Subject to any corporate law restrictions, the Board may leave any resultant vacancy unfilled until the next annual shareholders' meeting or it may fill the vacancy through the appointment of a new director whom the Board considers would merit the confidence of the shareholders or it may call a special meeting of shareholders at which there shall be presented a nominee or nominees to fill the vacant position or positions.

Although the Corporation is exempt from the TSX's majority voting requirements, the Corporation chose the policy described above to appropriately and effectively reflect the application of majority voting policies to a majority controlled company, consistent with the rationale underlying the TSX majority voting requirements and good corporate governance.

## ***Compensation***

### Determination of Directors' and Officers' Compensation

In setting the compensation of the Corporation's officers, the Compensation Committee considers a median level of compensation for each component of the officer's compensation package (base salary, annual incentives, mid-term and long-term incentives and benefits) compared to a group of companies in closely-related industries. For more detail on the philosophy and approach adopted by the Compensation Committee, see *Compensation Discussion and Analysis* in this Circular.

Director compensation is set by the Board on the recommendation of the Compensation Committee and in accordance with director compensation guidelines and principles established by the Nominating and Corporate Governance Committee. The Compensation Committee retains an independent compensation consultant to provide it with market advice.

### Independence and Powers of the Compensation Committee

The Board has a fully independent Compensation Committee (currently comprised of Eamon J. Ryan (Chair), Daniel P. DiMaggio, William A. Etherington, Laurette T. Koellner, Carol S. Perry and Michael M. Wilson). If elected, Deepak Chopra is expected to be appointed as a member of the Compensation Committee following the Meeting as an independent director. The Compensation Committee and its Chair are appointed annually by the Board. As part of each meeting, the Compensation Committee members meet without any member of management present and also meet with the Compensation Consultant without any member of management present. The Compensation Committee has the sole authority to retain, compensate and terminate any consultants and advisors it considers necessary within its mandate.

The Compensation Committee's responsibilities include those noted at *Compensation Committee* in this Circular.

The full mandate of the Compensation Committee is posted on the Corporation's website at [www.celestica.com](http://www.celestica.com). See "Investor Relations" | "Corporate Governance".

### External Advisors Regarding Director and Executive Compensation

The Compensation Committee has retained the Compensation Consultant as its independent compensation consultant to assist in the discharge of its mandate. For a description of the Compensation Consultant's role and mandate, see *Compensation Discussion and Analysis — Compensation Objectives — Independent Advice* in this Circular.

## ***Assessments***

### Assessments of the Board and its Directors

The Mandate of the Board requires the Board to evaluate and review its performance, its committees and its directors on an annual basis.

The scope, focus and requirements of the evaluation and review will vary from year to year. The Board has retained in some years an external advisor to assist in these evaluations. The evaluation process for a given year may involve all or any of a careful examination of individual directors, committees and the Board, and of the Board's role, objectives, and relationship with management, and peer review by the directors. The process may also involve soliciting feedback from senior executives as to the effectiveness of the working relationship with the Board and how to improve it. The results of the evaluation, and feedback on the evaluation process itself, are integrated into the next year's Board evaluation cycle.

#### ***Retirement Policy and Term Limits***

The Board strives to achieve a balance between the need to retain directors with valuable institutional experience and the benefits obtained from new perspectives and approaches that accompany Board turnover.

Celestica's Corporate Governance Guideline provides that, unless the Board authorizes an exception, a director shall not stand for re-election after his or her 75th birthday (and the Corporation does not provide a director with any additional financial compensation upon retirement). During 2016, the Nominating and Corporate Governance Committee considered the application of the retirement policy to Mr. Etherington. After considering the changes to the composition of the Board that occurred during 2016, as well as the fact that Mr. Mionis completed his first full fiscal year as President and CEO during 2016, the Nominating and Corporate Governance Committee recommended, and the Board approved, an exception to its retirement policy for Mr. Etherington to provide an element of continuity during those transitions. In accordance with the exception, Mr. Etherington stood for re-election at the Company's 2017 Annual Meeting of Shareholders. The Nominating and Corporate Governance Committee again considered the application of the retirement policy to Mr. Etherington during 2017. Consideration was given to the resignation of two directors, including the Vice-Chair of the Board (Mr. Natale), and the addition of new members to the Corporation's senior leadership team during 2017. In order to maintain an element of continuity over the coming year, and in light of Mr. Etherington's expertise and valuable contributions to the Board, the Nominating and Corporate Governance Committee recommended, and the Board approved, a further exception to its retirement policy for Mr. Etherington. Accordingly, Mr. Etherington is standing for re-election at the Meeting.

The Board considers that the imposition of term limits would discount the value of experience and continuity amongst directors, runs the risk of excluding experienced and valuable board members, and is therefore not in the best interests of the Corporation.

To ensure adequate Board renewal, the Board relies on rigorous director assessments for evaluating directors, reviews the composition and effectiveness of the Board annually, including the tenure and performance of individual directors, and maintains the skills matrix disclosed above to ensure the Board possesses the requisite experience, expertise and business and operational insight for the effective stewardship of the Corporation.

#### ***Succession Planning and Results of Comprehensive CFO Search Process***

In accordance with its mandate, the Compensation Committee, from time to time as it considers appropriate, maintains and reviews succession planning for the CEO, all positions that report to the CEO, and any other positions deemed by the CEO to be "mission critical". Historically, the Compensation Committee has conducted a formal, in-depth review of each of the succession plans with the CEO in order to satisfy itself that the succession plans meet the needs of the Corporation. During 2017, the CEO reviewed the existing succession plans and prepared an updated emergency succession plan for executives which he presented to the Compensation Committee.

Following the announcement by the Corporation of Mr. Myers' intention to leave the Corporation by the end of July 2017 to pursue an opportunity in another industry, the Board approved the CEO's recommendation for the appointment of Mandeep Chawla as the interim CFO effective May 23, 2017 with the intention of providing internal leadership continuity during the CFO search process. The Corporation undertook a comprehensive CFO search process that included both external and internal candidates, and engaged an executive search firm to help identify candidates for the successor CFO. CFO candidates were evaluated under a structured leadership

assessment. Following the conclusion of the search and assessment, the Compensation Committee approved the appointment of Mr. Chawla as CFO on October 19, 2017 and the compensation package for his new role.

The CEO and the Chief Legal and Administrative Officer will conduct an in-depth talent and succession plan for review with the Compensation Committee during 2018.

### *Gender Diversity*

The Board is committed to selecting highly qualified individuals to fulfill senior management roles within the Corporation and considers the qualities and experiences of candidates, including their educational background, business experience, expertise and integrity, in the selection and recruitment of its executive officers. The Board and management believe the presence of qualified and diverse individuals in executive positions within the Corporation and its subsidiaries is important to ensure that the profiles of senior management provide the necessary range of perspectives, experience and expertise required to achieve effective management. The Board recognizes the significant role that women with appropriate and relevant skills and experience play in contributing to diversity of perspective in senior management roles.

The Corporation has initiatives to raise awareness and support the advancement of women, including the Women's Collaboration Forum and Women in Action Forum. The mission of the Women's Collaboration Forum is to develop and enable women, engage men, and create an organization that promotes an inclusive and diverse environment. The Women In Action Forum is a learning solution grounded in research and developed to enrich leadership traits and skills in women. The Corporation has adopted an equal opportunity policy which prohibits employment-related decisions based on or affected by prohibited factors, including an employee's gender. Accordingly, the Corporation does not specifically consider the level of representation of women in executive officer positions when making executive officer appointments and has not established a target regarding the number of women in senior executive positions.

As at February 14, 2018, one of the seven executive officers of the Corporation, including its major subsidiaries, is a woman, representing 14.29% of the total number of executive officer positions at such entities. See also the discussion under *Nomination and Election of Directors — Director Nomination Process* above.