



## **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”, or the “corporation”) and the Board’s mandate includes responsibility for stewardship of Celestica. The members of the Board (“Directors”) do not conduct day-to-day management of Celestica; that is the responsibility of the executive officers. The expectations, duties and responsibilities of the Board include fulfilling the duties set out in the Celestica 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).

##### **2.2 Majority Voting**

If, in an uncontested election of directors, 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, 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. If the Board determines that such a nominee should resign, the nominee shall resign and the Board shall accept the resignation. It is expected that such a determination by the Board shall be made, and announced, within 90 days after the applicable shareholders’ meeting. 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.

### 2.3 Say-on-Pay

If Celestica is sending an information circular in connection with a meeting that is an annual meeting of shareholders then, at such meeting, Celestica shall provide its shareholders with a non-binding vote to accept, if deemed advisable, on an advisory basis and not to diminish the role and responsibilities of the Board, the approach to executive compensation disclosed in the information circular. The Board will take the results of the vote into account, as it deems appropriate, when considering future compensation policies, procedures and decisions, and in determining whether to significantly increase engagement with shareholders on compensation and related matters. Celestica will disclose the results of the shareholder advisory vote as part of its report on voting results for the meeting.

## 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 applicable stock exchange requirements.

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

The Nominating and Corporate Governance Committee, as well as the Board, shall annually review the relationships that each Director has with Celestica in order to satisfy themselves that all applicable 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 and Audit Committees

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, provided that members of Celestica's Audit Committee may not serve on more than three audit committees of public companies, including that of Celestica.

### 3.4 Terms in Office and Retirement

Directors shall be elected by the shareholders annually. Once elected, the Directors will hold office until the close of the next annual general meeting of shareholders or until successors are elected or appointed, unless such office is earlier vacated in accordance with the corporation's by-laws.

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 Chair

The appointment of the Chair of the Board (the "Chair") shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the designation of the Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed. The Chair shall be an independent Director. The Board shall maintain a position description for the Chair.

### 4.3 In Camera Sessions

As part of each meeting of the Board, the independent Directors shall meet without any member of management being present (including any Director who is a member of management). *In camera* sessions shall be chaired by the Chair or, in the absence of the Chair, by another independent Director selected by those in attendance.

### 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 applicable securities regulatory and stock exchange requirements. 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 from time to time, as each considers appropriate, review the mandates, composition and performance of each standing committee of the Board.

## **5. MANAGEMENT**

### **5.1 Chief Executive Officer (“CEO”)**

The Board shall from time to time, as it considers appropriate, review and approve financial and business goals and objectives which will be used as a basis for measuring the performance of the CEO and will be relevant to CEO compensation. The Compensation Committee shall evaluate the CEO's performance in light of those goals and objectives.

The Compensation Committee shall from time to time, as it considers appropriate:

- (a) maintain and review succession planning for the CEO and all positions that report to the CEO and any other positions deemed by the CEO to be “mission critical”;
- (b) develop policies and principles for CEO selection; and
- (c) develop an emergency succession plan to address the unforeseen loss of the CEO through death, disability or another succession-related emergency.

### **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 are 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 An individual Director shall have the authority to retain external advisors with the approval of the Chair. Fees and expenses relating to the retention of such advisors by an individual Director shall be subject to pre-approval by the Chair and, if so approved, paid by the corporation.

## **7. DIRECTOR COMPENSATION**

### **7.1 Compensation Committee Mandate**

The mandate of the Compensation Committee requires it to, from time to time, as the Compensation Committee considers appropriate, review and make recommendations to the Board regarding the total compensation of the members of the Board, having regard to the director compensation guidelines and principles established by the Nominating and Corporate Governance Committee from time to time, as described in section 7.2 below.

### **7.2 Compensation Guidelines**

The Nominating and Corporate Governance Committee establishes Director compensation guidelines and principles, which include:

- (a) a statement of principle that Celestica's Director compensation arrangements shall be competitive with director compensation at comparable companies; and
- (b) a requirement that a portion of the Director's compensation (as determined by the Nominating and Corporate Governance Committee from time to time) be paid in subordinate voting shares of Celestica (including on a deferred basis).

### **7.3 No Option Grants to Directors**

Celestica's Director compensation arrangements will not include the grant of options to Directors, in their capacity as Directors, but will encourage ownership of Celestica stock (including on a deferred basis).

### **7.4 Members of Management on the Board**

Members of Celestica's management team who serve on the Board shall not receive additional compensation for their service as Directors.

## **8. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

- 8.1 New Directors shall be 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 shall 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 prior approval of the Chair.

## **9. ANNUAL PERFORMANCE EVALUATION**

- 9.1 The Nominating and Corporate Governance Committee of the Board has responsibility for developing and recommending to the Board a process for annually assessing the performance of the Board as a whole, the committees of the Board, the contribution of individual Directors (including the Chair of the Board) and management. The Board shall conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee is responsible for overseeing the execution of the assessment process approved by the Board.

## **10. NO RIGHTS CREATED**

- 10.1 These corporate governance guidelines are intended as an overall summary of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the corporation. While it should be interpreted in the context of all applicable laws, regulations and stock exchange listing requirements, as well as in the context of the corporation's articles, by-laws and the specific provisions of the mandates of the Board and its committees, these corporate governance guidelines are not intended to, and shall not, establish any legally binding obligations.