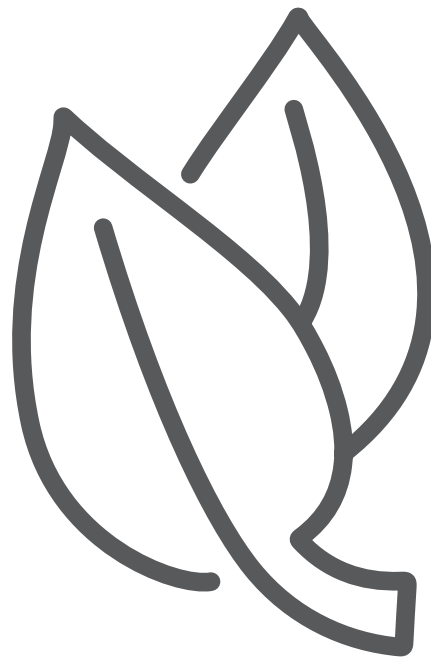# Sustainability at Celestica

2016

sparkchange | Celestica™

Table of Contents

Sustainability
Report Overview

At Celestica, we are committed to advancing our sustainability initiatives by collaborating with each other, as well as with our customers, suppliers and local communities to drive positive change and, ultimately, foster a company-wide culture of sustainability.

A Letter from Rob Mionis

At Celestica, we are committed to creating long-term, sustainable value for all of our stakeholders. As we continue on our journey, our focus is on unlocking potential to deliver greater value for our customers – and sustainability is an important part of that commitment.

We are dedicated to driving sustainability throughout our business, and sharing our knowledge and insights with our customers and suppliers; ensuring that we are helping to solve their complex challenges while collectively achieving our sustainability goals. We are distinguishing ourselves as a partner our customers can trust.

I could not be more proud of the success we achieved this year and none of it would be possible without our 26,000 employees across the globe. The passion that we have for the environment and our communities is reflected in our dedication to helping to create a more sustainable future.

Although we are still early in our journey, we have received some recent accolades for our sustainability performance. For example, for the third year in a row, Celestica was named one of Canada's Best 50 Corporate Citizens for 2016 by Corporate Knights, an organization dedicated to encouraging responsible business practices. In addition, Celestica was awarded Cisco's Excellence in Sustainability award at their Annual Supplier Appreciation Event. We are honoured to receive this award as it is a testament to our overall commitment and a great example of how we are working with our customers to create a more sustainable future.

Thank you for your ongoing interest in Celestica and I hope you enjoy reading this report.

Sincerely,

Rob Mionis, President and Chief Executive Officer

About This Report

Celestica's 2016 Sustainability Report summarizes the activities, performance and results in the 2016 calendar year. No major changes in reporting have occurred since our previous report.

This report is prepared in accordance with Global Reporting Initiative® (GRI®)* G4 Guidelines, Core Option. The GRI® Index may be found at the end of this report.

Since 2009, Celestica has published an annual report documenting our corporate social responsibility programs and environmental sustainability initiatives. Our previous report was published in April 2016 and contained results from the 2015 calendar year. We are committed to reporting our greenhouse gas emissions (GHG) annually and began including third-party assurance in 2013.

We welcome your feedback on our activities and performance. If you would like to share your opinion, please contact Celestica's Sustainability team at sustainability@celestica.com.

* The Global Reporting Initiative® (GRI®) drives sustainability reporting by all organizations. GRI® produces a comprehensive Sustainability Reporting Framework that is widely used around the world to enable greater organizational transparency. The Framework, including the Reporting Guidelines, sets out the Principles and Indicators organizations can use to report their economic, environmental and social performance.

We welcome your feedback on our activities and performance.

Restatement of Changes from Previous Reports

Within this report, we have restated our greenhouse gas emissions for our Scope 3 emissions. Discrepancies were found in the previously reported data when we began the process of verifying emissions associated with air travel.

Celestica uses a combination of the distance travelled as well as the total spend for air travel to report these emissions. Inconsistencies in the reporting period and spend allocations for air travel contributed to Celestica understating Scope 3 emissions. These have been corrected in Figure 5.2.

About
Celestica

At Celestica, we are dedicated to building solid partnerships and providing flexible solutions to enable our customers' success. We are adaptive and agile and help customers anticipate and prepare for unexpected changes.
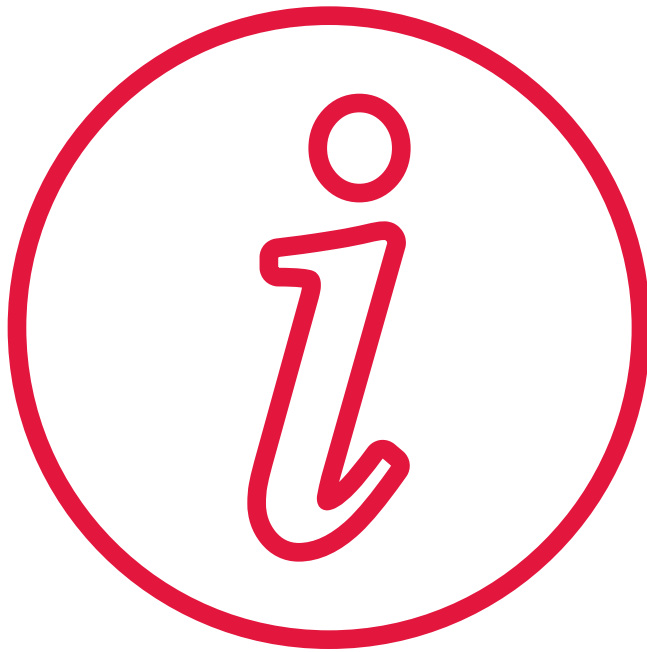
About Celestica

Celestica is a publicly held corporation traded on both the New York and Toronto stock exchanges with 2016 revenue of US$6 billion.

Headquartered in Toronto, Canada, Celestica operates in 29 worldwide locations spanning Asia, the Americas and Europe.

Celestica employs approximately 24,500 permanent and temporary (contract) employees and 2,000 third-party contractors. Seventeen per cent of our employees are protected under collective bargaining agreements or unions, and of these employees, 54 per cent are located in Asia, 31 per cent are located in Europe and 15 per cent are located in Mexico.

Celestica operates in 29 worldwide locations spanning Asia, the Americas and Europe.

Figure 2.1: Celestica's Worldwide Locations

Salzburg, Austria
Leixlip, Ireland
Toronto, Canada
Galway, Ireland
Oradea, Romania
Suzhou, China
Miyagi, Japan
Portland, U.S.A.
Tokyo, Japan
Fremont, U.S.A.
Song Shan Lake, China
Hino, Japan
Celestica Silicon Valley
Mississauga, Canada
Rochester, U.S.A.
Shanghai, China
San Jose, U.S.A.
Alburtis, U.S.A.
Valencia, Spain
Laem Chabang, Thailand
Hong Kong
Ontario, U.S.A.
Monterrey, Mexico
Savannakhet, Laos
Kulim, Malaysia
Mexicali, Mexico
Penang, Malaysia
Johor, Malaysia
Singapore

Our operations' facilities around the world specialize in supply chain management (SCM), including high-mix/low-volume manufacturing capabilities, to meet specific market and customer requirements. In an effort to drive speed, quality and flexibility for our customers, we execute our business in Centers of Excellence strategically located throughout our global network. The following figure summarizes Celestica's square footage by region.

Figure 2.2: Celestica's Major Operations' Square Footage by Region

Region	Facilities	Square Footage (1,000s)
North America	Canada*, United States*, Mexico*	2,218
Europe	Ireland*, Spain, Romania	860
Asia	China*, Malaysia*, Thailand*, Singapore*, Japan*, Laos	5,014

*Represents multiple locations

Business Overview

Celestica delivers innovative supply chain solutions globally to customers in the following end markets: Advanced Technology Solutions (comprised of consumer, industrial, aerospace and defense, healthcare, smart energy and semiconductor equipment) and Connectivity and Cloud Solutions (comprised of enterprise communications, telecommunications, servers and storage).

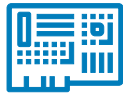## Advanced Technology Solutions

Consumer

Industrial

Aerospace and Defense

Healthcare

Smart Energy

Semiconductor Equipment

Connectivity and Cloud Solutions

Enterprise Communications

Telecommunications

Servers and Storage

We offer a range of services to our customers, including design and development; engineering services; supply chain management; new product introduction; component sourcing; electronics manufacturing; assembly and test; complex mechanical assembly; systems integration; precision machining; order fulfillment; logistics; and after-market services.

The products and services we provide serve a wide variety of applications, including servers; networking, wireless and telecommunications equipment; storage devices; optical equipment; aerospace and defense electronics, such as in-flight entertainment and guidance systems; healthcare products for diagnostic imaging; audio visual equipment; set-top boxes; printer supplies; peripherals; semiconductor equipment; and a range of industrial and smart energy products.

Our innovative solutions create value for our customers by accelerating their time-to-market, and by providing higher quality, lower cost and reduced cycle times in their supply chains. This results in lower total cost of ownership, greater flexibility and improved competitive advantage for our customers in their respective markets.

Innovative Solutions → Value →

- Accelerated Time-to-Market
- Higher Quality
- Lower Cost
- Reduced Cycle Times
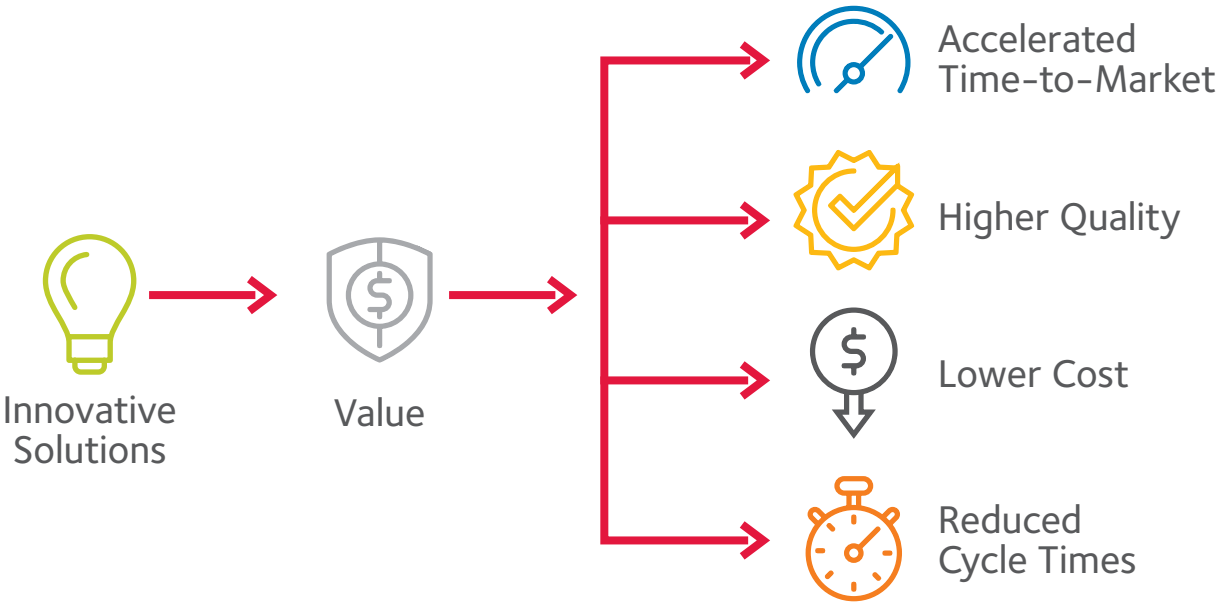
In the fourth quarter of 2016, Celestica completed a transaction to purchase the business assets of Lorenz, Inc. and Suntek Manufacturing Technologies, SA de CV, collectively known as Karel Manufacturing, a Mexico-based manufacturing services company. As part of this transaction, Celestica acquired Karel's manufacturing assets in both Mexicali, Mexico, and Calexico, California. Through this agreement, Celestica will gain additional vertical build-to-print capabilities in the areas of complex wire harness assembly, systems integration, sheet metal fabrication, welding and machining. The operation is Nadcap-certified with focused expertise serving aerospace and defense customers. Approximately 400 Karel employees joined Celestica from across the two operations.

At the same time, Celestica announced its exit from the manufacturing of solar photovoltaic (PV) panels due to PV market instability and global oversupply of solar panels. Celestica remains optimistic regarding the energy products business and continues to manufacture smart energy products, including solar inverters, wind converters, smart meters, power electronics and energy storage solutions.

In 2016, Celestica completed a transaction to purchase Karel Manufacturing.

We know that our success relies on the way our employees work with our customers, suppliers and each other.

Corporate Culture

At Celestica, our strategy is focused on enabling our customers' success through the development and delivery of innovative supply chain solutions that help them anticipate and prepare for unexpected changes in their respective markets. We know that our success relies on the way our employees work with our customers, suppliers and each other. Our company's Brand and Values are integral to our behaviours and shape who we are as a company. We believe that the progress we make on our strategy is critical to our success, but the way we achieve our goals is equally as important.

Brand and Values

Our customers trust us to provide them with flexible and innovative solutions that enable them to overcome challenges and drive their competitive advantage.

To ensure we consistently live up to their expectations, we foster a high-integrity work environment based on strong corporate Brand and Values.

Our Brand was founded on our understanding that it is our employees who differentiate us within our industry and with our customers. Our Brand engages and empowers our employees to work together to drive our company's success.

Our Brand Promise

At Celestica, we are solid partners who deliver informed, flexible solutions that enable our customers' success. We are adaptive and agile, and help our customers anticipate and prepare for unexpected changes.

Our Values
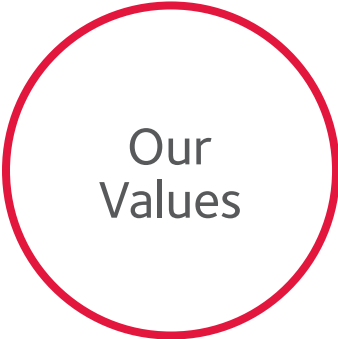
Teamwork, Trust and Commitment, Creativity and Courage.

They form the basis of our corporate culture. They guide the decision making of individual employees and represent a call to action for our people. We hold ourselves and each other accountable to our Values in all of our interactions.

Compliance and Ethics

Ethics Program

Celestica's established ethics program is open to all employees, customers, suppliers and anyone else who has dealings with a Celestica employee. The message is very simple: if illegal or unethical behaviour is witnessed, employees have a responsibility to report it immediately.

Celestica supports an environment that is free from discrimination and harassment. It is a great place to work when all employees contribute to a safe, clean, healthy and secure environment. We believe employees are all accountable for ensuring that our culture is free from discrimination and harassment based on race, colour, religion, gender, gender identity, citizenship and/or origin, age, disability, sexual orientation, marital status or other factors.

Open communication is a critical component of Celestica's culture. We strive to ensure our employees are aware of how they can voice their concerns on ethical matters. We communicate various options in our Business Conduct Governance (BCG) Policy and through the distribution of an ethics wallet card. In addition, there are communication boards throughout our sites that contain additional compliance and ethics information. Employees are encouraged to speak with their manager, a member of management or Human Resources should they have concerns or questions on legal or ethical matters. Employees can also email compliance@celestica.com should they have any questions or concerns on any compliance or ethics matter. This mailbox is confidentially maintained by the Compliance department.

If none of these options are preferred, employees can report concerns to the Ethics Hotline, by phone or through the web-based reporting tool. Celestica's Ethics Hotline is maintained by a third-party vendor and it is a significant part of our ethics program as it is a grievance mechanism that is available to all employees. The hotline program allows employees to file an anonymous or identified report regarding misconduct in the workplace. Employees are assured that reports are managed by an independent function and investigated to the full extent. This program allows us to maintain a workplace that supports a high standard of ethics. All reports that come in through the hotline are managed by the Compliance team. Employees who report a concern are notified when their report is received and when it is completed.

Celestica is serious about no reprisal or retaliation for reporting actual or suspected violations of the law, the BCG Policy or other policies, or for cooperating in an investigation related to reported violations. Our ethics program ensures our work environment meets the rights and obligations of our BCG Policy.

> If illegal or unethical behaviour is witnessed, employees have a responsibility to report it immediately.

Labour and Ethics Management System

At Celestica, we are committed to ensuring our employees are treated with dignity and respect and are provided with a safe environment in which to work. In order to do so, we have established a Labour and Ethics Management System. This is designed to ensure compliance with applicable laws, regulations and customer requirements related to our operations and products, including adherence to Celestica's BCG Policy and the Electronics Industry Citizenship Coalition (EICC) Code of Conduct (the Code). Each site has a governing document that includes any global policies and procedures, as well as local governing practices and regulations that are implemented at the site.

Celestica suppliers are informed about the EICC Code and Celestica's position regarding labour conditions at numerous points in the development of their commercial relationship with Celestica. Celestica uses the EICC risk assessment methods, including the Self-Assessment Questionnaire (SAQ), a follow-up Verification Visit as well as the Validated Audit Report (VAR), to monitor major suppliers' management systems in regard to EICC Code elements. Monitoring supplier information through these methods is explained in more detail in the Sustainability and Our Business section of this report.

The Labour and Ethics Management System includes the following elements:

- Stated company commitment
- Management accountability and responsibility
- Legal and customer requirements
- Supplier responsibility
- Risk assessment and risk management
- Improvement objectives
- Training
- Corrective action processes
- Documentation and records

Our Management Approach

- Set objectives and targets in the first quarter of each year and track our performance throughout the year
- Develop measurements to track our progress and make continuous improvements
- Develop action plans for risks identified in the risk assessment. If targets are not met, it is managed by the site's Human Resources manager in partnership with the site Leadership team until closed
- Execute our Labour and Ethics Management System
- Follow through on our action plans
- Monitor labour conditions at each of our sites
- Conduct internal audits and assessments
- Review labour and ethics actions and status at management review meetings
- Post results on communications boards and review status at monthly operational reviews
- Revise programs to make improvements based on feedback from site leads and stakeholders
- Complete site-level risk assessments

Compliance Training

Celestica reviews current trends and risks in the electronics industry on a continual basis to determine what training would be most beneficial and useful for our employees. In recent years, many courses have been rolled out to our employees, including global anti-bribery, mutual respect, conflicts of interest, diversity and inclusion, insider trading, whistle-blowing, fraud and business integrity, ethical leadership, careful communication and confidential information.

In 2016, Celestica launched careful communication and confidential information courses. The careful communication course was launched for all Celestica online employees. It covered various topics with a focus on written communication and social media.

The confidential information course was directed to employees at a supervisor, management and staff level. The course covered topics such as types of confidential information, competitive information, legal requirements on information gathering, non-disclosure agreements, protecting confidential information and employee obligations to previous employers, as well as to Celestica.

In 2016, Celestica launched careful communication and confidential information courses.

Assessing Risk Areas

Assessing risk areas is a significant part of our Compliance and Ethics program and is done as part of our annual risk assessment program. Understanding key trends and risks in our industry is accomplished by having all Compliance team employees complete formal compliance and ethics training and become Certified Compliance and Ethics Professionals (CCEPs). This certification allows our employees to remain familiar with current topics and best practices in the industry. It also promotes information sharing and resolution to key challenges that professionals face in this line of work.

BCG Policy

Our BCG Policy is a natural extension of our Values. It summarizes for our employees the legal and ethical behaviours that are an important part of our culture. Areas of focus in the BCG include ethical behaviour, responsible corporate citizenship, the protection of assets and accountability.

All new employees receive BCG training within 30 days of joining Celestica. This commitment is renewed and augmented with re-certification on an annual basis.

Assessing risk areas is a significant part of our Compliance and Ethics program and is done as part of our annual risk assessment program.

Our updated BCG can be found at www.celestica.com under the Corporate Governance section.

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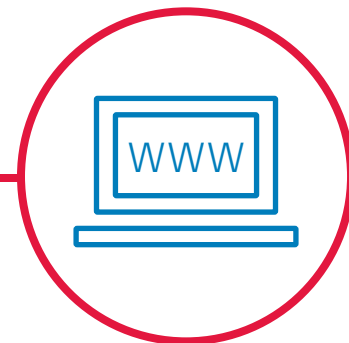
Sustainability and Our Business

Celestica is committed to distinguishing our company as a leader in the area of sustainability. We aim to achieve this by leveraging our knowledge and expertise and through collaborating and sharing ideas with our employees, customers and suppliers.

A Letter From Todd Melendy

Each day I am reminded of the role that Celestica is playing to contribute towards a sustainable future – whether it is being recognized by a customer for our sustainability efforts, hearing about a group of employees giving back to our local communities or making progress on our aspirational sustainability goals – I am so proud of the work that we are doing at Celestica.

2016 was a year of growth for Celestica, for both the business as well as our sustainability strategy. Just three short years ago we introduced our five aspirational sustainability goals and we continue to make great progress on our objectives:

- We have improved our waste diversion rate from 84.9 per cent in 2013 to 90.8 per cent in 2016 – this also takes into account the increased square footage that we are measuring which grew from 73.3 per cent in 2013 to 97 per cent in 2016;
- We have decreased our absolute greenhouse gas emissions by 4.5 per cent since we set our baseline in 2012 and began using sustainability management software;
- We have increased our global employee Time Off to Volunteer rate from 4 per cent in 2014 to 14 per cent in 2016;
- We have reduced our percentage of employees working more than 60 hours per week by 87.4 per cent since 2012, ending the year with 1.46 per cent; and
- We have increased our participation in the Sustainable Workspace from 3 per cent in 2014 to 37 per cent in 2016 – which also factors in a growth in eligible employee base allowing all Celestica employees to participate.

While we are proud of these accomplishments, we recognize that there is a lot more work that can be done – and I can say with confidence that Celestica is ready to lead the way. In 2017, we plan on updating our aspirational sustainability goals to develop science-based targets to ensure that we are driving positive change over the long term in the areas that will have the greatest impact for the communities in which we live and work. I look forward to providing you with an update in next year's report.

As always, I thank you for your continued support. Please contact us at sustainability@celestica.com for any comments or suggestions.

Sincerely,

Todd Melendy, Vice President, Sustainability

Sustainability and Our Business

Celestica is well positioned to attain a leadership position in the area of sustainability. As a company that designs, manufactures, repairs and reuses technology, we can utilize our knowledge and expertise to provide sustainable solutions to new and existing customers, including customers who are developing sustainability-enabling technologies. As a leader in the electronics industry, we are committed to driving sustainability throughout our business, and to sharing our knowledge and insights with our customers and suppliers.

Our Strategy for Sustainability

Our strategy for sustainability focuses on embedding the five elements of our sustainability program into our corporate culture. The five elements are employee sustainability, environmental sustainability, material stewardship, sustainable solutions and sustainable communities. In addition, we are committed to focusing on the areas where we can make a positive impact in our industry and drive the most significant improvements.

Elements of Sustainability

Employee Sustainability	Environmental Sustainability	Material Stewardship	Sustainable Solutions	Sustainable Communities
Foster a positive and engaged workforce that drives innovation and empowers people to make a difference.	Reduce our impact on the environment resulting from energy and water consumption.	Reduce, reuse and recycle products and materials at end-of-life and generate value from the waste.	Understand the environmental footprint of our customers' products, and proactively help our customers to "green" their supply chain.	Leverage our collective expertise to drive positive change in the communities in which we operate.

Celestica's Aspirational Sustainability Goals

In 2013, we established five aspirational goals to guide our journey. These sustainability goals are common throughout our global organization and will help to ensure that all employees understand what we are working to achieve with regards to our sustainability initiative. In 2017, we will be revising our aspirational sustainability goals to better reflect the progress we are making on our sustainability journey.

Celestica's 5 Aspirational Sustainability Goals

Achieve **100% compliance** with **EICC best practices on working hours by** 2016.

Have **50%** of our **workforce take time off to volunteer** in their communities in every year by 2020.

Have **100%** of eligible employees participate in the **Sustainable Workspace program** by 2020.

(1) (2) (3) (4) (5)

Reduce our absolute greenhouse gas emissions by **30%** of 2012 levels by 2020.

Achieve **100% waste diversion** by 2020.

Stakeholder Engagement

Stakeholder engagement is greatly valued at Celestica, and we use a variety of channels to engage with our stakeholder groups and to receive their feedback. The feedback we receive helps us to determine our materiality matrix and identify our focus areas. Our stakeholder groups are those groups that have an impact on our business, or who have the potential to be impacted by our business, as well as external organizations that have expertise in areas we consider to be material aspects.

Figure 3.1: Stakeholder Engagement Table

Stakeholder Group	Engagement Approach	Topics	Action
Employees	• Town hall meetings • Leadership meetings • Employee surveys • Sustainable Workspace program • Open-Door Policy • Sustainability Report • Annual risk assessment • Embedding Sustainability Working Group (ESWG) research project • Internal communications	• Energy • Water • Waste • Wellness • Recognition • Training • Communities	• Spark Change Agents inform employees of status towards aspirational goals • Facilitate Time Off to Volunteer events in local communities • Discuss topics on the Sustainable Workspace • Connect employees to subject matter experts on areas of specific interest • Interview employees in anonymous and confidential format for the ESWG project
Customers	• Teleconferences • Voluntary reporting • Surveys • Audits • Scorecards • Collaboration projects	• Energy • Emissions • Health and safety • Supply chain product compliance • Working hours • Transparency • Foreign migrant workers • Forced or compulsory labour	• Share strategy to align resources on mutually beneficial projects • Share best practices • Share conflict minerals data • Provide training on topics of interest • Provide updates on audit findings • Approach suppliers in unison • Respond to surveys • Participate in sustainability supplier conferences • Carbon Disclosure Project (CDP) report • CDP action exchange

Stakeholder Engagement Table Continued

Academia	• Working group meetings • Surveys • Research projects	• Embedding sustainability • Labour relations • Waste • Energy • Water	• Sent research student to Celestica facilities in Asia and North America • Brokered access for academics to sites in Asia • Participated in interviews for academic papers • Worked with Human Resources to incorporate sustainability into performance • Created an online tool to unlock sustainability-oriented innovation in our company • Increased capacity within leadership to talk about sustainability • Incorporated academic research on embedding sustainability into our strategy for sustainability
Consortia	• EICC meetings • EICC working groups • EICC leadership • Seminars • Webinars	• Working hours • Energy • Emissions • Supply chain • Conflict minerals • Foreign migrant workers	• Performed EICC site audits • Supplier assessments • Active participation in EICC leadership • Collaboration on EICC-sponsored academic projects • Reporting
Government	• Local government regulations • Site inspections • Site audits	• Energy • Water • Waste • Human resources • Health and safety • Permit compliance	• Monitor local regulations and update standards to maintain compliance • Provide test results • Update and maintain health and safety programs to local regulations • Properly handle and dispose of waste
Investors	• Investor surveys	• Economic performance • Energy • Water • Waste • Labour relations	• Coordinate corporate-wide response to surveys • Monitor investor surveys for emerging topics • Discuss need for transparency on remuneration and compensation with Human Resources • Create plan and gap analysis to respond to surveys for leadership • Educate leadership on emerging trends

| Non-Governmental Organizations (NGOs) | • Face-to-face meetings
• Teleconferences
• On-site tours
• Collaboration projects | • Energy
• Water
• Labour relations
• Communities | • Increasing energy literacy
• Increasing waste productivity
• Supplier assessments
• Provide opportunities for recent immigrants |
| Suppliers | • Emails
• Teleconferences
• Questionnaires
• Facility tours | • Health and safety
• Human rights
• Environmental compliance
• Business conduct
• Conflict minerals | • EICC Self-Assessment Questionnaire
• Validated Audit Program
• Verification Visits
• Total Cost of Ownership™ (TCOO™) Awards |

External Sustainability Initiatives

Celestica endorses and subscribes to a number of externally developed initiatives that work to drive economic, environmental and social charters/principles. More detailed information about these initiatives is provided in the pages that follow.

Figure 3.2: 2016 External Sustainability Initiatives

Group	Project Description	Date Joined	Commitment
Electronics Industry Citizenship Coalition (EICC)	EICC is committed to supporting the rights and well-being of workers and communities worldwide affected by the global electronics supply chain.	2007	Voluntary
The Embedding Project, Simon Fraser University	The Embedding Project is a public-benefit research project that collects knowledge on the process of embedding sustainability into corporate cultures for the benefit of all sustainability practitioners.	2013	Voluntary
The Circular Economy Innovation Lab (CEIL)	CEIL brings together private and public sector innovators from across Ontario to co-generate, test and implement circular economy solutions.	2016	Voluntary

EICC

The EICC Code outlines industry standards to ensure that employees are treated with respect and dignity and are provided with a safe work environment; that manufacturing processes are environmentally responsible; and that management systems are in place to support the EICC Code. As an EICC founding member, Celestica shares the EICC's common membership vision of how companies should behave in the electronics industry, and we continue to be actively involved with the EICC membership. At Celestica, we continue to implement, manage and audit our compliance with the EICC Code.

It is important to note that our commitment to the EICC is not limited to ensuring the improvement and compliance of our own sites. Celestica remains actively involved with the EICC by participating in a working group, and has representation on the EICC Board of Directors and its Executive Committee. Pursuant to the EICC's mandate to better the electronics supply chain, we also ensure that we partner with socially responsible supply partners, and our preferred suppliers must have management systems in place that align with the EICC Code.

Celestica uses SAQs to identify any conformance risks or gaps that exist at our sites, and each Celestica site is required to submit an annual SAQ utilizing the EICC's data collection tool, known as EICC-ON. We also require that our suppliers on our Major Supplier List (MSL) submit SAQs to identify risks within their operations. High-risk suppliers requiring a Validated Audit Process (VAP) are identified through the SAQ process, as required per EICC membership compliance. Any findings resulting from an audit are tracked through a Corrective Action Plan (CAP) and may result in removal from Celestica's Preferred Supplier List (PSL) if corrective actions are not closed to Celestica's satisfaction.

To measure EICC compliance, we also conduct internal audits at each of our sites, in addition to each site completing an annual SAQ. Our sites are audited on a rotational basis to ensure that each site is audited every two years at a minimum, and our internal audit program mirrors that of the EICC in part to facilitate each site becoming familiar with the EICC audit program and expectations. In 2016, our internal auditors conducted audits at our sites in Valencia, Spain; Portland, Oregon; Kulim, Malaysia; Toronto, Canada; Miyagi, Japan; Singapore; Galway and Leixlip, Ireland; and

Celestica remains actively involved with the EICC by participating in a working group, and has representation on the EICC Board of Directors and its Executive Committee.

Fremont, U.S.A. The end goal is to close any gaps and manage all risks to the EICC Code, and we ensure that any findings from our internal audits have Corrective Action Plans in place to close out the findings and improve overall EICC Code compliance at each site.

The EICC VAP is considered a best-in-class, robust and comprehensive audit program in the electronics industry. At times, our sites are audited under the EICC VAP. These audits are conducted by EICC-approved audit firms and managed by an appointed audit program management firm that monitors auditor skills and quality levels of the audits conducted through this program. All EICC members are encouraged to use the EICC VAP and to accept results and reports from these audits from any member facility.

WWW

For more information on these programs, visit www. eiccoalition.org.

WWW

Learn more about the Embedding Project at www.embedding project.org.

The Embedding Project

The Embedding Project is a public-benefit research project hosted at the Beedie School of Business at Simon Fraser University. Relying on strong social science research methods, its researchers bring together thoughtful sustainability change agents from across industries and around the world, and harness their collective knowledge to develop rigorous and practical guidance that benefits everyone.

The project started as an effort to systematically gather the best available knowledge on how to embed sustainability in business. This led to the development of a framework that helps companies inventory, prioritize and focus their efforts to embed sustainability. Out of this research, the Embedding Sustainability Working Group was created, which brought together 12 companies, including Celestica, from across North America and South Africa over a period of three years to pilot, test and refine the framework into a diagnostic tool to assess a company's maturity. The Embedding Project continues to work with companies to help them apply the framework while facilitating a safe space for companies and change agents to effectively and efficiently share knowledge and ideas. They then translate this knowledge into new diagnostic tools, assessments and resources that are tailored for sustainability practitioners.

The Circular Economy Innovation Lab

The circular economy is an approach to maximizing value and eliminating waste by improving, and in some cases transforming, how goods and services are designed, manufactured and used. It touches on everything from material selection to business strategy, to the configuration of regulatory frameworks, incentives and markets.

Figure 3.3: Circular Economy (Source: The Circular Economy Innovation Lab)

WWW

Learn more about the Circular Economy Innovation Lab at www.circular economylab.com.
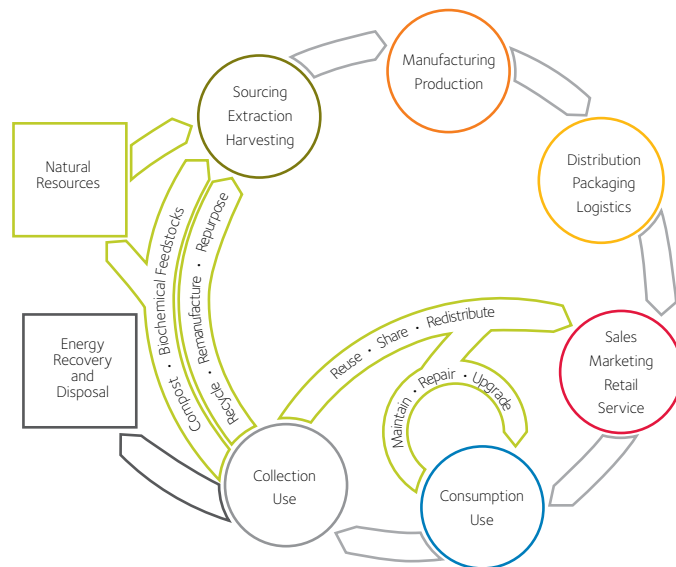
The Ontario Circular Economy Innovation Lab (CEIL) is a new program of The Natural Step Canada (TNSC) that aims to accelerate the transition to a circular economy. CEIL brings together private and public sector innovators from across Ontario, Canada to co-generate, test and implement circular economy solutions. Over the past year, Celestica has contributed resources and expertise to help develop and implement the lab.

CEIL works to accelerate the transition to a circular economy by:

• Engaging leaders and innovators across sectors and value chains
• Developing a vision for the future of Ontario's low-carbon, circular economy
• Catalyzing and supporting collaborative low-carbon, circular economy initiatives
• Enabling innovation in business and other organizations through a proven process
• Building momentum through strategic communications, outreach and engagement

We were able to map 34 disclosures and industry-specific topics into

19 topics

that form the basis of our materiality matrix.

Materiality

We understand that the aspects of sustainability that we deem material will evolve, and as we continue on our sustainability journey, we will continue to monitor and analyze the social, environmental and economic topics and their impact on the bottom line.

We identified 30 GRI® G4 disclosures that were discussed during the review of our engagements with stakeholders, as well as four industry-specific topics: employee wellness, working hours, conflict minerals and foreign migrant workers.

To help quantify and prioritize the concerns of our stakeholders, a ranking process was utilized.

It was found that, given our internal corporate structure, many of the GRI® G4 disclosures were handled within common processes by our organization. Using this insight, we were able to map these 34 disclosures and industry-specific topics into 19 topics that form the basis of our materiality matrix.

Examining the GRI® G4 disclosures and their potential impact on our business was the next stage of mapping our materiality matrix. After meeting extensively with our internal stakeholders, we were able to identify mid- and high-scoring priorities. We were able to map out the high priorities on our materiality matrix after assessing them against our corporate Values, the environment and goals of our business, as well as actively engaging with our stakeholders. Figure 3.4 illustrates the 19 topics that our stakeholders, and our business, identified as high priorities. This represents 15 GRI® G4 disclosures and four industry-specific topics.

Unless otherwise stated, the boundary for our material issues will represent 100 per cent of Celestica's footprint.

Figure 3.4: Materiality Matrix

Importance to Our Stakeholders

Impact on Our Business

Anti-Corruption

Occupational
Health & Safety

Supplier
Assessments

Emissions

Working
Hours

Effluents
& Waste

Employment

Forced or Compulsory
Labour

Conflict
Minerals

Energy

Diversity & Equal
Opportunity

Foreign Migrant
Workers

Environment,
Health & Safety
Compliance

Non-
Discrimination

Child Labour or
Young Workers

Human Rights
Assessment

Wellness

Economic
Performance

Training &
Education

Sustainability Governance

At Celestica, our sustainability initiative is led by a Vice President, Sustainability. This role reports directly to the Chief Legal and Administrative Officer and is responsible for driving the sustainability strategy, leading the Sustainability team and overseeing all issues related to sustainability at Celestica.

Celestica's Chief Operations Officer receives sustainability updates on a quarterly basis. During these updates, discussions focus on our sustainability strategy and the progress we are making on our metrics. Input received in these updated meetings is also important in shaping the strategy. The Chief Executive Officer receives updates on an annual basis.

The content of this report was reviewed and approved by:

- Elizabeth DelBianco: Chief Legal and Administrative Officer
- Glen McIntosh: Chief Operations Officer
- Rob Mionis: President and Chief Executive Officer

Councils

Celestica's sustainability councils are composed of functional leaders, regional leaders and subject matter experts. These individuals take on the responsibility of addressing regional issues as well as functional group issues, and they recommend where improvements to our sustainability strategy can be made.

Working Groups

Working groups are the most numerous within Celestica's governance structure, and they play a significant role in monitoring sustainability. The members of these groups include subject matter experts, volunteers and local representatives whose work is guided by sustainability managers. Working groups are involved in specific projects as well as gathering information and sharing best practices with other global teams. Sustainability managers support their work by connecting local issues to global ones and by linking individuals across regions who can assist with finding solutions to difficult issues.

Affiliations and Memberships

Below are some examples of Celestica's commitment to sustainability, which we demonstrate through our wide range of affiliations with, and memberships in, organizations that address both global citizenship and environmental concerns.

Figure 3.5: Affiliations and Memberships

Organization	Participation
Electronics Industry Citizenship Coalition	Board of Directors
Electronics Industry Citizenship Coalition	VAP Working Group
The Embedding Project	Embedding Sustainability Into Corporate Culture Working Group
Circular Economy Innovation Lab	Steering Committee
Circular Economy Innovation Lab	Printed Paper and Packaging Rapid Lab
High Density Packaging Users Group	Board of Directors
High Density Packaging Users Group	Lead-Free Board Materials Phase Five, Researcher
High Density Packaging Users Group	Lead-Free Copper Erosion, Researcher
High Density Packaging Users Group	Environmental Assessment of Halogen-Free Printed Circuit Boards (DFE 2), Researcher
International Electronics Manufacturing Initiative	Characterization of Alternate Pb-Free Alloys, Researcher
International Electronics Manufacturing Initiative	Development of Cleanliness Specification for Expanded Bean Connectors Project, Phase 2
Aerospace Industries Association	Pb-Free Electronics Risk Management (PERM) Consortium, Researcher

Global Citizenship

Environmental Concerns
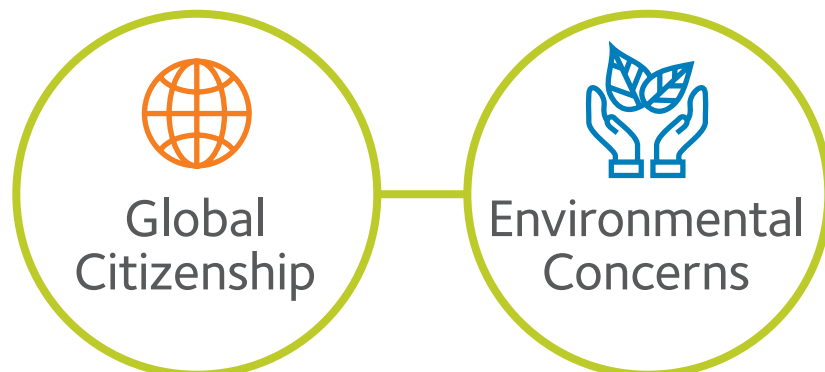
Awards and Recognition

EcoVadis Assessment: Gold Rating

Celestica participated in an independent, third-party assessment of our sustainability management systems. EcoVadis aims at improving environmental and social practices of companies by leveraging the influence of global supply chains. These independent third-party assessments help confirm that our program is meeting our obligations and aspirations today, but also help guide and provide feedback on the issues we need to monitor in the future. Celestica is proud to have received EcoVadis' gold rating.

In 2017, Celestica scored

69/100,

which is an improvement over our 2016 score of 67 out of 100.

Below are the highlights from our 2017 assessment:

Environment:
Celestica is in the

Top 6%

of suppliers assessed by EcoVadis in the category Manufacture of electronic components and boards.

Sustainable Procurement:
Celestica is in the

Top 7%

of suppliers assessed by EcoVadis in the category Manufacture of electronic components and boards.

Labour Practices:
Celestica is in the

Top 23%

of suppliers assessed by EcoVadis in the category Manufacture of electronic components and boards.

Overall:
Celestica is in the

Top 3%

of suppliers assessed by EcoVadis in the category Manufacture of electronic components and boards.

Fair Business Practices:
Celestica is in the

Top 5%

of suppliers assessed by EcoVadis in the category Manufacture of electronic components and boards.

Overall:
Celestica is in the

Top 1%

of suppliers assessed by EcoVadis in all categories.

2016 Green Supply Chain Awards

Celestica was recognized as a winner of two 2016 Supply and Demand Chain Executive Green Supply Chain Awards, recognizing both Celestica's Global Supply Chain Management team and After-Market Services team. In its ninth year, the Green Supply Chain Awards recognizes companies making green or sustainability a core part of their supply chain strategy and are working to achieve measurable sustainability goals within their own operations and supply chains. The awards also recognize providers of supply chain solutions and services assisting their customers in achieving measurable sustainability goals.

Canada's Best 50 Corporate Citizens

For the third year in a row, Celestica was named one of Canada's Best 50 Corporate Citizens for 2016 by Corporate Knights, an organization dedicated to encouraging responsible business practices. In its fifteenth year, Corporate Knights' annual Best 50 Corporate Citizens list ranks Canada's top corporate citizens based on environmental, social and governance indicators. To compile the ranking, Corporate Knights assesses companies on various metrics, including greenhouse gas, water and waste productivity; health and safety performance; and leadership diversity.

Cisco's Excellence in Sustainability Award

At Cisco's Annual Supplier Appreciation Event, Celestica was recognized with Cisco's prestigious Excellence in Sustainability award. This award recognizes Celestica for demonstrating leadership in the area of sustainability, adopting practices that far exceed the standard and for leading the industry with innovative approaches to reducing negative environmental impacts and producing positive social impacts.

Electronic Industry Citizenship Coalition Recognition

Celestica's Laem Chabang, Thailand site received EICC recognition for the second time. The site was recognized for the successful completion of an EICC audit. EICC audits are designed to assist companies in identifying risks and driving improvements and robust management systems for labour, ethics, health and safety and environmental conditions in the supply chain. The Thailand team conducted an initial audit in October 2015. After implementing a CAP to close out three minor findings, the Thailand team conducted a successful closure audit in June 2016. Celestica was the first EMS provider to receive this recognition at our sites in Oradea, Romania and Laem Chabang, Thailand in 2015.

Economic

At Celestica, we are committed to disclosing our company's economic conditions and systems at local, national and global levels as they pertain to our organization's sustainability.

Financial Performance

The financial health of our company directly impacts our key stakeholders, including employees, customers and investors. We continue to focus on being the best performing company for our customers, while continuing to drive operational and financial improvements.

Our priorities include:

- Evolve and diversify our customer and product portfolios to drive longer-term consistency in growth and operating margins
- Achieve margin enhancement in our advanced technology solutions end market while balancing investments needed to drive continued growth
- Generate strong free cash flow and adjusted return on invested capital (ROIC)
- Execute flawlessly while driving increased productivity and simplification throughout our organization

We believe that we have a strong platform to build on as we continue to invest in the business to accelerate our drive to profitable growth.

Our Management Approach

- Our management approach is described fully within our 2016 Annual Report/Form 20-F.

The consolidated financial information in the following table was prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). No dividends have been declared by the Corporation. All amounts in the figures below are in US Dollars.

Figure 4.1: Selected Financial Data

	2014	2015	2016
Revenue	$5,631.3	$5639.2	$6,016.5
Gross Profit	$405.4	$391.1	$427.6
Selling, General & Administrative Expenses (SG&A)	$210.3	$207.5	$211.1
Employee-Related Costs Included in Cost of Sales and SG&A	$716.8	$690.9	$711.3
Other Charges	$37.1	$35.8	$25.5
Net Earnings	$108.2	$66.9	$136.3
Diluted Earnings Per Share	$0.60	$0.42	$0.95

(In millions, except per share amounts)

Financial Implications Due to Climate Change

Our operations and those of our customers, component suppliers and/or our logistics partners may be disrupted by global or local events outside our control, including natural disasters and related disruptions; political instability; terrorism; armed conflict; labour or social unrest; criminal activity; disease or illness, epidemics and health advisories, including those related to SARS, avian flu and Ebola, that affect local, national or international economies; unusually adverse weather conditions; and other risks present in the jurisdictions in which we, our customers, our suppliers and/or our logistics partners operate. Such events could materially adversely affect our results of operations and increase our costs. We carry insurance to cover damage to our sites and interruptions to our operations, including those that may occur as a result of natural disasters, such as flooding and earthquakes, hurricanes, tsunamis or other events.

We carry insurance to cover damage to our sites and interruptions to our operations.

Government Grants

We may receive government grants related to equipment purchases or other expenditures. We recognize these grants when there is reasonable assurance that we will retain the benefits. If we receive a grant but do not have reasonable assurance that we will comply with the conditions of the grant, we will defer the grant and record a liability on our consolidated balance sheet until the conditions are fulfilled. For grants that relate to the purchase of equipment, we reduce the cost of the asset in the period the cost is incurred or when the conditions are fulfilled, and we calculate amortization on the net amount. For grants that relate to operating expenditures, we reduce the expense in the period the cost is incurred or when the conditions are fulfilled. Failure to comply with the conditions of government grants may lead to grant repayments and adversely impact our financial performance.

We have received grants from government organizations or other third-parties as incentives related to capital investments or other spending. These grants often have future conditions with which we must comply. If we do not meet these future conditions, we could be obligated to repay all or a portion of the grant, which could adversely affect our financial position and operating results.

100%
of employees have received some form of anti-bribery training.

Anti-Corruption

Bribery is a continued risk for businesses and, as such, 100 per cent of employees have received some form of anti-bribery training. We also train a targeted audience based on job function and role on bribery risks. We continually renew our anti-bribery courses to keep content current and relevant. Celestica also has a global anti-bribery policy as well as information in our BCG Policy. The BCG provides practical guidelines on bribery and gifts as well as a question and answer section. We receive requests on occasion from key customers to confirm our commitment to upholding bribery laws in our business dealings.

Supply Chain Overview

Celestica has a global network of over 4,000 active suppliers, and our preferred suppliers are aligned in close proximity to our Centers of Excellence. This increases the speed and flexibility of our supply chain, and ensures the shortest overall lead times to our customers. Components and raw materials are sourced globally, with a majority of electronic components originating from Asia, in close proximity to the majority of our manufacturing locations.

At Celestica, our goal is to provide our customers with the lowest total cost of ownership (TCOO™). To help us achieve this, we developed a TCOO™ system that focuses on evaluating supplier performance by measuring the total cost to produce, deliver and support products and services beyond the invoice price. When we evaluate a supplier using this system, we focus on measuring quality, delivery, technology, service, pricing and flexibility. As Celestica continues to focus on delivering value-added services to our customers, we increasingly emphasize technology, innovation and collaboration with our suppliers.

Using our global supply chain management processes and integrated information technology tools, we provide our customers with enhanced visibility to balance their global demand and supply requirements, including inventory and order management. Due to Celestica's market position as an electronics manufacturing services provider in the communications and enterprise industry, the SCM relationships within Celestica's supply base have, historically, often followed two models: Celestica enacting the supply arrangements that had been negotiated by the customer, or Celestica having virtually complete commercial control of the purchasing relationship with the supplier. However, with the expanded use of the joint design and manufacturing (JDM) model, paired with the increasing focus and revenue growth in diversified markets with non-traditional suppliers, SCM relationship models have grown increasingly complex and variable.

Celestica has a global network of over

4,000

active suppliers, and our preferred suppliers are aligned in close proximity to our Centers of Excellence.

Assembly Materials

Our Supply Chain team relies on Celestica's extensive library of policies and procedures when selecting the components and consumables used to build our customers' products, and we take every measure to ensure that these materials adhere to the strictest of environmental compliance requirements. Our Supply Chain team members are trained on the aspects of Restriction of Hazardous Substances (RoHS) and EICC compliance and, in addition, they have full knowledge of each customer's specific requirements. These guidelines ensure that the acquisition of each component and consumable throughout the supply chain meets the established requirements.

Our Supply Chain team members are trained on the aspects of RoHS and EICC compliance.

Components

On behalf of our customers, Celestica engages with suppliers to ensure their understanding of environmental legislation and their responsiveness to requests for compliance documentation. Celestica then validates the environmental compliance of those documents. Celestica's Supply Chain team also verifies the RoHS and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) compliance of the components being used for any product. This approach facilitates Celestica's assigning of a risk profile to both the component and the supplier.

Supplier Assessments

Celestica is well positioned to drive sustainability through the electronics supply chain. Our active role and innovative solutions encourage both our customers and suppliers to strive for greater sustainability.

The Compliance and Ethics section of this report highlights Celestica's ongoing support of the EICC mandate in our commitment to improving the electronics supply chain. This commitment not only includes ensuring compliance and improvement of Celestica's operations but also those of our suppliers. We ensure that all suppliers on our Major Supplier List honour the spirit of the EICC Code by aligning their management systems with the Code's requirements.

Celestica is continually working to implement, manage and audit our compliance with this Code as well as monitoring the compliance of our suppliers. In addition to our suppliers, our customers, investors and industry peers (via consortia) have identified the importance of corporate citizenship. Through better practices, the environment, labour practices, human rights and society will benefit.

Overall compliance to the Code is measured by assessing how members conform to EICC requirements. Celestica monitors our suppliers through application of approved EICC risk assessment tools. These include the SAQ and the VAP. In 2014, we added a new channel of activity known as the Verification Visit through the enhancement of our SAQ management system process.

Our Management Approach

- Comply with industry standards to ensure that working conditions in the supply chain are safe
- Ensure workers are treated with respect and dignity
- Ensure manufacturing processes are environmentally responsible

Self-Assessment Questionnaire

The SAQ is completed by Celestica's major suppliers on an annual basis. The SAQ demonstrates our commitment to the EICC Code. The questionnaire asks over 100 questions that cover the key elements of labour, ethics, the environment and health and safety. It also covers our suppliers' management systems that are used to identify, manage and monitor each of these elements.

Celestica has a solid risk assessment system in place to evaluate subtier suppliers.

Verification Visits

Celestica's MSL includes suppliers that are EICC members and suppliers that are not EICC members. All of our suppliers are managed through our SCM Supplier Responsibility Management System. Through this system, Celestica assesses the level of risk for each supplier, having updated these activities in 2014 with the Vendor Verification Visit. Each supplier on our MSL is expected to complete an EICC SAQ, support a Verification Visit and/or provide a VAP report if one is available. Along with the use of complementary internal supplier selection and monitoring processes, Celestica has a solid risk assessment system in place to evaluate subtier suppliers.

In 2016, the results of this overall process are described below. No suppliers were removed from Celestica's MSL due to reported high-risk activity discovered through the EICC risk assessment.

Celestica performed **107 SAQs for the 81 suppliers** on our MSL. An SAQ is performed for each facility operated by the 81 suppliers.

0.9%
(1/107) of MSL facilities
had high-risk activity identified through the EICC risk assessment.

100%
of Celestica's MSL suppliers
have CAPs in place as any gap in the SAQ requires a CAP to be put in place.

Ethical Sourcing

Celestica is committed to adhering to ethical practices and to complying with laws and regulations wherever we do business. In our materiality assessment, our customers and investors have asked us about our policy on conflict minerals. While this topic has some overlap with Supplier Assessments, there are enough differences with the societal impacts and the management of this topic that Celestica considers this to be an industry-specific topic.

The mining and trading of coltan (the metal ore from which tantalum is extracted), wolframite (the metal ore from which tungsten is extracted), cassiterite (the metal ore from which tin is extracted) and gold, and their respective derivatives, originating in the Democratic Republic of Congo (DRC) or adjoining countries (the DRC Region) has financed conflict that has resulted in widespread human rights violations and environmental degradation. Section 1502(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Conflict Minerals Law") requires SEC-reporting companies to undertake an inquiry into the source and chain of custody of conflict minerals.

The objectives of this legislation are to minimize the violence and environmental damage in the DRC region; objectives that are fully supported by Celestica. Furthermore, Celestica expects all of its suppliers to comply with this legislation and to provide all required declarations using the EICC and Global e-Sustainability Initiative (GeSI) Conflict Minerals Reporting Template.

In conjunction with the measures of this legislation, Celestica will make every effort to apply industry initiatives such as the Conflict-Free Smelter Program (CFSP) to assure that the tantalum, tungsten, tin and gold we derive for the manufacture of our products do not directly or indirectly finance or benefit unauthorized armed groups in the DRC Region. Celestica will assess any future business with suppliers that do not comply with this policy.

Our Management Approach

- File an annual report to the Securities and Exchange Commission (SEC)
- Complete the template provided by the Conflict-Free Sourcing Initiative (CFSI)
- Ensure proper implementation of Celestica's Conflict Minerals Policy

Celestica is committed to adhering to ethical practices and to complying with laws and regulations wherever we do business.

Environment

At Celestica, we are committed to being an environmentally responsible partner in the communities in which we operate by ensuring we have safe, efficient and environmentally conscious operating and manufacturing processes in place and leveraging our expertise to support our customers' environmental sustainability programs and goals.

Environmental Management

Since our company's inception, our sites have upheld a commitment to environmental responsibility. Celestica is committed to being an environmentally responsible partner in the communities in which we operate by:

- Ensuring we have safe efficient and environmentally conscious operating and manufacturing processes in place
- Planning, implementing and involving all employees in activities aimed at environmental sustainability
- Leveraging our commitment, experience and expertise to support our customers' environmental programs and goals

Celestica has developed, documented and deployed a streamlined global approach to Environmental Management Systems (EMS) at our locations. Our EMS is well-suited to our business and unique corporate culture. We believe having standard corporate EMS guidelines for our sites provides us with a strong platform on which to serve our customers, mitigate our impact on the environment, reduce risk and realize year-over-year improvements.

Celestica is committed to being an environmentally responsible partner in the communities in which we operate.

Each of Celestica's sites is responsible for its own EMS that is based on the specific nature of its operations and their interactions with the local environment, including infrastructure, products manufactured, services provided and local environmental requirements. Currently, 74 per cent of our manufacturing sites have registration to ISO 14001. Each site is aligned with our Global Environmental Policy and our associated program standards. To achieve full conformance with the EICC Code, local regulatory requirements and sustainability goals, we have implemented robust management frameworks that assist our sites in attaining these objectives.

The following management approach is used for disclosures related to our direct and indirect GHG emissions as well as our reduction of GHG emissions. It is also used to manage energy consumption and waste by type and disposal method disclosures. Specific additional actions will be discussed within each of the specific disclosures within this report.

Our Management Approach

- Environmental, health and safety (EHS) representatives at all Celestica sites
- ISO 14001 certification for Celestica manufacturing sites
- Implementation of a management system consistent with the requirements of the EICC Code at each site
- An EHS compliance audit program conducted by a leading third-party global environmental health and safety consulting company
- Globally deployed EHS training

Global Environmental Policy

At Celestica, our Environmental Policy is the foundation of our global environmental programs. The policy communicates our focus and continued commitment to protect the environment and ensure we conduct our operations using sound management practices.

At Celestica, we commit to:

- Being an environmentally responsible neighbour in the communities where we operate. We will act responsibly with respect to conditions that impact health, safety or the environment
- Establishing a "prevention of pollution" program and achieving continual improvement of our environmental objectives
- Meeting environmental objectives and targets each year, based on legislative and regulatory requirements and the previous year's results and trends
- Practising conservation in all areas of our business
- Developing safe, energy-efficient and environmentally conscious products and manufacturing processes
- Assisting in the development of technological solutions to environmental problems
- Conducting rigorous self-assessments and audits to ensure our compliance with this policy and with legislative and regulatory requirements on an ongoing basis

Environmental Compliance

Celestica's Global Environmental Policy communicates the importance we place on environmental regulatory compliance and being a good environmental neighbour in the jurisdictions in which we operate. Compliance is central to our global Environmental Management System approach and, as such, compliance activities are managed closely and risks identified and controlled. Our proactive approach to mitigating and controlling risk is outlined in our top-level EHS manual, which directs each site on the requirements for identifying and complying with local applicable regulations and outlines risk assessments for identifying operational impacts. Each site has one or more persons tasked with managing environmental compliance and reporting status to the global EHS team and/or Sustainability team.

Both site and global EHS teams exercise controls that ensure the requirements are known, understood and integrated into the site's management systems and daily business operations. With a strong partnership between our site and global teams, we have a robust environmental compliance program that includes, but is not limited to:

- Evaluation of EHS legal compliance through third-party EHS regulatory compliance audits as per a defined schedule based on risk, location and past performance
- Subscription to ENHESA, a global environment, health and safety consultancy update service
- Identification and deployment of site-specific legal requirements per manufacturing location
- Linkage of local legal requirements to site activities and environmental impacts
- Certification of 74 per cent of our manufacturing locations to ISO 14001
- Establishing mutually beneficial relationships with local authorities to ensure we have good communication and access to their expertise
- Inclusion of a peer EICC audit program that provides an opportunity for our trained peer auditors to assess sites within their region to the EICC Code

In 2016, Celestica did not identify any significant non-compliance issues with environmental laws and/or regulations.

ISO 14001

74%
of our manufacturing locations are certified to ISO 14001.

Greenhouse Gas Emissions

Climate change continues to be a concern and Celestica is taking important steps towards mitigating our impact on the environment to drive improvements on our emissions performance globally. Various initiatives and projects have been put in place, as well as publicly reporting on our overall carbon footprint.

In addition to the previous management approach, the following management approach is also linked to our emissions and energy disclosures.

Celestica's operations in the European Union (EU) are also influenced by the EU directive on Energy Efficiency 2012/27/EU, which mandates a 20 per cent reduction in absolute GHG emissions for the EU by 2020.

At Celestica, we monitor, report and verify our GHG emissions. Electricity remains the largest source of GHG emissions at our operations. The second largest GHG emission source is the combustion of natural gas and fuel oil used in the heating of our buildings. Using dedicated sustainability software, our sites track their monthly environmental data, including energy consumption. The software manages specific emission factors for each location to convert the energy data into GHG emissions. Emissions are tracked across 97.6 per cent of our global footprint, which represents manufacturing sites over which we have operational control.

Our Management Approach

- Leveraging carbon accounting software to track and gain insights on our global emissions
- Focusing on transparency through reporting emissions to the CDP and continually improving disclosure and performance scores by Celestica's Sustainability team
- Independently verifying our emissions in accordance with ISO 14064–3:2006
- Setting annual targets for emissions reductions at all of our sites
- Reviewing with senior leadership our sites' progress and identifying actions for program success

Climate change continues to be a concern and Celestica is taking important steps towards mitigating our impact on the environment.

Our tool allows each Celestica location to see its largest sources of GHG emissions and help establish a plan for improvement. The gases included in the calculation of our Scope 1, 2 and 3 emissions are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O) and our source for Global Warming Potentials (GWP) is the IPCC Second Assessment Report (SAR – 100 year) and is maintained by our carbon accounting software. During monthly Energy and Waste Working Group meetings, all Celestica sites within each region meet to discuss improvement initiatives and to share best practices on further reducing GHG emissions.

Our GHG emissions and energy performance are monitored quarterly by Celestica's senior leaders. During quarterly reviews, each location's performance is monitored, assessed and evaluated to determine the effectiveness of the program and provide guidance on where the program should focus.

Independent external verification of our GHG emissions is also completed for Scope 1 and Scope 2 GHG emissions in accordance with ISO 14064–3:2006. Verification was performed by SGS, the world's leading inspection, verification, testing and certification company, and the verification report will be included in our 2016 public disclosure to the CDP, available at www.cdp.net.

As shown in Figure 5.1, approximately 68 per cent of our overall emissions are a result of the electricity (Scope 2 emissions) we use to run our operations. Electricity is primarily used for lighting; heat, ventilation and air conditioning (HVAC) systems; and to run manufacturing equipment. Combustion of natural gas and fuel oil (Scope 1 emissions) are primarily used for heating, back-up generators and cooking in our cafeterias/canteens. This accounts for approximately 3 per cent of our overall GHG emissions. These emission sources make up Celestica's Scope 1 and Scope 2 emissions. There are no biogenic emissions from our operations. This report will refer to Celestica's market-based emissions unless otherwise stated. Location-based emissions information is included in Figure 5.3.

68%
of our overall emissions are a result of the electricity we use to run our operations.

Figure 5.1: Percentage of Greenhouse Gas Emissions Reported by Type

67.7%
29.4%
2.9%

○ Scope 1
○ Scope 2
○ Scope 3
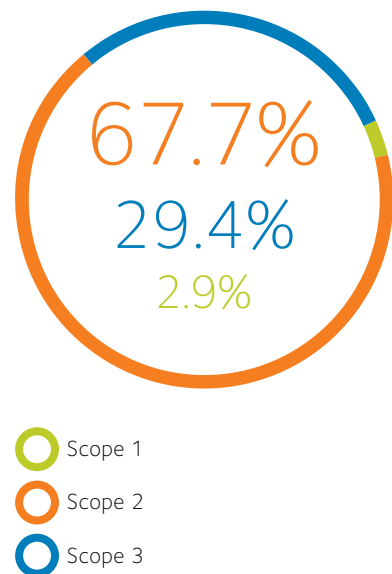
In 2016, total Scope 1 and 2 emissions increased by approximately 6.9 per cent when compared with the previous year, which is a direct result of increased energy usage in our facilities. This increase is due to increased manufacturing requirements in support of a 7 per cent increase in our revenue year-over-year. In 2016, our Scope 1 emissions decreased by 4 per cent, caused by a decrease in natural gas usage at a key site in our network. Scope 2 emissions, representing 68 per cent of our overall emissions, increased by 7.4 per cent compared to 2015 primarily due to supporting the increased revenue in our end markets and due to changes in GHG inventories accounting principles, which now include residual emission factors for our North American and European operations. Our Scope 3 emissions now represent 29 per cent of our total emissions, up from 3 per cent in 2015, due to an increase in the inclusion of our inbound logistics. This is the first year in which we are we including logistics in our emissions reporting. In addition to expanding our transparency, we recognize emissions related to our logistics activities have a significant impact on the environment. The increase in employee travel relates to activities associated with the revenue growth of our business.

In 2016, we implemented 19 projects targeted at reducing our GHG emissions. In total these projects drove a total reduction of 4,077 metric tonnes of CO2e. GHG Scope 1 emissions were reduced by 1,084 metric tonnes of CO2e and Scope 2 emissions reduced by 2,993 metric tonnes of CO2e. In total, these emission savings represent 39,904 gigajoules of energy conserved. These reductions of GHG emissions were from lowering electricity and natural gas consumption and are all estimated and modelled from baseline information for each project. Gases included in these projects are CO2, CH4 and N2O.

2016

In 2016, we implemented 19 projects targeted at reducing our GHG emissions.

Figure 5.2: Direct and Indirect Greenhouse Gas Emissions (Metric Tonnes CO2e)

Emissions Type	2014	2015	2016
Direct Emissions (Scope 1)	7,524	8,331	7,997
Indirect Emissions (Scope 2)	183,484	174,742	187,736
Indirect Emissions (Scope 3)	5,232	6,117	81,668
Total (CO2e Emissions)	**196,240**	**189,190**	**277,401**

At Celestica, we are committed to reducing our absolute GHG emissions by 30 per cent compared to 2012 levels by 2020. This goal focuses on direct and indirect emissions from our operations (Scope 1 and Scope 2). We set our baseline in 2012, as this was the year that we began tracking our GHG emissions on a monthly basis using sustainability management software. We have decreased our absolute emissions by 4.5 per cent since 2012 when our emissions were 204,884 metric tonnes C02e. This decrease would be 6.2 per cent if we continued to report our location-based emissions instead of the market-based emissions. Given we have begun consuming renewable energy and comply with GHG Protocol Scope 2 Guidance, we now report our Scope 2 emissions on both a market and location basis.

At Celestica, we are committed to reducing our absolute GHG emissions by

30%

compared to 2012 levels by 2020.

Figure 5.3: Greenhouse Gas Market-based Emissions and GHG Location-based Emissions (Metric Tonnes CO2e)

Emissions Type	2014	2015	2016
Scope 1 and Scope 2 Location-based	191,008	183,287	192,229
Scope 1 and Scope 2 Market-based	191,008	183,073	195,733

Figure 5.4: Greenhouse Gas Emissions by Energy Type (Metric Tonnes CO2e)

Electricity — Stationary Fuels — Natural Gas
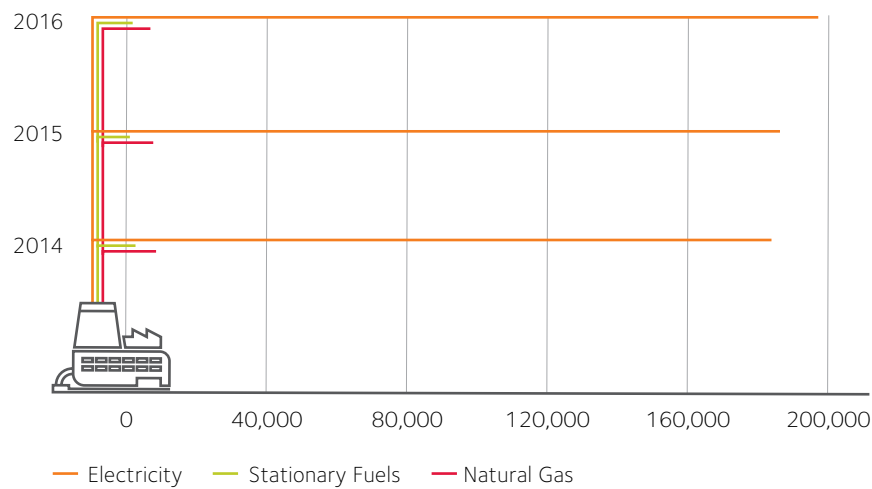
Although we have seen an overall reduction in absolute emissions since 2012, our normalized emissions have fluctuated since our baseline year. In 2016, our normalized emissions remained the same as compared to 2015. In 2016, we utilized 32.5 metric tonnes of CO_2e per millions dollars of revenue. Our updated emission factors contributed to the results being the same year-over-year. If we had continued to report our location-based normalized emissions the result would have been 32 metric tonnes of CO_2e per million dollars of revenue or a 1.6 per cent reduction.

In 2017, we will continue to focus on identifying methods to reduce energy consumption through ISO 50001 implementations and through projects targeting energy consumption/conservation from direct production equipment usage. In addition, we will expand our electricity consumption from renewable sources through on-site generation or procurement of renewable energy.

We will expand our electricity consumption from renewable sources.

Figure 5.5: Normalized Scope 1 and Scope 2 CO_2e Emissions (Metric Tonnes CO_2e per Million $ Revenue)
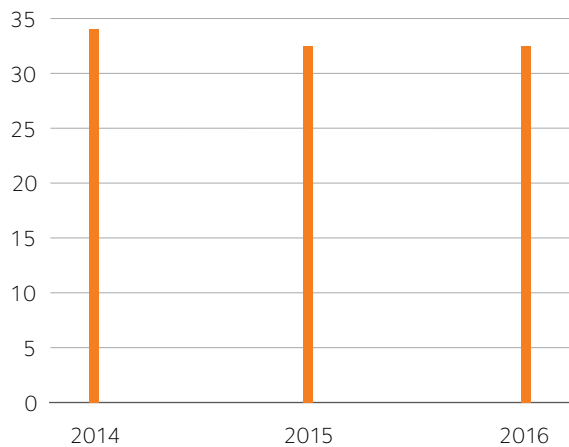
Other Indirect Emissions (Scope 3)

In 2017, we expanded the reporting of other indirect (Scope 3) emissions. Previously only Scope 3 emissions from employee air travel and landfill waste were included in our voluntary GHG reporting. The expansion of Scope 3 reporting in 2016 was driven by our desire to become more transparent in our emission inventory, to increase the reporting of emissions from our largest stakeholder group (our customers) and to report the impact these emissions have on the environment. Based on the 15 categories of Scope 3 emissions included in the World Resources Institute (WRI) Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, we have created a mechanism to track and report on our upstream transportation and distribution emissions. For the upstream transportation and distribution emissions, we will be using a distance-based method of calculating.

Our combined Scope 3 emissions can be viewed in Figure 5.6. When comparing previously reported Scope 3 emissions of air travel and waste to 2016 results, we see an increase of 8.9 per cent. As we continued to focus on growth across our end markets, our air travel increased, which has impacted our overall Scope 3 emissions.

We have created a mechanism to track and report on our upstream transportation and distribution emissions.

Figure 5.6: Combined Scope 3 Emissions (Metric Tonnes CO2e)
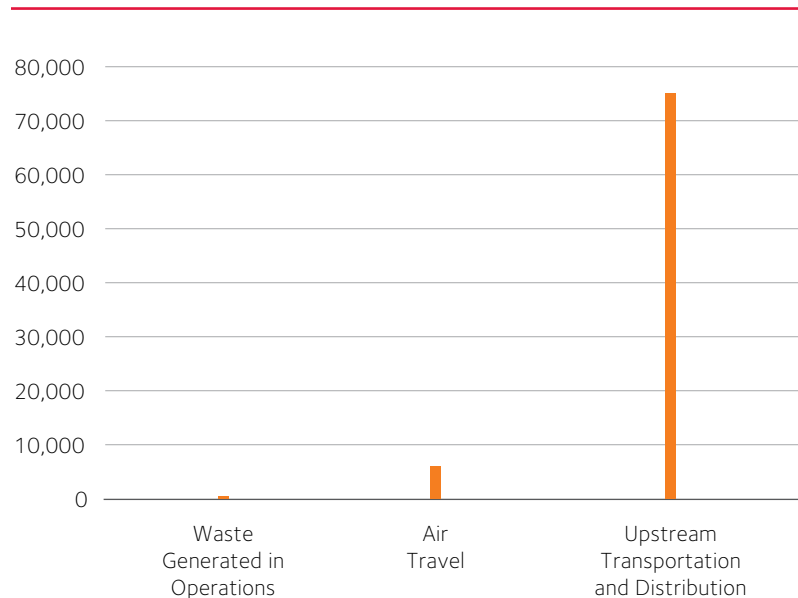
Emissions Disclosures

Comprehensive disclosure of our sustainability performance is critical as we move forward on our sustainability journey and we are committed to transparent reporting. We have been disclosing our GHG emissions to the CDP since 2009.

In 2016, we received a CDP score of B placing us in the management level of environmental stewardship. This is an indicator of our continued focus on transparency and progress year-over-year. The CDP has moved away from numerical scores and now provides letter scores in an effort to place more emphasis on evaluating performance. This year, Celestica was included in the CDP Canada 200 Climate Disclosure Leadership Index (CDLI), which recognizes the top 10 per cent of Canadian companies for disclosure performance on the investor questionnaire. All emission factors and the global warming potentials (GWPs) used are located in our CDP submission. Please visit www.cdp.net for more information.

In 2016,
we received a
CDP score of B
placing us in the
management level
of environmental
stewardship.

Energy

Celestica continued its focus on resource conservation and efficiency projects to reduce energy in our operations through 2016. Energy is critical to Celestica's operations and is a major operating cost. Since the majority of Celestica's emissions are a direct result of the energy we consume, energy-related initiatives are a prime way to reduce GHG emissions from our operations.

Our management approach provides Celestica with the ability to mitigate financial impacts (increasing energy cost) while avoiding any negative environmental impacts (GHG reductions).

We use an energy roadmap to ensure our energy conservation is sustainable, and Celestica continues to use this roadmap at each of our global operations. Opportunities and projects are identified that lead to additional reductions in emissions. Examples of projects included lighting retrofits, replacing old production support equipment and HVAC upgrades. Through the ongoing implementation of targets, tools and training at each of our sites, participation in energy reduction initiatives continues to improve.

Our Management Approach

- Reducing our demand for energy through conservation
- Improving energy efficiency of equipment and processes
- Certifying our sites to ISO 50001:2011
- Inclusion of renewable energy to reduce our demand from the power grid
- Focusing on transparency by reporting energy to the CDP and working to continually improve disclosure and performance scores through Celestica's Sustainability team and appropriate representatives from each site

Energy Management Certification

Celestica has adopted ISO 50001:2011 Energy Management Systems for its global operations and has released a Global Energy Policy. This standard provides our sites with management strategies and a recognized framework to increase energy efficiency, reduce costs and improve energy performance. The ISO 50001 standard is based on the management system model of continuous improvement. These efforts ensure that energy management continues to be embedded in our operations. Currently our sites in Oradea, Romania; Valencia, Spain; Galway, Ireland; Laem Chabang, Thailand; and Kulim, Malaysia are registered to ISO 50001.

Our goal in 2016 was to have sites representing 55 per cent of our electricity demand to have certification to the ISO 50001 standard. However, there were delays in sites obtaining certification due to timing of readiness and auditor availability. We did achieve certification at sites representing 39 per cent of our overall electricity consumption by the end of the year. We expect that by the end of 2017, sites representing over 75 per cent of the electricity consumption will be registered to the ISO 50001 standard.

Celestica's direct energy sources are primarily made up of fuels from non-renewable sources such as natural gas for heating and diesel for backup generators, whereas Celestica's indirect energy source is electricity. No energy is sold by Celestica, nor is heat, steam or cooling purchased for consumption. These are generated from other sources of energy previously discussed. Energy is tracked at 97.6 per cent of our global footprint, which represents manufacturing sites over which we have operational control.

We expect that by the end of 2017, sites representing over

75%

of the electricity consumption will be registered to the ISO 50001 standard.

Celestica's total energy consumption is included in Figure 5.8. Using our carbon accounting software tool, conversions are applied to our renewable, non-renewable and electricity consumption data to obtain a common unit of energy (joules). Where appropriate Celestica has updated conversion factors to market-based factors that have been provided directly by utilities or local regulatory bodies to our sites. Celestica's total energy consumption in 2016 was 1,407,879 gigajoules. Increased revenue drove an increase in energy consumption. From our baseline year in 2012, total energy consumption has decreased by 1.7 per cent.

As we continued our efforts in transparency, we identified new non-renewable fuel sources and began reporting those in 2016. These were not reported in prior years and are indicated by an asterisk in the figures below.

Figure 5.7: Total Energy Consumption by Year (Gigajoules)

	2014	2015	2016
Total Fuel (Non-renewable Sources)	129,938	145,165	140,012
Total Renewable Energy Sources	*	*	2,013
Total Electricity	1,203,340	1,206,830	1,265,854
Total	**1,333,278**	**1,351,995**	**1,407,879**

Figure 5.8: Non-renewable Fuel Consumption by Year (Gigajoules)

	2014	2015	2016
Natural Gas	110,498	136,792	120,493
Liquefied Propane Gas	*	*	10,426
Diesel Fuel	19,440	8,373	6,428
Kerosene	*	*	2,473
Ethanol E-10	*	*	192
Total	**129,938**	**145,165**	**140,012**

In 2016, we consumed 2,013 GJ of renewable energy sources.
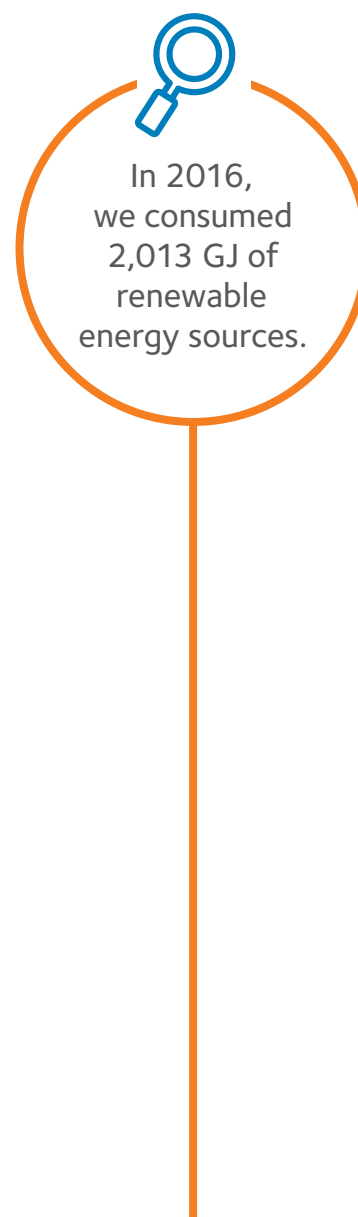
Celestica also began using renewable energy sources in its operations. In total, Celestica consumed 2,013 gigajoules (or nearly 560,000 kilowatt-hours) of renewable electricity energy through the installation of solar panels at our operations in Laem Chabang, Thailand and through the purchase of renewable energy at our operations in Valencia, Spain. We will continue to expand the use of renewable energy in 2017 and beyond.

We also assess our energy performance by normalizing energy from fuel and electricity used within the organization to our company's overall revenue. Celestica consumed 234 gigajoules of energy per million USD of revenue. This represents a reduction of 2.4 per cent year-over-year.

At Celestica our energy performance is linked to our operational optimization and our facilities management. Through our Sustainability Working Groups, these ideas are shared and leveraged throughout our global network. Examples of these initiatives are described below.

In 2016,
Celestica consumed
2,013 GJ (560,000 kWh)
of renewable electricity energy.

Success Stories

Internet of Things Energy Management

Teams from our Laem Chabang, Thailand operation collaborated to design, develop and deploy an Internet of Things (IoT) technology toolkit to enable the site to reduce energy consumption by creating automated rule-sets to directly control high-consumption equipment. The team implemented the tool during one of the hottest years on record while also managing a significant volume increase in our operations. Facing these challenges, the team achieved a 13.7 per cent improvement in energy productivity in the first four months post-IoT time period. Through consultation with our customer and an external consultant, the team achieved pre-assurance on our measurement and verification plan in accordance with International Performance Measurement and Verification Protocol Efficiency Valuation Organization 10000 – 1:2012 guidelines. From an environmental perspective, this is equivalent to 1,041 metric tonnes of CO_2e reduction and the amount of energy required to power 110 homes for a year.

The team achieved a **13.7 per cent** improvement in energy productivity in four months.

Streamlining HVAC Systems

In 2016, sites in Toronto, Canada; Kulim, Malaysia and Galway, Ireland implemented various projects aimed to streamline their HVAC systems. These projects varied by site but included the reduction of steam pressure for the factory HVAC system which reduced the total amount of natural gas required; a chiller efficient project improving the heat transfer properties of the system; and the adjustment of the return water temperature in the boiler systems by tuning the firing points. These changes resulted in a reduction of 2,114 metric tonnes of C02e.

These changes resulted in a reduction of
2,114 MT of CO2e.

Reducing Energy Demands of Environmental Chambers

The team in Laem Chabang, Thailand was challenged to streamline the energy demands for new environmental chambers and existing facilities infrastructure. The team worked with the customer and the environmental chamber engineers to modify the systems to use less current and require less energy to operate. This was accomplished by reducing the heaters from six to three stages and by upgrading the programmable logic controller software. As a result of these changes, the power consumption for each of these five environmental test chambers was reduced from 554 megajoules to 353 megajoules, equivalent to a 36 per cent improvement and 17.8 metric tonnes of CO2e avoided.

The power consumption for each of these five environmental test chambers was reduced from
554 MJ to 353 MJ.
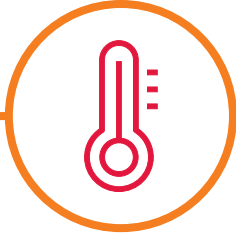
Improving Electrical Control

The facilities team in Valencia, Spain improved electrical control by replacing electronic drives in the air conditioning system reducing harmonic components and automating process control. The new system calculates set-points for temperature and pressure according to internal and external humidity and temperatures. The new control system led to an energy savings of 203 gigajoules per year as well as 14 metric tonnes of CO_2e avoided.

The new control system led to an

energy savings of 203 GJ per year

as well as 14 MT of CO_2e avoided.
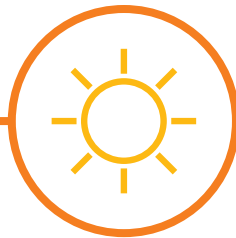
Sourcing Green Energy

As part of Celestica's commitment to reducing our impact on the environment, Celestica is moving towards sourcing green energy and installing solar panels on site to generate energy. Celestica's Laem Chabang, Thailand operation installed solar panels to meet energy needs and reduce emissions. The solar panels generate 382 gigajoules per year contributing to a reduction of over 54.1 metric tonnes of CO_2e per year.

The solar panels generate

382 GJ per year

contributing to a reduction of over

54.1 MT of CO_2e.

Material Stewardship

As global waste production continues to increase, and with reduced capacity and increased regulations, Celestica is focused on minimizing our impact on the environment by reducing the waste we send to landfill. We are dedicated to partnering with responsible vendors within the industry to ensure proper management of waste by implementing best practices and processes to reduce, reuse and recycle waste and end-of-life materials. These initiatives are equally important to our customers, as well as governments and non-governmental organizations, and to the communities in which we operate.

Waste Diversion

Celestica has consistently increased our waste monitoring efforts in each of the jurisdictions in which we operate in accordance with applicable legislations and laws. These efforts support our commitment to reaching our aspirational goal of achieving 100 per cent waste diversion by 2020.

Each of our facilities has a unique waste composition, and a waste generation and management system is tailored for each location. In 2016, we measured waste from 97 per cent of Celestica's global footprint; this represents 93.5 per cent of employees. We continue to increase the amount of square footage we include in the reporting

Our Management Approach

- Tracking our performance using specialized software
- Setting site level targets driving each site towards our aspirational goal
- Reporting internally on our performance
- Driving continual improvement and sharing of best practices through our Energy and Waste Working Groups
- Performing waste audits to identify opportunities for improvement
- Utilizing the waste management hierarchy to reduce wastes generated, reuse materials where possible and recycle prior to landfill disposition
- Reducing and/or eliminating hazardous wastes from our operations

system, with the ultimate goal of reporting on 100 per cent of our square footage in the future. Celestica's waste diversion rate for 2016 was 90.8 per cent. At each of our facilities, key personnel have been identified to drive improvements and aid in the tracking and reporting of waste. The performance of our waste program is monitored and measured quarterly with top management. Included in these reviews are actions taken by our facilities in order to meet or exceed our targets. During our early reviews in 2016, we identified an opportunity to enhance the program through additional feedback and consultation with management.

Disposal methods were determined through consultations with our waste disposal service providers. Reports provided to Celestica by these providers contain the information used to generate this data. Included this year is waste from two new sites which became operational in 2016. In 2016, we continued to make changes to our reporting to reflect the changes in our waste streams. Figure 5.9 illustrates the overall results of our waste generation and management.

Celestica's waste diversion rate for 2016 was

90.8%.

Figure 5.9: Waste by Disposal Method (Metric Tonnes)

	2014	2015	2016
Non-Hazardous Waste			
Reuse	6	90	103
Recycling	10,877	11,396	15,843
Composting	255	346	657
Incineration	0	103	246
Landfill	1,313	1,370	1,809
Total Non-Hazardous	**12,451**	**13,305**	**18,658**
Hazardous Waste			
Reuse	14	0	0
Recycled	656	1,974	2,704
Landfill Treatment	178	533	183
Total Hazardous	**848**	**2,507**	**2,887**

In 2016, hazardous waste increased to 2,887 metric tonnes, from 2,507 metric tonnes in 2015. The increase in hazardous waste is primarily attributable to the activities associated with our exit from solar panel manufacturing. Celestica recognizes that hazardous waste materials continue to provide the largest risk to the environment, our employees and our customers. We continue to develop systems to properly minimize and dispose of this waste across our network. One example is the implementation of our new centralized sorting facilities that handle electronic waste (eWaste) and transfer eWaste to pre-approved and audited downstream suppliers. At these facilities, hazardous waste is secured within controlled areas and is managed by highly trained operators. Under their supervision, the waste is safely separated and disposed.

Our operations continue to reuse materials such as wooden pallets, electrostatic discharge bags, plastic trays and cardboard boxes. We are currently unable to measure the full extent of such reuse in our operations, however we do prioritize reuse and will continue to encourage employees to reuse where possible and report if systems are available. We believe that increased awareness and knowledge of waste management practices has led to improved waste diversion processes across our network. Several sites, including Portland, Oregon; Fremont, California and Johor, Malaysia sourced new recycling partners which increased the waste commodities that could be recycled from their facilities.

We believe that increased awareness and knowledge of waste management practices has led to improved waste diversion processes across our network.

End-of-Life Materials Management

We continue to partner with responsible vendors within the industry to ensure proper management of waste. We continue to look for opportunities to maximize our waste diversion by separating material into their constituent components for more accurate reporting. The results of the 2016 data show that plastic, cardboard and metal represent the largest waste commodities from our operations.

Figure 5.10: Waste Commodity Breakdown (Metric Tonnes)

	2014	2015	2016
Construction Waste	25	70	88
Hazardous Waste	177	533	183
Waste-to-energy	–	103	246
Paper	144	204	251
eWaste	359	293	620
Organics	263	346	657
Landfill	1,313	1,370	1,809
Recycled Hazardous Waste	311	1,681	2,084
Wood	1,598	2,020	2,096
Metal	2,136	1,830	2,120
Plastic	2,152	2,527	5,905
Cardboard	4,820	4,836	5,486
Grand Total	**13,298**	**15,813**	**21,545**

We continue to partner with responsible vendors within the industry to ensure proper management of waste.

We continue our efforts to reduce waste, as well as increase the reuse and recycling of the materials from our operations. In late 2015, we began diverting our landfill waste through waste-to-energy methods through approved and regulated facilities. This program was expanded in 2016 and we remain committed to reducing our overall landfill waste including waste-to-energy volumes. Year-over-year our total waste grew to 21,545 metric tonnes from 15,813 in 2015.

The growth in our waste is attributed to increasing our reporting at sites in our operational network, the addition of two new locations in our network and our increased revenue in 2016. Overall waste generated increased 36 per cent; however, improvements to our waste management practices allowed us to control our landfill waste, which increased by 32 per cent.

Building reliable partnerships at our facilities begins by choosing downstream waste partners and regularly reviewing their practices for possible improvements to waste diversion. Our partners are selected based on their waste disposal method to ensure that it aligns with Celestica's desire to follow the waste hierarchy and mitigate our impact on the environment. Suppliers are audited to ensure they follow their stated protocols as to how waste is disposed. Celestica will continue to assess our landfill waste through these regular audits and make every effort to identify opportunities to increase our overall waste diversion.

Packaging continues to be a significant portion of our overall waste. We have identified packaging material in our current operations that is difficult to recycle and are working with suppliers to integrate an alternative reusable packaging. For further details, please see the success stories that follow.
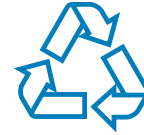
We continue our efforts to reduce waste, as well as increase the reuse and recycling of the materials from our operations.

Success Stories

Reusable Shipping Carrier

In Toronto, Canada, the team worked with one of their suppliers to design a reusable carrier to streamline the shipping and installation of components during the assembly process. Once the shipment is complete, the carrier is returned to the supplier to be reused for the next shipment of components. Not only does the carrier reduce the volume of waste generated by 100 kilograms annually, but it also saves time and enhances the protection of the incoming materials – benefiting the entire triple bottom line.

The carrier reduces the volume of waste generated by

100 kg annually.

Automated Warehouse System

In Song Shan Lake, China, the team automated a warehousing system which led to a reduction in paper and hazardous waste. A simple process change led to a decrease of 540 kilograms of paper waste and reduced hazardous waste by 50 toner cartridges annually.

540 kg
reduction in paper waste.

hazardous waste being reduced by
50 toner cartridges annually.

Water

Celestica's water use is generally through consumption in support areas, such as washrooms, drinking fountains and kitchens/canteens. There are areas within our business where water is used in production processes, and we are committed to reductions through development of closed-loop systems in order to reduce or eliminate the need.

We source water from local municipal waste supply systems/water utilities. There are sites that collect small amounts of rain water to be used to water plants and gardens at our facilities, however the volume of water is not tracked. In 2016, we withdrew 1,496,144 cubic metres of water from municipal water suppliers globally for our sites where we have operational control. This represents a 3.2 per cent increase year-over-year with 1.2 per cent coming from increased reporting from additional sites.

Recent water conservation initiatives that have been implemented are included below.

Success Stories

Reusing Water for a Cooling Tower and Dishwasher

The Laem Chabang, Thailand operation found an opportunity to reuse deionized water that was being sent to sewerage from a solar panel production wash machine. They redirected the water to a cooling tower and saved approximately 10,295 cubic metres of water annually. In addition, they found an opportunity to reuse reverse osmosis water by feeding it into a dishwasher in their canteen saving 2,160 cubic metres of water annually.

Reusing Water for for a PCBA Washing Machine

The Johor, Malaysia site automated a printed circuit board assembly (PCBA) washing machine by installing sensors to stop the deionized water input and shut down the power to wash and rinse the pump when the machine is in idle mode. This resulted in savings of 2,002 cubic metres of deionized water annually as well as an estimated 20 per cent electricity savings on the machine.

They redirected the water to a cooling tower instead and saved approximately

10,295 m³

of water annually.

This resulted in savings of

2,002 m³

of deionized water annually as well as an estimated 20 per cent electricity savings on the machine.

Social

At Celestica, we recognize that our employees play an important role in driving sustainability throughout our company, and we strive to create an environment that fosters innovation, empowers people and leverages individual expertise.

Human Resources Strategy

At Celestica, we strive to enable growth among our employees, ensuring a strong workforce of talented leaders who actively contribute to, and have a positive impact on, the overall business, our customers and their peers.

The objectives of our people-driven strategy are to:

1. Align employees to the business

2. Drive agility and customer centricity

3. Build, sustain and engage leadership and a skilled employee population

4. Execute flexible talent attraction, assessment, development and succession strategies to ensure the right people are in the right roles

5. Deliver relevant compensation programs to drive performance and productivity and reward growth

6. Foster a value-driven culture, enabling a healthy and diverse employee population

Our Management Approach

- Attract internal and external applicants by engaging with candidates who possess the skills, knowledge, experience and passion to contribute to the success of our customers

- Develop employees to achieve their full potential by making learning and development programs available in areas of technical and soft skills training, and learning on the job

- Continue to manage and monitor succession, with an annual formal review, to ensure a continued focus on the development of identified future leaders and to ensure business continuity

Talent attraction programs and practices are designed to support our business requirements, both in the short and long term.

Talent Attraction

Celestica is committed to attracting top talent to join our organization and to encouraging existing employees to consider new career opportunities within the organization.

Talent attraction programs and practices are designed to support our business requirements, both in the short and long term. We have strategic programs in place by location and business area to attract the right people, for the right job at the right time.

Our talent attraction focuses on:

- Delivering a compelling and consistent candidate experience
- Attracting a diverse candidate pool
- Providing the business with strategic consultation and insight on talent attraction to enhance Celestica's ability to meet current and future business needs

Our Management Approach

- Attraction, employment and wellness strategies are reviewed and adjusted to provide a positive candidate experience, foster employee engagement, provide market-competitive total rewards and mitigate any talent-related risks

- Manage key performance indicators in our employee population and evaluate the vitality of our workforce, including checking in with new hires and tracking voluntary turnover globally. Enabling us to understand the effectiveness of our talent attraction efforts, diversity of our talent pipeline and successful welcome and integration of new employees into the organization

- Celestica treats all candidates equitably, fairly and with respect throughout the hiring and employment process

Celestica treats all candidates equitably, fairly and with respect.

Talent and Performance

Our employees play a key role in the successful achievement of Celestica's strategy. It is important that individual performance goals are aligned to business results and that our people can make the connection between their role and how the work they do contributes to the delivery of our goals and drives our company success.

Performance Management

Our performance management approach includes goal setting, development planning, mid-year check-in and year-end performance evaluation. This program runs annually, providing clear expectations on the achievement of objectives and demonstration of values. It is designed to drive high-performance by identifying and recognizing top performers, motivating strong contributors to perform at their peak and supporting the development of employees who require extra support and guidance to contribute effectively.

Our annual performance management program cascades company objectives from our CEO through to individual contributors, and involves setting individual performance objectives and measures, with progress review and discussion between managers and employees at mid-year and year-end. We encourage our employees to take an active role in performance discussions and their development, thinking both about in-year performance and preparation for future roles in the company. This enables ongoing dialogue between employees and managers in the planning, coaching, monitoring and evaluation of employee performance.

Our employees play a key role in the successful achievement of Celestica's strategy.

Our Management Approach

- Set individual performance objectives and measures, with progress reviews and discussions between managers and employees at mid-year and year-end

- Create mutual understanding of performance expectations between managers and employees, including measures of success for each objective

- Linking Celestica's business objectives to individual and team goals and development plans

- Promote an individual development planning process to encourage employees to focus on development in their current role and for roles they aspire to attain

- Differentiate total rewards based on performance to create an engaged workforce

This allows for the creation of mutual understanding of performance expectations between managers and employees, including measures of success for each objective. During performance reviews, managers identify their employees' strengths and development needs. Development is supported through company-sponsored development programs as well as ongoing coaching from managers throughout the year.

In 2016, all full-time employees received annual performance reviews. Performance reviews are not conducted with contract or third-party contractors.

Talent Review and Succession

In addition to meeting today's talent requirements, Celestica is also focused on ensuring we have a strong pipeline of internal talent to sustain and grow our business in the future. Tomorrow's leaders are regularly identified and developed to meet their full potential in order to reach critical leadership positions in the organization.

Our talent management program involves an assessment and calibration process through which managers identify employees with the track record of performance, leadership capability and potential to be a future leader. Over the past eight years, we have identified high-potential employees at the manager, Director and Vice President levels. Employees deemed to have future leadership potential receive enhanced development opportunities to help them gain the specific skills and experiences required for future roles.

In 2017, we will take steps to enhance the effectiveness of our global talent and succession program. Key activities will include the assessment of talent against key leadership competencies, and an increasingly customized development program for future leaders, including enhanced experiential learning, mentorship and coaching.

In 2016, **100%** of all full-time employees received annual performance reviews.

Global Learning and Development

At Celestica, we promote employees' personal and professional growth. To attract and build a strong global employee population, we provide a range of learning and development programs focused on skills, knowledge, capability and experience sharing – encouraging our employees to expand their knowledge, take on new roles and manage their careers.

In 2017, we will continue to add to our global learning and development curriculum specifically in areas of leadership and customer focus with customer-facing employees.

In support of employee development, we continue to raise awareness of the importance of ongoing learning through the delivery of functionally specific and global programs. We employ a blended learning approach offering a robust e-learning experience, in addition to instructor-led and facilitated learning sessions.

Throughout our Learning Management Systems, Celestica has a strong line of sight into how we manage global, compliance-based training.

Our Management Approach

- Implement learning and development programs to enhance employees' ability to respond to business needs, while enabling them to achieve their career goals
- Directly link Celestica's strategy to individuals, teams and learning and development goals
- Identify our employees' strengths and development needs
- Asses training programs from technical and leadership skills perspectives
- Analyze results by continually reviewing feedback and measures of program effectiveness

2016 Global Learning and Development Highlights

41% Across all global functional teams, we logged a total of **2,926,063** training hours in 2016, a 41 per cent increase since 2015. Of those training hours, 0.5 per cent were logged by contract employees and 99.5 per cent were logged by regular employees.

In 2016, 95 per cent of our recorded training hours were in Asia, up from 92 per cent in 2015. The balance of our training hours was recorded in the Americas and Europe, 2 per cent and 3 per cent, respectively.

79% **21%** 79 per cent of the global learning and development hours were logged by women and 21 per cent were logged by men.

150 courses We offer over 150 courses through Skillsoft Courseware and the Skillsoft Leadership Advantage Portal to help employees increase their knowledge and capabilities.

Global Programs

Leadership Essentials

Leadership Essentials is Celestica's foundational, management development program that equips employees with practical strategies in the areas of leading themselves, others, their teams and the business. Upon completion of the program, participants will have a toolkit to help them lead through everyday challenges and responsibilities associated with managing their teams.
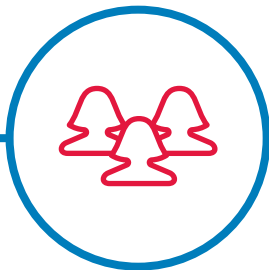
Women in Action

The Women in Action program provides female employees at Celestica with access to learning that promotes the development of leadership skills and addresses the unique challenges faced by women in business. The program is tailored to meet the unique needs of women in emerging, mid-level and leadership positions and includes guided self-study, articles, videos featuring thought leaders and facilitated roundtable discussions on important development topics.
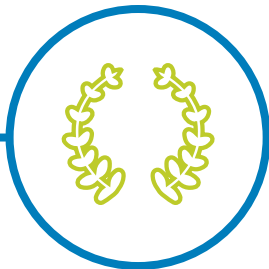
Talent Academy

Celestica offers enhanced development opportunities for employees deemed to have the performance and potential to become future leaders of the organization. In 2016, we focused this development on our manager-level employees, with an emphasis on offering customized development using advanced, interactive learning methods, speakers and mentors. Topics included strategic thinking, innovation, building and leading teams.

Functional Learning and Development Programs

Information Technology

The Information Technology business partner training program was launched in September 2016. The goal of the program is to make improvements around solutions and offerings to meet the needs of the business. Our Information Technology team also began hosting a monthly learning series in the last quarter of 2016. Topics covered in these sessions included automation, analytics and customer relationship management (CRM).

Information Security Awareness Campaign

Employee awareness and education is an important component of Celestica's strategy in protecting our company and our customers' digital information assets. Over the past two years, Celestica has launched four courses as part of Celestica's Information Security Awareness Campaign – Perfecting the Password, Secure Your Surroundings, Information Technology School of Phishing and Data Classification – to ensure that all employees play their part in keeping Celestica's and our customers' data protected. The campaign complements our investments in the latest threat detection and prevention technologies.

Lean Six Sigma Training

Ensuring that Lean Six Sigma training is broadly available throughout the company has proven to contribute to the energy and passion our employees have for eliminating waste – both operationally and environmentally – so that all of our activities are focused on delivering value to our customers in the most sustainable way. The training programs for Lean Six Sigma are extensive, and they are available to all employees throughout the company. Topics and methods of delivery are tailored to the audience based on their role and the intended applicability of principles, tools and techniques. Celestica-run events, called Lean University, are held for managers, directors and executives to participate in a combination of classroom learning and hands-on activities in order to understand Lean, apply it to a Kaizen event and, in turn, drive Lean methods and improvements within their roles at Celestica.

Supply Chain Management Learning Academy

The mission of the Supply Chain Management (SCM) Learning Academy is to have well-trained staff leveraging technology and innovation to make the right business decisions yielding to great customer service and business results. All SCM employees complete a self-assessment and receive an assessment from their managers, the results of which highlight gaps and certification at each level. As of 2016, more than 35,000 SCM courses have been completed across the company since we launched the academy in 2013. We are also a part of the APICS membership and allow our employees to become certified in APICS as Certified Product Inventory Management (CPIM) and Certified Supply Chain Professionals (CSCP). APICS is a professional association for supply chain management and a provider of research, education and certification programs. The SCM team continues to develop skills and processes related to global trade systems and control tower deployments. They successfully led a pilot to enhance Celestica's global competency framework, to be deployed in 2017 using the new Learning Management System for all functions.

Finance

A comprehensive Finance Business Partner training program was introduced in 2015, and was followed up in 2016 with an improved offering to a wider audience. This program trains employees with the skills and attributes necessary to be strong business partners who offer strategic insight while driving profitable growth. Each year, Celestica's global finance employees are required to complete three days of formal training; 2016 saw a 97 per cent completion rate, thus continuing a participation trend indicative of a workforce that values lifelong learning and development.

Our Workforce

In this report, we describe all of the demographic data pertaining to our employee population. For the metrics that are material to Celestica, we track regular, full-time employees and contract employees. We also employ third-party contractors at Celestica, predominantly in our manufacturing operations.

Gender, Region and Employee Type

At Celestica, our gender distribution is fairly evenly distributed around the globe and has remained consistent since 2015. At our sites in the Americas and in Europe, males represent roughly 60 per cent of our workforce, while at our sites in Asia, it is the opposite, with females representing roughly 60 per cent of employees, particularly in operator roles.

Our gender distribution is fairly evenly distributed around the globe and has remained consistent since 2015.

Figure 6.1: Workforce Distribution by Employee Type, Region and Gender

	Americas			Asia			Europe			Global
	Contract	Regular	**Total**	Contract	Regular	**Total**	Contract	Regular	**Total**	**Total**
Female	10%	27%	**37%**	1%	58%	**59%**	2%	37%	**39%**	**54%**
Male	10%	53%	**63%**	1%	40%	**41%**	5%	56%	**61%**	**46%**
Total	**20%**	**78%**	**100%**	**2%**	**98%**	**100%**	**7%**	**93%**	**100%**	**100%**

Figure 6.2: Workforce Distribution by Employee Type, Gender and Age

	Contract Employee			Regular Employee			Global
	Female	Male	**Total**	Female	Male	**Total**	**Total**
Under 30 Years	22%	31%	**53%**	23%	16%	**39%**	**40%**
30-50 Years	23%	14%	**37%**	28%	25%	**53%**	**53%**
Over 50 Years	7%	3%	**10%**	3%	5%	**8%**	**7%**
Total	**52%**	**48%**	**100%**	**54%**	**46%**	**100%**	**100%**

We categorize our employees as direct labour and indirect labour. Direct labour employees are those employees directly involved in the production of a product. Indirect employees are the professional roles, such as Human Resources, Finance, Information Technology, Engineering, Supply Chain, Sales and Business Development. In 2016, 69 per cent of our workforce were in direct labour roles and 31 per cent were in indirect labour roles. Our direct labour workforce has increased slightly from the two previous years.

The majority of our employees, 87 per cent, are regular, full-time employees. However, we also employ a small percentage of Celestica contract employees, 5 per cent, and third-party contractors, 8 per cent, to ensure we have the workforce flexibility to rapidly respond to changes in customer demands.

Figure 6.3: Workforce Distribution by Region

73%
Asia

18%
Americas

9%
Europe
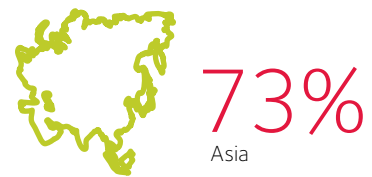
New Hires at Celestica

In 2016, Celestica hired and promoted 9,019 employees, up from 6,716 in 2015 and 4,204 in 2014. Seventy-eight per cent of our employees were hired in Asia, consistent with our overall regional demographics.

Figure 6.4: New Hires by Region

78%
Asia

15%
Americas

7%
Europe

Figure 6.5: New Hires by Age

30-50 Years
74%

Over 50 Years
24%

Under 30 Years
2%

Figure 6.6: New Hires by Gender

58%
Female

42%
Male
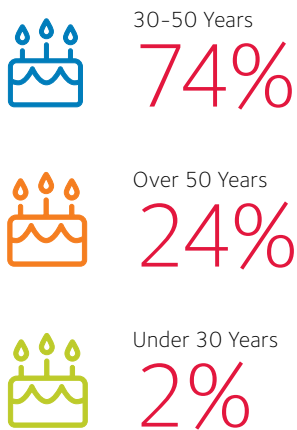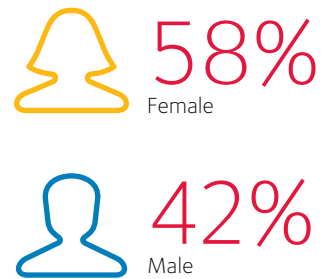
Global Turnover

The global voluntary turnover rate of our regular employees continues to improve. In 2016, our turnover was 28 per cent, down from 30 per cent in 2015 and 35 per cent in 2014. Our global voluntary turnover rate mirrors Celestica's population demographics. Below is the breakdown of our global voluntary turnover rate by gender, region and age.

We will continue to maintain open dialogue with employees and monitor employee feedback to determine which programs to implement globally, or regionally, that will drive employee engagement across our organization.
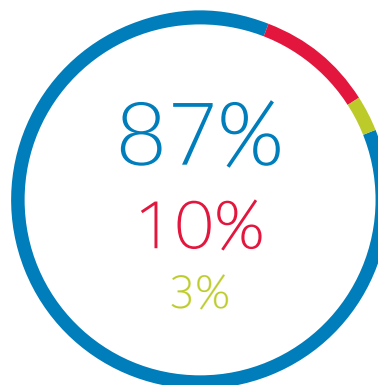
Global voluntary turnover rate of our regular employees continues to improve.

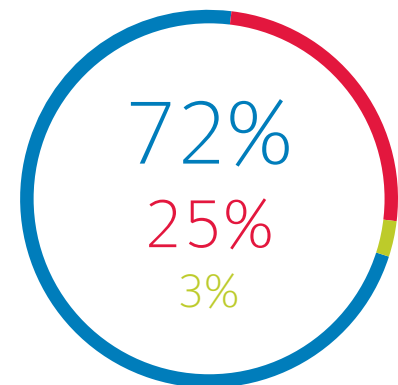**Figure 6.7:** 2016 Turnover Rate by Gender

59%
41%
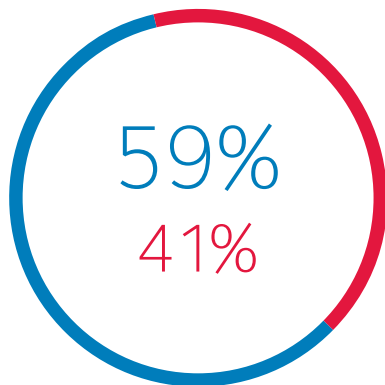
○ Female   ○ Male

Figure 6.8: 2016 Turnover Rate by Region

87%
10%
3%

○ Americas   ○ Asia
○ Europe

Figure 6.9: 2016 Turnover Rate by Age

72%
25%
3%

○ 30–50 Yrs   ○ Over 50 Yrs
○ Under 30 Yrs

Employment Practices

At Celestica, we are committed to using positive employment practices to ensure a healthy work environment for our employees.

Employee Benefits Summary

At Celestica, we provide a competitive benefits package based on local market practices. We also offer a competitive Total Rewards program. Total Rewards are designed to engage and reward employees in ways that are linked to how we manage our business. In addition, all employees receive information regarding their benefits and have an opportunity to participate in wellness programs.

Benefits offered do vary across the regions in which we operate. A summary has been provided in Figure 6.10. These benefits are offered to our regular, full-time employees. Across all of our regions male and female employees take parental leave in the form of maternity, paternity and childcare leave. We ensure that the statutory requirements are met for our part-time employees. However, specific benefits may vary from employee to employee depending on the situation. Celestica also offers a long-term incentive plan for eligible retired employees and an outplacement program to assist in the continued employability of people who have been offered an involuntary severance package.

Our Management Approach

- Commit to using positive employment practices to ensure a healthy work environment for our employees
- Provide a competitive benefits package based on local market practices
- Share information on benefits with our employees and track benefits in each of our regions
- Embrace a pay-for-performance philosophy through Celestica's Total Rewards programs
- Recognize and reward employees for achieving corporate performance goals as well as individual goals and objectives

Figure 6.10: Summary of Employee Benefits

Type	Asia	Canada	USA	Mexico	Europe	Laos
Life Insurance	Yes	Yes	Yes	Yes	Yes	No
Health Care	Yes	Yes	Yes	Yes	Yes	No
Disability and Invalidity Coverage	Yes	Yes	Yes	No	Yes	No
Parental Leave (Any Type)	Yes	Yes	Yes	Yes	Yes	Yes
Retiree Benefits	Yes	Yes	Yes	Yes	Yes	No

Pay Equity and Remuneration

Celestica's compensation philosophies and practices are designed to attract, motivate and retain leaders and employees who will drive the success of the business. Celestica embraces a pay-for-performance culture by recognizing and rewarding employees for achieving corporate performance goals as well as individual goals and objectives. As a result, we do not track or report on the ratio of basic salary and remuneration of women to men.

Foreign Migrant Workers

To Celestica and our stakeholders, it is extremely important that our foreign migrant workers are treated fairly and with dignity.

We maintain practices focused on ensuring that all work is voluntary. We make every attempt to hire direct labour locally, where possible. However, we do have a business need to hire foreign migrant workers in some countries or regions.

In the regions where we do hire migrant workers, we adhere to more comprehensive hiring policies. The foreign migrant workers we hire are free to terminate their employment with reasonable notice without penalty. We have roughly 2,000 foreign migrant workers in Malaysia, Singapore, Penang and Thailand, primarily in our direct labour force.

Celestica conducts internal and third-party audits to the EICC standard and a review of our foreign migrant workforce is a part of this process. Each Celestica site is audited by our internal audit program every two years. For more information on Celestica's EICC practices, please refer to page 22.

Our Management Approach

- Develop measurements to track our migrant worker population
- Ensure we meet local regulations and abide by local government approvals for each applicable site
- Develop action plans for potential risks due to a change in employee turnover of our migrant workforce. This is managed by the site with the help of our labour and ethics representatives, in partnership with the site Leadership team until closed
- Follow through on our action plans
- Monitor labour conditions and conduct internal audits and assessments
- Review labour and ethics actions and status at management review meetings
- Complete site-level risk assessments

Labour Conditions

At Celestica, the use of slavery and human trafficking and child labour is strictly prohibited. To prevent the occurrence of forced or compulsory or child labour, we have implemented local labour policies and practices.

Our policies and practices specify that all work shall be voluntary, and workers are legally entitled to leave upon reasonable notice without penalty. In addition, workers shall not be required to hand over government-issued identification, passports or work permits to the participant or labour agent as a condition of employment. At Celestica, workers shall not be required to pay employers or agent recruitment fees or other aggregate fees.

We have an established global policy that contains the principles and procedures used to guide Celestica's managers and employees regarding the prevention of child labour. The intent of this policy is to prevent child labour within our operations, provide guidance in situations if child labour is identified and provide control practices and guidelines for protecting youth workers and discovered child workers.

This policy applies to all Celestica managers and employees and is subject to applicable local laws and/or collective agreements in the jurisdiction in which it is being applied. Each site may have a supplemental, but not contradictory, policy with respect to preventing child labour, to address additions required by such local laws and/or collective agreements.

Our Management Approach

- Execute our Labour Management System
- Monitor labour conditions at each of our sites
- Conduct internal audits and assessments
- Review labour and ethics actions and status at management review meetings
- Complete site-level risk assessments
- Ensure that our supplier responsibility management system mirrors the Labour Management System

In accordance with Celestica's global recruiting guidelines, offers of employment must be conditional upon successful completion of all required background checks. All candidates are required to provide government-issued photo identification after they receive a conditional offer of employment. Candidates under the age of 15 are not eligible for hire under any circumstances. A candidate that is between the ages of 15 and 17 may be considered for hire as a youth worker. Candidates must be at least 18 years old to be accepted for regular hire. If an employee is discovered to be a child worker, site management and the site Human Resources manager must be notified immediately and actions will be taken to resolve the issue.

Although it is not Celestica's standard practice to hire youth workers, their safety and protection while they are at work is a priority for us. To protect youth workers from physical harm and to promote their educational development, they must not be given jobs or tasks that are considered hazardous, unsafe or unhealthy for those under 18 years old, or have an impact on their school attendance and/or their ability to benefit from school or other training programs. For instance, the use of legitimate workplace apprenticeship programs that comply with all laws and regulations is supported. In this program, workers under the age of 18 shall not perform work that is likely to jeopardize their health or safety.

To ensure that incidents of slavery, human trafficking or child labour are absent from our operations, Celestica conducts audits in accordance with the EICC audit standards. These audits are both internal and third-party audits, of which slavery, human trafficking and child labour are key elements. Every two years an internal audit is conducted at each of Celestica's sites and, after each audit, it is confirmed that we do not have any operations at significant risk of being exposed to slavery, human trafficking or child labour. For more details on our supplier assessments, please refer to page 38.

To ensure that incidents of slavery, human trafficking or child labour are absent from our operations, Celestica conducts audits in accordance with the EICC audit standards.

Reducing Excessive Working Hours

At Celestica, we believe in promoting a well-balanced life for our employees. Our leaders and employees, along with our customers and suppliers, feel that it is important to ensure that we monitor and control the overtime worked by our manufacturing employees.

Celestica's Working Hours Policy is a global program that specifies the allowable limit of working hours and the compensation for hours worked. When management approves overtime, employees may agree to additional hours but are not obligated to work beyond their regular scheduled hours. If they agree to work these additional hours, management and employees must be sure that these hours do not exceed the work hour limits and work week limits for their respective jurisdiction. Each overtime-eligible employee is responsible for knowing their regular scheduled hours of work. If overtime is approved, both employees and managers are accountable for knowing their individual responsibilities, which are outlined in the policy.

As an EICC founding member, we work to ensure that a work week is not in excess of **60 hours.**

In emergency or unusual situations, additional hours may be worked, however, Celestica has limits and controls in place to manage these working hours, to promote employee wellness and to ensure that employees have one day off per seven-day work week.

Our goal was to achieve 100 per cent compliance with EICC best practices on working hours within the allowable tolerance of 1 per cent by 2016. We have continued to identify root causes of overtime and develop and implement specific site action plans to improve excessive overtime in the affected sites. We also leveraged best practices and collaborated with our customers to report our progress on a month-to-month basis.

Our Management Approach

- Ensure our global Working Hours Policy is reviewed and sites understand the limits on working hours
- Establish annual, global targets to make progress towards global compliance
- Report results against established metrics at each site each month
- Strive to understand and report the key root causes of excessive working hours at non-compliant sites
- Implement action plans at non-compliant sites and establish timelines for completion
- Share best practices and success stories globally within Celestica and with our customers and the EICC
- Continue to monitor overtime globally and at a site level, and reassess processes and make improvements as needed

Our remaining non-compliant sites have put forth their best efforts to create cross-functional taskforces and work together to reduce overtime in an effort to achieve our 2016 aspirational goal on working hours. Unexpected demand increases throughout the year continued to make achieving full compliance an ongoing challenge this year. Despite our best efforts to increase our workforce to meet new customer requirements we could not react fast enough due to the time to recruit and train new employees on critical skills in the manufacturing process.

We ended December 2016 with only 1.46 per cent of employees working more than 60 hours per week. However, our global 2016 percentage was 1.56 per cent, falling slightly short of our goal to be compliant within a 1 per cent tolerance. Although we fell slightly short of our aspirational goal, we have made great progress with our global workforce on this initiative over the last five years. Since 2012, we have decreased our percentage of employees working more than 60 hours by 87.39 per cent. We will continue to lead in our industry on reducing excessive overtime while promoting the wellness of our employees.

We closed 2016 with **1.56%** of our employees working over **60 hours.**

Figure 6.11: Percentage of Employees Working More than 60 Hours
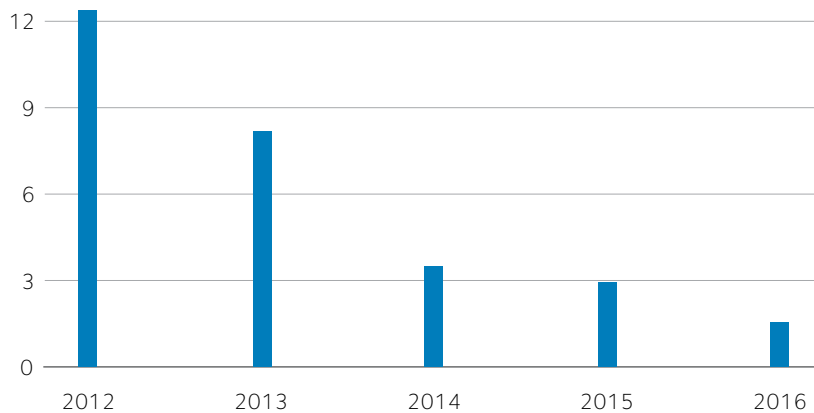
Occupational Health and Safety

The prevention of occupational illness and injury across our global workforce is a top priority for Celestica's leadership. We are committed to maintaining a safe and healthy workplace for all our employees.

Our employees work in diverse settings across the Celestica network and can be exposed to a variety of workplace hazards from day-to-day. In order to maintain high safety standards, Celestica uses the foundations of internationally recognized standards and codes, while accounting for individual site program differentiation and focus. In addition, we have developed minimum safety standard requirements that allow us to integrate and align the health and safety standards of all of our global operations.

At Celestica, we have taken a proactive approach to monitoring health and safety standards and assessing risk management across all our operations. Globally, we have defined a framework whereby each site is required to measure and report on its EHS performance regularly. This approach enables us to achieve and maintain safe workplaces throughout our network. Our global EHS team is responsible for the following:

- Creating, managing and executing robust internal and external audit programs
- Identifying risks and proactive risk management measures
- Developing and communicating safety training materials
- Harmonizing key process indicators, globally

Our global EHS management system is aligned with the principles of internationally recognized standards and codes such as ISO 14001 and OHSAS 18001, as well as the formality driven by the EICC Code and our own internal policies and initiatives. Our senior leaders are engaged and committed to workplace safety. Our manufacturing sites have designated EHS personnel responsible for managing and addressing compliance with local requirements and changing circumstances in the business that may require additional focus.

Our Management Approach

- Encourage all employees to be responsible for safety, a core value of our operations
- Frequent site reporting on EHS selected metrics at each site
- Evaluate processes for effectiveness
- Conduct third-party legal compliance audits
- Perform internal peer assessments within each region
- Align with internationally recognized EHS management system requirements
- Provide additional focus for sites requiring improvements, including special attention to any new sites in the network

We are committed to maintaining a safe and healthy workplace for all our employees.

EHS highlights from 2016 include:

- Deployment of custom global EHS training for all employees throughout the network in the language understood by the workers
- Multiple sites held EHS weeks or days to promote safety and environmental awareness
- Our manufacturing sites conducted over 290 safety committee meetings and 650 EHS-focused workplace inspections
- Our leadership conducted over 600 safety-focused Gemba walks
- Implementation of EHS focused Kaizen activities, which resulted in over 200 improvements across the network
- Creation of customized, by site and region, business continuity planning tabletop exercises, facilitated by global security teams and EHS to test our sites' abilities to react to a variety of scenarios
- Provided custom EHS training to over 6,500 online users in all areas of the business

At Celestica, we have union employees in Asia, Europe and Mexico. In each of these regions, health and safety is a key priority and is introduced in our policies and procedures to all applicable employees. The topic is also covered in our collective agreements or trade unions in Japan; Suzhou, China and parts of Europe. We also track incidents that occur at our facilities. The lost-time incident or case rate is a lagging indicator that is measured closely. This indicator is used to report both acute injuries and chronic conditions. The lost-time incident rate represents the number of lost-time incidents for every 200,000 person hours worked. The lost-days rate is the number of days lost due to incidents for every 200,000 person hours worked.

For 2016, our lost-time incident rate (0.06 per cent) and lost-days rate (1.26 per cent) continued to be aligned with our performance in previous years.

Our sites' continued focus on safety through robust training, hazard identification and risk assessment is one of the reasons our incident rates have remained low.

Our sites' continued focus on safety through robust training, hazard identification and risk assessment is one of the reasons our incident rates have remained low.

Culture and Organizational Effectiveness

At Celestica, we are committed to empowering our employees to fulfill their potential and to build a healthy, productive and engaged culture.

Recognition Programs

Celestica's goal is to create an environment of engaged employees who feel acknowledged for their contributions. Employee recognition is essential to creating that environment and is important to our investors and major stakeholders. Our programs are designed to recognize Celestica employees, who are achieving business results by living our Brand and Values – behaviours that are essential to our success.

At Celestica, we are committed to empowering our employees to fulfill their potential and to build a healthy, productive and engaged culture.

Our Management Approach

- Develop and implement global employee recognition programs
- Ensure that the criteria for reward programs are communicated to all employees
- Align our recognition programs to the company strategy, Brand and Values
- Harmonize programs across the global organization to ensure consistency
- Maintain site-level reporting to gauge effectiveness of implemented programs
- Compare site-level results against metrics to help demonstrate if the program is successful or if improvements should be made
- Make improvements to programs based on feedback received by stakeholders

Bravo! Program

Celestica's Bravo! program was created to foster employee engagement and all employees are invited to recognize those who support Celestica's strategic goals. The rewards can range from thank-you notes to gift cards to cash awards. The program continues to increase in usage and employees are encouraged to reward one another for excellence in their day-to-day work.

In 2016, Bravo! awards were given to **17,882** employees, up by **66%** from 2015.
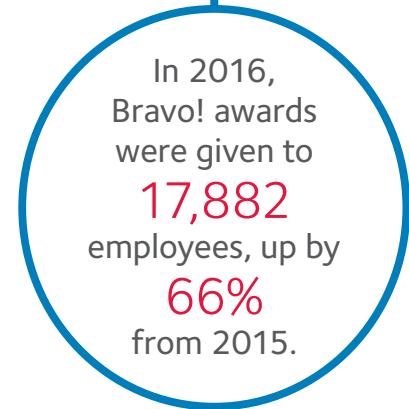
Service Recognition Program

The Quarter Century Award is presented to Celestica employees who have completed 25 years of service. It is Celestica's way of saying thank you for their dedication and service to the company. We also have recognition for follow-on years of service for employees who have worked 30, 35 or 40 years or more. In 2016, we recognized 157 employees with service awards. This recognition reaffirms our belief that our employees are our greatest assets.

Changing the Game Awards

Celestica's Changing the Game Awards program was created to recognize the individuals and teams who go above and beyond in driving business results, supporting our growth and making Celestica a great place to work. An important aspect of our overall rewards and recognition program, the Changing the Game Awards recognize the individuals and teams who deliver strong results and model the Brand behaviour, Values and business savvy that we aspire to as a global organization. In 2016, our Changing the Game Awards program celebrated its 10-year anniversary. We received over 318 nominations and recognized 1,725 employees.

There are nine award categories
- Stellar Support Award
- Outstanding Leader Award
- Lean Six Sigma Award
- Working Together to Win Award
- Dream Team Award
- Above and Beyond Award
- Innovation Award
- Spark Change Sustainability Award
- Rising Star Award

As part of the Changing the Game Awards program, Celestica also recognizes sites and teams with prestigious Pinnacle awards. These awards include the best performing site, the most improved site and the best performing global customer business units. The awards are selected by the award executive sponsors based on a set of pre-established metrics.

Spark Change Award Winner: Cisco Account Sustainability Strategy Team

The Spark Change Award honours an individual or team who has driven significant improvements in sustainability and made a positive impact at their site and in their community. The nominees have demonstrated successes in one or more of Celestica's sustainability elements.

The Cisco Account Sustainability Strategy Team consistently delivers sustainability to improve the planet, drive profitability, while deepening our relationships and building differentiation with our customers through the unique lens of sustainability. They sparked change by bringing sustainability to the strategic core of our customer, site and global business unit relationships. The Cisco team was the first group of people at Celestica to include sustainability in their top-line Customer Account Strategy in 2015 to unlock innovation, lower impact and raise engagement on the account. The team helps everyone at Celestica to view sustainability from a fresh new perspective, while setting the benchmark for Celestica.

The Spark Change Award honours an individual or team who has driven significant improvements in sustainability and made a positive impact at their site and in their community.

Diversity and Inclusion

Celestica recognizes our talented and diverse workforce as a key competitive advantage. We recognize that each employee brings their own unique capabilities, experiences and characteristics to their work and that the wide array of perspectives that results from such diversity promotes innovation and business success.

At Celestica we continue to strengthen our focus on diversity and inclusion, however, diversity is different in every region as described below.

Diversity in Asia

Gender diversity is the primary focus in most Asian countries. In addition to having several women employees participating in our Women in Action pilot program, there are specific initiatives across our network to promote gender diversity. In Malaysia, for example, Celestica works with Talent Corporation, a government agency with a program aimed at reintroducing women to the workforce by providing various incentives. Through this relationship, Talent Corporation provides profiles and resumes to Celestica, serving as a new pipeline for qualified female candidates in this region.

Our Management Approach

- Attract, engage, develop and retain a diverse pool of top talent to ensure business growth and performance
- Strive for a respectful, supportive and understanding environment in which all individuals can realize their full potential within the company
- Optimize the unique talents of every employee to delight our customers by providing high-value solutions and by proactively serving as a trusted extension of their brands, strengthening the fabric of our company culture, enhancing our ability to collaborate and innovate, bringing our Brand and Values to life and setting a strong example as a leader in the electronics industry

Diversity in Europe

Our sites in Europe are also primarily focused on gender diversity and promote gender diversity in both the recruitment process and in succession planning. Several female employees in Europe are also participating in our Women in Action pilot program this year.

Diversity in North America

Given the diverse population across North America, the definition of diversity in this region is much broader in scope. We ensure equality in the workplace and consider all aspects of diversity in our hiring, talent and succession programs to ensure a diverse pipeline of talent. For example:

- As a publicly traded Canadian company, our focus to date has been on increasing representation of women at all levels of leadership and across our geographies, disclosing statistics of female representation on boards and in executive positions and establishing a diversity and inclusion strategy. This aligns with legislation released in 2015 by the Ontario Securities Commission. Celestica currently has 20 per cent female representation on the Board and 14 per cent on the Executive Leadership team, reporting to the CEO. Our goal is to have 30 per cent of our board members female by 2020.
- Celestica is committed to supporting and enabling a culture that encourages women to reach their full potential through our recently introduced Women in Action pilot program. The majority of the participants are from our sites in North America.
- We also focus on supporting women in reaching their full potential as leaders at Celestica. In Toronto, we have an active resource group called the Women's Collaboration Forum; a group of enthusiastic volunteers who help women at Celestica grow personally and professionally.

Figure 6.12: Global Diversity

Workforce Distribution by Age

53% 30-50

40% <30

7% >50

New Hires by Gender

In 2016, we welcomed

7,184 employees

into Celestica across our sites globally.

61% women
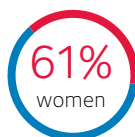
Promotions by Gender

In 2016, we had **1,728** promotions across all levels in the company.

From the promotions made into, within and above the manager level, 65 per cent were for males and 35 per cent were for females.

65%   **35%**

Employee Sustainability Programs

At Celestica, we foster commitment, creativity, courage and innovation by creating a supportive environment. The foundation of our success is built on maintaining a strong, sustainable and engaged workforce. The employee sustainability programs at Celestica encourage meaningful conversations between our employees and their managers about their performance on the job, their career aspirations and professional development, and how they can achieve optimal labour conditions that focus on health and safety. Celestica's programs also take great pride in recognizing employees who contribute to our company's success.

Our Management Approach

- Develop and implement programs to drive an engaged and sustainable workforce
- Establish aspirational goals and yearly site targets to track our progress in employee sustainability programs
- Report on key aspects about our workforce and the results against our aspirational goals to gauge the success of implemented programs
- Use the results to make business decisions on program continuity, breadth of skills, training requirements and succession planning
- Continue to embed sustainability into our global sites through strategic employee programs and initiatives to boost engagement
- Gain feedback from our stakeholders, including our employees, and make improvements to existing programs and implement new programs

sparkchange

Spark Change is a call to action. At Celestica, we believe that innovative and sustainable solutions begin with an idea – for both our business and our customers. We also recognize that when given the chance, our employees are eager to make contributions and build on their ideas.

Spark Change also allows us to regularly communicate our company's sustainability goals and achievements to our employees at each of our global locations. This up-to-date information keeps our employees linked into our sustainability strategy and elicits their support to help each of our sites become more sustainable.

To monitor the performance at each site, the site's General Manager's track the employees' progress and nominate individuals at their sites for membership in the Spark Change Agents network. These individuals then share the responsibility for tracking and reporting on the progress being made towards Celestica's aspirational sustainability goals.

In the second half of 2016, we performed a comprehensive assessment of the program. We received feedback from employees, engaged with external academia (Simon Fraser Embedding Project) and provided our own input and recommendations for changes that could be made within those areas of the program where improvements are needed.

In 2017, the recommendations put forth from the Spark Change program assessment will help us enhance our program by embedding sustainability globally at all levels in our organization through the following types of activities:

- Boosting leadership engagement
- Introducing the Time Off to Volunteer ambassador program
- Enhancing the site Spark Change Agent role and responsibilities
- Focusing on embedding sustainability in day-to-day activities
- Sharing success stories, cost savings and assistance for new business opportunities
- Interviewing senior leaders who Take the Pledge in the Sustainable Workspace

At Celestica, we believe that innovative and sustainable solutions begin with an idea – for both our business and our customers.

Operations Central

One of the key objectives of the Operations Central tool is to encourage our Operations teams around the world to share solutions that they have successfully implemented with the global Celestica network. In past years, Lean Six Sigma solutions have been recognized each quarter in three specific categories: quality improvement, waste elimination and business process velocity. In 2016, in an effort to further embed sustainability into our corporate culture, a fourth Operations Central category was added for sustainability. This new award category recognizes a solution that has made a significant impact on our aspirational sustainability goals through energy/greenhouse gas reduction, overtime reduction, waste diversion or water conservation.

These solutions are published as Savvy Solutions – Best of Site. All solutions selected as Best of Site are then reviewed quarterly by a council of leaders (including the regional leader) that nominates the best solutions to be deployed within the region (Best of Region). Employees with outstanding Lean Six Sigma solutions continue to be honoured each quarter at Celestica through the Operations Central Best of Best Savvy Solutions awards. This recognition is given to employees who have significantly improved operations at Celestica and have shared their breakthrough solution with others in the network using our Operations Central collaboration tool.

Employees with outstanding Lean Six Sigma solutions continue to be honoured each quarter at Celestica through the Operations Central Best of Best Savvy Solutions awards.

Sustainable Workspace Program

The goal of the Sustainable Workspace program is to encourage Celestica employees to re-examine their behaviours on a daily basis and learn about what they can do to positively impact the environment and improve their well-being.

Since the Sustainable Workspace program was launched, it has become a key part of our sustainability culture at Celestica. Employees who are members of the online community can collaborate with their peers and share their success stories. When joining the community, employees are also encouraged to take a pledge in their local language and make a commitment to increase their sustainability efforts.

We are now in our third year of the Sustainable Workspace program and have made several enhancements to boost global participation. We have collaborated with our Information Technology team and leveraged new technology to simplify the online pledge process, improving the end-user experience. We also introduced a manual pledge form to allow our direct labour employees to participate. As a result of our efforts to expand the program, our total employee population able to take the pledge has gone up from 13,116 to all Celestica employees, with the exception of our third-party workforce. Our sites have also created their own targets for participation in the community and the efforts to boost participation at each site have helped increase the success of the program.

One of our aspirational goals is to have 100 per cent of eligible employees participate in the program by 2020. We had a very successful year in 2016 and significantly increased our employee participation in the Sustainable Workspace.

Participation in the Sustainable Workspace

3% in 2014 **25%** in 2015 **37%** in 2016*
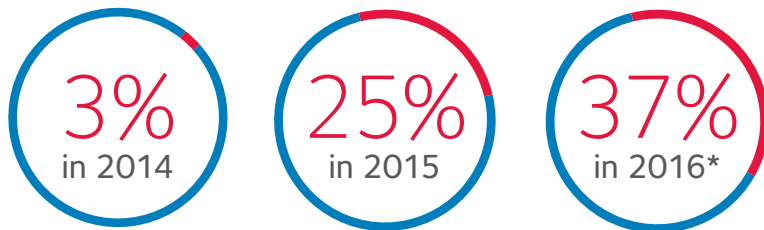
*The 2016 increase in participation also takes into account the increased eligible employee base.

Human Resources Goes Green

At Celestica, we are committed to continuous improvement in all aspects of our business while fostering a culture of sustainability.

Our Global Human Resources team began the Human Resources Goes Green initiative to reduce paper waste by eliminating paper-based forms, paystubs and processes by establishing self-service kiosks at our sites and automating processes. Employees around the world have participated in these efforts, resulting in many early successes.

Human Resources Goes Green Successes

Increased employee self-service access to **98%.**

Saving managers and Human Resources Business Partners an average of **14,220** hours per year.

Eliminating **750,000** sheets of paper per year the equivalent of **90 trees.**

In 2017, Human Resources Goes Green is focusing on reducing forms; integrating analytics; and increasing automated, sustainable processes to provide simplified, mobile-enabled solutions.

At Celestica, we are committed to continuous improvement in all aspects of our business while fostering a culture of sustainability.

Employee Commuting Programs

We encourage our employees to adopt a balanced lifestyle and to take advantage of flexible work schedules and choosing to work remotely where possible. We believe that employees who maintain a balanced lifestyle are more engaged in their roles, which increases their commitment to Celestica. In addition, when employees are able to work from home or can take a greener form of transport to work, we contribute to contribute to reducing greenhouse gas emissions.

Employee Telecommuting Policy

In 2015, we created a global telecommuting policy to provide a level of workspace flexibility to employees. Telecommuting is the concept of sharing work time between a standard designated office location and a remote location. It is an alternative method of successfully meeting the needs of Celestica while providing flexibility to employees and also reducing our carbon footprint. This program continues to help us boost employee engagement across our global sites.

Shuttle Bus Service

A shuttle bus service is provided to employees working in Celestica's Oradea, Romania; Laem Chabang, Thailand; Song Shan Lake, China; Suzhou, China; and Johor, Malaysia sites. A total of 7,266 employees reported taking a Celestica organized shuttle for their daily commute. This represents an estimated

17,700 MT of CO_2 emissions avoided.

Critical Mass in Oradea

Employees at our Oradea, Romania site rode their bikes to work on Fridays in an event called "Critical Mass," which was aimed at promoting the importance of using alternative transportation. The 140 participants had a combined estimated reduction in CO_2 emissions of

3.6 MT.

Employee Survey

In 2016, we surveyed over 1,000 employees to evaluate their commuting options.

38% — 38% of survey respondents indicated that they bus, cycle or carpool to work.

This sustainable form of transportation amounts to a total of

9,400,000 kg

of CO_2 emissions avoided.

35% — An additional 35% of Celestica respondents stated that they would consider carpooling in the future if the timing of the carpool aligned with their work schedule.

Measuring Our Sustainability Programs

Employees are encouraged to understand how their behaviours and actions can positively influence better social and environmental outcomes. Targets are set by each site to meet our aspirational goals.

Our Employee Sustainability dashboard shows the participation in our Sustainable Workspace program, our global turnover results, our Time Off to Volunteer (TOV) participation rates and our working hours results to reduce overtime. Our internal VAP audit schedule is also posted on the dashboard, which includes labour aspects. Tracking results against these key indicators helps us measure our progress towards our sustainability goals while gauging employee engagement in the area of sustainability. Quarterly results are also posted on our Spark Change site, allowing employees to see how their site is progressing against the 2020 aspirational goals and their yearly set targets.

Sites report their results for each metric on a monthly basis and this data is used to update the Employee Sustainability dashboard. Functional leaders and their direct reports perform monthly reviews to track their results against the metrics established for the year. Where results have not met the target, the root causes will be identified to understand what corrective actions are required.

Employees are encouraged to understand how their behaviours and actions can positively influence better social and environmental outcomes.

Global Wellness

The health and wellness of our global workforce is central to our employee sustainability strategy and our global workforce continues to emphasize the importance of wellness at Celestica. By providing a healthy and safe workplace, we have the ability to foster strong employee engagement and employee well-being that will generate a high-performing organization.

In 2016, wellness moved from an emerging trend to a material aspect for our employees. In this, our baseline year, we have decided to track total sick-time hours as a key performance metric with the intention of using this information to make improvements to our wellness programs in future years, 84 per cent of reported sick-time hours were in Asia and 64 per cent of reported sick-time hours were by female employees. This is consistent with our workforce demographics.

Global Wellness Programs

Employees at each site actively contribute to Celestica's wellness programs and their input helps drive improvements by determining which health topics are of most interest to our employees in each region. As a result, many sites implement different wellness initiatives and programs each year. Some examples of these programs include implementing local wellness policies to effect positive change; annual employee health checks; and some of our sites in Asia have also implemented medical centres to help provide better medical care to employees. In addition, sick leave programs, paid time off and other benefits exist on a regional or site level to support employees when they become ill. Examples of these programs follow.

Our Management Approach

- Establish site wellness committees with cross-functional representation and governance that may include local wellness policies or practices
- Create wellness action plans to address key risks and/or topics of interest to employees
- Partner with benefits providers and external partners affiliated with wellness to understand offerings and programs available
- Develop and implement programs and activities to bring awareness to employees around key wellness risks or topics
- Share best practices and success stories across regions
- Measure the success of programs implemented and make adjustments year-over-year

Since 2012, we have implemented a successful health training program predominantly for our female employees in Asia. We continue to collaborate with our customer, HP, and third-party healthcare partners such as Business for Social Responsibility (BSR) and the Federation of Reproductive Health Associations, Malaysia (FRHAM) for the implementation of the health training. Since we began the program, 5,300 female employees in Malaysia and China have completed training along with additional employees trained at the time of implementation.

Since we began the program,

5,300 female employees

in Malaysia and China have completed training along with additional employees trained at the time of implementation.

This program continues to boost employee engagement and awareness of health risks. Our own employees volunteer to be trained as peer-health educators, and through the peer-to-peer training concept to educate other employees in the program. In 2017, we will be continuing the women's health training program at our Kulim, Malaysia site by partnering with HP and the Penang Family Health Development Association (FHDA) to train 1,300 more employees.

Our Laem Chabang, Thailand site continued their joint efforts with partners, including the Bangkok Pattaya Hospital, Dumex Company Limited, Mead Johnson Nutrition (Thailand) Ltd., Bangpra Medical Centre, Vibharam Laemchabang Hospital and the Queen Savang Vadhana Memorial Hospital to deliver health training to female employees. These companies trained employees on health topics that included parenting, cancer, AIDS prevention and sexually transmitted infections, prevention of hepatitis B and cysts. In the past two years, almost 700 Celestica employees have attended these sessions.

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two years, almost
700
Celestica employees
have attended
these sessions.

In Oradea, Romania, employees participated in a charity swimathon organized by the Oradea Community Foundation. Over 500 swimmers participated and raised money for a variety of local charities.

In Penang, Malaysia, employees participated in a charity walk to raise money for a Science and Technology Centre.

Over 450 employees from our sites in Asia donated 170,000 cubic centimetres of blood to help support people in their local communities in need of medical care that required blood.

In Monterrey, Mexico, the site organized a health conference for the employees and invited doctors who practise occupational medicine to provide demonstrations for the correct lifting load and postural measures. They also featured an exhibition of wellness products and organic foods for alternatives for healthy eating.

In Toronto, Canada, employees participated in a five-week wellness challenge to evaluate their nutritional, physical, psychological, social and intellectual health. The challenge helped employees incorporate healthier habits like exercise, meditation and mindfulness into their daily routines.

In Portland, Oregon, employees have access to an onsite gym for exercise. The site also brought in a chiropractor to offer advice to employees.

Fireball Days: Celestica Olympics

Fireball Days, is a time to celebrate and thank our employees for their hard work throughout the year. The theme for Celestica's 2016 Fireball Days was "Celestica Olympics," and as part of the global event we organized a Celestica Marathon. The event called for our employees to track their walking, running, cycling and swimming activity on a shared tracking site. Together, we had over 11,200 entries and accumulated 374,112 kilometres, equivalent to nine trips around the world.

9x
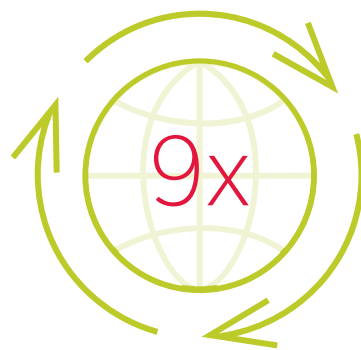
Together, we had over 11,200 entries and accumulated **374,112 km,** equivalent to nine trips around the world.

Giving Back in Our Local Communities

At Celestica, we strive to enhance the communities in which we operate by encouraging employee volunteerism and the donation of our expertise and funds to help shape a stronger and more sustainable future for our local communities.

Time Off to Volunteer Program

Celestica is committed to shaping a stronger and more sustainable future for the local communities in which we operate. To achieve this goal, we encourage employees to volunteer and participate in their community, and donate our expertise in support of educational programs and ongoing health services.

In 2013, we established an aspirational sustainability goal to have 50 per cent of our workforce take time off to volunteer in their communities in every year by 2020.

Our Management Approach

- Encourage employees to participate in our global Time Off to Volunteer program
- Survey employees to receive input on programs and how we can improve
- Develop and implement a Time Off to Volunteer ambassador program to boost engagement locally at each site

At Celestica, we know from experience that volunteerism can drive positive and constructive change in both our communities and our workplaces. This is why we encourage our employees to take time off to volunteer in their local communities.

All employees are eligible to take up to 16 hours per year to volunteer through our Time Off to Volunteer (TOV) program. Employees are encouraged to join other colleagues and volunteer in teams. In 2016, we revised the policy to include volunteer opportunities that are outside of work hours to boost flexibility in the program and encourage participation. We also expanded our volunteer opportunities to include volunteer opportunities with unregistered charities and sustainability activities such as planting trees and landscaping.

In 2013, Celestica established a goal to have 50 per cent of our workforce participate in our TOV program by 2020. To support this goal, annual targets have been set and we have been monitoring participation rates at all of our sites around the globe. We had a stretch goal in 2016 to have 12 per cent of our employees participate in the program. As a result of revising our policy to increase flexibility and boosting our education globally on the program, we were able to increase our participation to 14 per cent in 2016.

Consistent with previous years, our Europe region continues to have the highest participation in our volunteer program, achieving 38 per cent participation in 2016. In our Asia region, participation tripled year-over-year from 3 per cent in 2015 to 10 per cent in 2016, while our Americas region stayed constant at 19 per cent. Our efforts to make the program more inclusive helped increase access to volunteer opportunities for our global workforce leading to positive results in 2016.

In 2017, we will be increasing our focus on the program by implementing local Time Off to Volunteer ambassadors who can help organize site events, and promote volunteerism at organizations specific to regional socio-economic issues.

We look forward to continuing the positive trend and increasing our participation in 2017 in order to achieve our overall goal of 50 per cent in 2020.

Volunteerism can drive positive and constructive change in both our communities and our workplaces.

Figure 6.13: 2016 Time Off to Volunteer Participation Rates by Region

14% GLOBAL
38%
19%
10%

Americas   Europe
Global   Asia
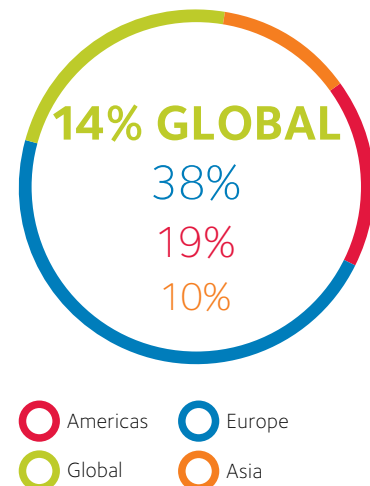
Global Success Stories

Members of the Women's Collaboration Forum in Toronto, Canada, organized a clothing drive for New Circles Community Services and Dress for Success. New Circles Community Services is a not-for-profit, grassroots agency that builds strong and caring communities by providing basic necessities to those living in poverty. Dress for Success is an international not-for-profit organization that empowers women to achieve economic independence by providing a network of support, professional attire and the development tools to help women thrive in work and in life. Employees donated over 600 pieces of clothing that were shared between the two organizations.

Employees from Celestica's Portland, Oregon site volunteered at the Oregon Food Bank. Together, the team packed more than 12,000 pounds of apples and pears, which would be part of 10,000 meals served in Oregon and Clark County, Washington.

Employees from Celestica's Kulim, Malaysia site volunteered at Darul Hanan, an elderly nursing home. Together they built an outdoor rest station and herb garden, facilitated games and provided residents with a goodies bag.

A group of 25 employees from Celestica's Monterrey, Mexico site attended a Christmas event at the National System for Integral Family Development, a government agency that supports underprivileged adults and children in Mexico. Employees brought Christmas gifts for each of the 80 children living there, which included clothes, food and candy.

A group of employees from Celestica's Valencia, Spain site volunteered at the Valencian Society for the Protection of Animals and Plants (SVPAP). Over two days, employees took the dogs out for walks around the city. The SVPAP takes care of more than 100 dogs and cats at a time.

Over 230 employees from Celestica's Oradea, Romania site volunteered with Habitat for Humanity over nine days to build four houses for families in need. The site has been partnering with Habitat for Humanity for seven years. Habitat for Humanity is an organization dedicated to providing affordable housing.

Employees from Celestica's Laem Chabang, Thailand site visited the Sammachiwasil School in Chonburi, Thailand. The employees visited the school to deliver three satellite dishes and 12 satellite boxes to enable the school to set up a long-distance learning program. The volunteers also brought sporting equipment, snack boxes and ice cream for the students.

Employees from Celestica's Johor, Malaysia (AMS) site visited the Pertubuhan Kebajikan Insan Istimewa JB organization, a charity for children with disabilities. The employees brought gifts for the children and helped clean the facility.

Global Reporting Initiative® Index

At Celestica, we are committed to reporting on our corporate social responsibility programs and environmental sustainability initiatives to disclose our economic, environmental and social performance in accordance with the Global Reporting Initiative® (GRI®).
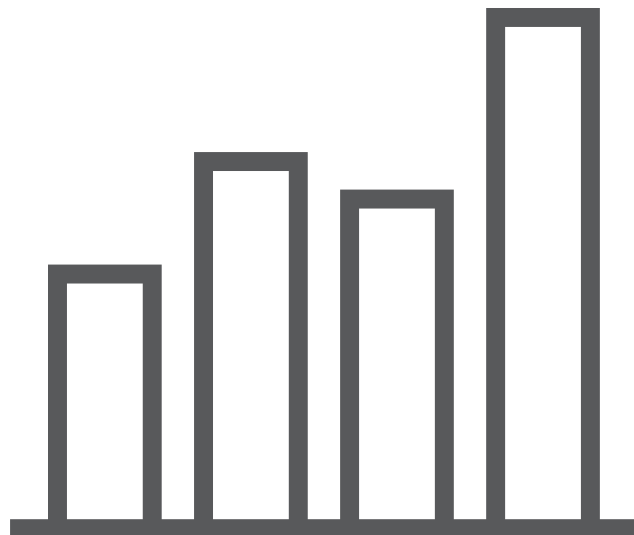
The Global Reporting Initiative® (GRI®) Sustainability Reporting Guidelines

General Standard Disclosures

Indicator	Description	Report Section(s)
Organizational Profile		
102-1	Name of the organization	About Celestica
102-2	Activities, brands, products, and services	Business Overview
102-3	Location of headquarters	About Celestica
102-4	Location of operations	About Celestica
102-5	Ownership and legal form	About Celestica
102-6	Markets served	Business Overview
102-7	Scale of the organization	About Celestica
102-8	Information on employees and other workers	Our Workforce
102-9	Supply chain	Supply Chain Overview
102-10	Significant changes to the organization and its supply chain	Business Overview
102-11	Precautionary principle or approach	Supply Chain Overview
102-12	External initiatives	External Sustainability Initiatives
102-13	Membership of associations	Affiliations and Memberships
Strategy		
102-14	Statement from senior decision-maker	A Letter from Rob Mionis
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Compliance and Ethics
102-17	Mechanisms for advice and concerns about ethics	Compliance and Ethics
Governance		
102-18	Governance structure	Sustainability Governance
102-19	Delegating authority	Sustainability Governance

General Standard Disclosures Continued

Indicator	Description	Report Section(s)
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Governance
102-23	Chair of the highest governance body	Sustainability Governance
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Governance
102-32	Highest governance body's role in sustainability reporting	Sustainability Governance

Stakeholder Engagement

Indicator	Description	Report Section(s)
102-40	List of stakeholder groups	Stakeholder Engagement
102-41	Collective bargaining agreements	About Celestica
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement

Reporting Practice

Indicator	Description	Report Section(s)
102-45	Entities included in the consolidated financial statements	2016 Form 20-F
102-46	Defining report content and topic Boundaries	Materiality
102-47	List of material topics	Materiality
102-48	Restatements of information	Restatement of Changes from Previous Reports
102-49	Changes in reporting	About This Report
102-50	Reporting period	About This Report
102-51	Date of most recent report	About This Report
102-52	Reporting cycle	About This Report
102-53	Contact point for questions regarding the report	About This Report
102-54	Claims of reporting in accordance with the GRI Standards	About This Report
102-55	GRI content index	About This Report
102-56	External assurance	About This Report

Specific Standard Disclosures

Indicator	Description	Report Section(s)	Omissions
Economic			
201-1	Direct economic value generated and distributed	Financial Performance, 2016 Form 20-F	
201-2	Financial implications and other risks and opportunities due to climate change	Financial Performance	
201-3	Defined benefit plan obligations and other retirement plans	2016 Form 20-F	
201-4	Financial assistance received from government	Financial Performance	
205-1	Operations assessed for risks related to corruption	Financial Performance	
205-2	Communication and training about anti-corruption policies and procedures	Financial Performance	
205-3	Confirmed incidents of corruption and actions taken	Financial Performance	
The Environment			
302-1	Energy consumption within the organization	Energy	
302-2	Energy consumption outside of the organization	Energy	
302-3	Energy intensity	Energy	
302-4	Reductions of energy consumption	Energy	
302-5	Reductions in energy requirements of products and services	Energy	
303-1	Water withdrawal by source	Water	
303-2	Water sources significantly affected by withdrawal of water	Not Applicable	Water is sourced from municiple water supply systems, there are no impacts to water sources, protected areas or biodiversity.

Specific Standard Disclosures Continued

Indicator	Description	Report Section(s)	Omissions
303-3	Water recycled and reused	Water	There is a processes that reuses and recycles waste water however, data is not measured nor estimated.
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions	
305-3	Other indirect (Scope 3) GHG emissions	Greenhouse Gas Emissions	
305-4	GHG emissions intensity	Greenhouse Gas Emissions	
305-5	Reduction of GHG emissions	Greenhouse Gas Emissions	
305-6	Emissions of ozone-depleting substances (ODS)	Greenhouse Gas Emissions	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	Greenhouse Gas Emissions	
306-1	Water discharge by quality and destination	Water	Celestica complies with all local laws governing water discharge. Due to the large number of regions and variety of regulations, we track compliance not volume of discharge method.
306-2	Waste by type and disposal method	Material Stewardship	
306-3	Significant spills	Material Stewardship	
306-4	Transport of hazardous waste	Material Stewardship	
306-5	Water bodies affected by water discharges and/or runoff	Not Applicable	Discharges are made from facilities in compliance with local legal requirements which vary by jurisdiction.

Specific Standard Disclosures Continued

Indicator	Description	Report Section(s)	Omissions
307-1	Non-compliance with environmental laws and regulations	Environmental Management	
308-1	New suppliers that were screened using environmental criteria	Supply Chain Overview	
308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Overview	
Social			
401-1	New employee hires and employee turnover	Human Resources Strategy	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	About Celestica, Employment Practices	Our locations of operation are described in the About Celestica section. We have provided a summary of benefits by region for our full-time employees. We meet the statuatory requirements for our part-time employees but benefits may vary from employee to employee.
401-3	Parental leave	Employment Practices	We have provided a summary of parental leave benefits by region for our full-time employees. We meet the statuatory requirements for our part-time employees but benefits may vary from employee to employee. We do not track further details on our parental leave population consistently across our regions. Across all of our regions, male and female employees take parental leave in the form of maternity, paternity and childcare leave. However, some of our sites do not track to this level of detail.
403-1	Workers representation in formal joint management–worker health and safety committees	Occupational Health and Safety	While many of our committees are recognized by the local authority and have written rules and procedures, they are not integrated into the organizational structure in all locations. This percentage is not reported.

Specific Standard Disclosures Continued

Indicator	Description	Report Section(s)	Omissions
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	We track absenteeism related to lost-time incident reporting, which may result from chronic or acute workplace related injuries or illnesses, and from recorded sick time. Occupational diseases, where reported, and resulting in lost-days, may be incorporated into lost-time incident reporting. We have not had any work related fatalities. Region and gender are tracked but not reported.
403-3	Workers with high incidence or high risk of diseases related to their occupation	Occupational Health and Safety	We track lost-time incident rates and lost-days rates. No specific areas that have high incidence rates.
403-4	Health and safety topics covered in formal agreements with trade unions	Occupational Health and Safety	Not all Celestica sites with unions cover health and safety topics as a part of their collective agreements or within their trade union. However, health and safety is covered at these sites through employee rules to ensure we abide by local laws.
404-1	Average hours of training per year per employee	Global Learning and Development	We do not record training hours for our third-party contractors.
404-2	Programs for upgrading employee skills and transition assistance programs	Global Learning and Development	We offer programs to upgrade employee skills and we have an outplacement assistance program. However, we do not offer assistance programs for voluntary retirees to facilitate the management of career endings.
404-3	Percentage of employees receiving regular performance and career development reviews	Talent and Performance	
405-1	Diversity of governance bodies and employees	Our Workforce, Diversity and Inclusion	We report on gender and age in our overall workforce, within our new hires population and within our annual polulation of employees who were promoted. We do not report on other vulnerable groups. We report on gender with our Board of Directors but do not report on their age.
405-2	Ratio of basic salary and remuneration of women to men	Employment Practices	We have a total rewards program that embraces a pay for performance culture. We do not report on basic salary and renumeration of women to men.

Specific Standard Disclosures Continued

Indicator	Description	Report Section(s)	Omissions
408-1	Operations and suppliers at significant risk for incidents of child labor	Employment Practices	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employment Practices	
412-1	Operations that have been subject to human rights reviews or impact assessments	Supply Chain Overview	
412-2	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Supply Chain Overview	
414-1	New suppliers that were screened using social criteria	Ethical Sourcing	
414-2	Negative social impacts in the supply chain and actions taken	Ethical Sourcing	

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements related to our sustainability initiatives and financial and operational priorities including, but not limited to, goals, targets and future plans. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes", "expects", "anticipates", "estimates", "intends", "plans", "continues", "project", "potential", "possible", "contemplate", "seek", or similar expressions, or may employ such future or conditional verbs as "may", "might", "will", "could", "should" or "would", or may otherwise be indicated as forward-looking statements by grammatical construction, phrasing or context. For those statements, we claim the protection of the safe harbour for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws.

Forward-looking statements are provided for the purpose of assisting readers in understanding management's current expectations and plans regarding our sustainability initiatives and objectives and financial and operational priorities. Readers are cautioned that such information is not appropriate for other purposes. Forward-looking statements are not guarantees of future performance and are subject to risks that could cause actual results to differ materially from conclusions, goals, targets, forecasts or projections expressed in such statements, including, among others, risks related to employee, stakeholder, customer, supplier and NGO engagement and commitment to these initiatives, the cost of implementing these initiatives and the impact of changing legislation and social goals on sustainability initiatives generally, and risks related to our operational and financial performance as discussed in our public filings at www.sedar.com and www.sec.gov, including in our MD&A, our Annual Report on Form 20-F and subsequent reports on Form 6-K filed with the U.S. Securities and Exchange Commission, and our Annual Information Form filed with the Canadian Securities Administrators.