



Inspired by Nature: creating a healthier, more sustainable future.

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About this Report



1.1 Forward-looking statements

This report contains forward-looking statements about expected events relating to our 2015 consolidated and segmented targets, 2015 normal course issuer bid, multi-year dividend growth and share purchase programs, and the performance of TELUS. By their nature, forward-looking statements do not refer to historical facts and require TELUS to make assumptions and predictions, and are subject to inherent risks.

There is significant risk that the forward-looking statements will not prove to be accurate and there can be no assurances that TELUS will complete all purchases under the 2015 normal course issuer bid and maintain its multi-year dividend growth and share purchase programs. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors (such as regulatory developments, government decisions, competition, our earnings and free cash flow, our capital expenditures and spectrum licence purchases, and a change in our intent to purchase shares) could cause actual future performance and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified by the assumptions (including assumptions for 2015 targets, semi-annual dividend increases to 2016, and our ability to sustain and complete our multi-year share purchase program to 2016), qualifications and risk factors referred to in Management's discussion and

analysis, starting on page 42 of our annual report, and in other TELUS public disclosure documents and filings with securities commissions in Canada (on SEDAR at sedar.com) and in the United States (on EDGAR at sec.gov). Except as required by law, TELUS disclaims any intention or obligation to update or revise forward-looking statements.

All financial information is reported in Canadian dollars unless otherwise specified.

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1.2 Reporting parameters and what's new

Every day, we embrace the universal principles of sustainability.

Increasingly, stakeholders are considering our sustainability performance in their purchasing, employment, and investment decisions, which is why we continue to integrate sustainability considerations into our operations and strategies. Through our Sustainability Report, we aim to disclose our performance on material issues in a way that highlights the relationship between business success and sustainability considerations in our operations. As signatories to the [United Nations Global Compact](#) (UNGC), which asks companies to embrace universal principles, we also report our progress on human rights, labour, environment and anti-corruption.


To continuously improve our sustainability reporting, each year we review:

- § How we construct and build our report
- § How we manage data and create content that matters
- § How we share our report, so that it is relevant, timely, accessible and understandable for stakeholders.

For this report - for the first time - we have changed the name of our Corporate Social Responsibility (CSR) Report to our Sustainability Report, to better reflect our broader view of the issues that matter to our stakeholders and to us. Our report is web-based and is compatible for viewing with most mobile devices. Since 2013, we have placed a greater focus on sharing information in a visual way, complementing the text and highlighting key data points with easy to understand graphics. Based on stakeholder feedback, further emphasis has been put on website navigation and content readability, making the site easier to use.



For this report - for the first time - we have changed the name of our Corporate Social Responsibility (CSR) Report to our Sustainability Report, to better reflect our broader view of the issues that matter to our stakeholders and to us.

Throughout our report, we highlight TELUS' focus on what we are doing each and every day, to put customers first. We continue to include more information from our international operations and have increased the scope of our climate change disclosure. We declare our report in accordance with GRI-G4 guidelines and have asked Deloitte LLP to confirm our declaration. We use the following symbol  to highlight information reviewed by Deloitte LLP, an Independent Registered Public Accounting Firm.

In 2014, we continued to have all director-level report contributors provide a statement verifying the accuracy of the material provided. We believe this is a leading global practice in sustainability reporting and is done in addition to the executive review and sign-off process we have used for many years.

Information contained in this report covers January 1 to December 31, 2014, unless otherwise stated. The material includes TELUS' operations across Canada as well as TELUS International, unless otherwise stated. Also contained in this report are 2014 targets and results, and 2015 targets for key performance indicators in alignment with key focus areas.

We are always seeking ways to improve our Sustainability Report and welcome your feedback and suggestions. Please send any questions or comments to sustainability@telus.com 



1.3 Material issues

Inspired by nature: creating a healthier, more sustainable future.

In the latter half of 2014, as part of our ongoing governance, and in response to stakeholder feedback, TELUS determined that a Fair Process review of our sustainability strategy was required to confirm our strategy:

- § Is integrated
- § Supports our overall business priorities and operations
- § Addresses stakeholder concerns.

To support this effort, we facilitated a formal review in a phased approach to:

- § Understand our current state
- § Establish a baseline on our strategy and performance
- § Refresh our sustainability vision and strategic priorities.

In phase one of this exercise, we applied a structured, evidence-based process to understand material issues and risks and validate key focus areas. This was followed by the development of a model to provide a framework for engagement and conducting a benchmarking exercise to define the sustainability performance landscape.



We believe that streamlined sustainability reporting, focused on our strategy and performance with respect to material issues, better serves our stakeholders, increases employee engagement, spurs innovation, builds momentum for sustainability initiatives, fosters enhanced governance and increases accountability.

This established a baseline for TELUS' sustainability context and set the stage for engaging our Executive Leadership Team to gather their insight on our sustainability vision and desired future state of performance. This insight set the foundation for key stakeholders to refine and validate our vision statement, strategic priorities and roadmap.

In 2015, the sustainability team, led by our Chief Sustainability Officer, plans to collaborate with key stakeholders across TELUS to develop action plans, establish key performance indicators and build a disclosure strategy for our new vision and roadmap. Our Sustainability Report, including targets, is structured based on our key focus areas and material issues.

We believe that streamlined sustainability reporting, focused on our strategy and performance with respect to material issues, better serves our stakeholders, increases employee engagement, spurs innovation, builds momentum for sustainability initiatives, fosters enhanced governance and increases accountability. Shortening and focusing our Sustainability Report also makes it more relevant and reader-friendly.

Material Issue	For TELUS this means:
Environmental Stewardship	
Energy & Climate Change	Reducing our GHG emissions and energy costs, reducing energy-related risks, exploring alternative energy solutions and supporting UNGC principles on the environment
Environmental Management	Meeting legal requirements, minimizing spills, releases and waste, enhancing our Environmental Management System and environmental education efforts
Employee & Community Investment	
Culture, Human Rights & Labour	Fostering a diverse culture that will lead us to deliver on our Future Friendly promise and supporting UNGC principles on Human Rights & Labour
Employee Experience	Engaging and investing in employees to live our values to improve the lives of people, our communities, customers and team
Employee Health, Safety & Wellness	Optimizing employee health, safety and wellness to benefit employees, reduce costs, improve productivity and drive business success
Community Investment	Creating shared value and improving the lives of youths and their communities through health, technology and environmental investments
Business Operations & Ethics	
Economic Performance & Impact	Cultivating sustainable economic growth for the benefit of our investors, customers, employees, suppliers and the communities where we live, work and serve
Ethics	Conducting our business in an ethical and transparent manner, creating a respectful workplace culture and supporting UNGC principles on Anti-Bribery and Corruption
Governance & Disclosure	Providing the foundation for sustainability leadership, increasing transparency and stakeholder confidence and reducing risks
Regulatory Compliance	Ensuring TELUS can respond to change and continue to provide the high-quality, robust and innovative networks that citizens and businesses depend on every day
Business Continuity	Being resilient in emergencies and other disruptive events by focusing on the reliability of our network, systems, products and services and employees
Customer Experience	
Network & Systems Reliability	Living up to our customers' expectations that our network and systems are reliable and we are responsive and accountable when incidents occur
Data Security & Privacy	Respecting the privacy of our customers and employees and the security of data through effective oversight and accountability
Customers First	Delivering exceptional customer experiences on our journey to become a world leader when it comes to the likelihood that our customers recommend our products, services and people to others
Accessibility	Making the products and services we provide easier to access and use for all customers, particularly those who have a disability or live in remote communities
Online Safety	Educating parents, children and educators on Internet and smartphone safety by offering innovative training and consultative advice
Product Stewardship & Innovation	
Sustainable Supply Chain	Pursuing strategic alliances that provide innovative products and services for our customers and understanding risks and economic, social and environmental opportunities
Product Stewardship	Managing the environmental and social impacts and risks from product design through the customers use of our products, including recycling and disposal
Innovative Products & Services	Introducing products and services that assist our customers, communities and society in meeting their economic, social and environmental goals



1.4 Stakeholder inclusiveness

Every day, we rely on our stakeholders who provide the input that shapes our Sustainability Report.

In each section of this report, we describe who our stakeholders are and how we engage with them to inform our sustainability strategy and reporting. The following groups have been identified as TELUS stakeholders through an ongoing formal internal review process and by collaborating with independent third parties:



Stakeholder engagement framework



TELUS believes that part of being sustainable means listening to and considering the expectations of people and groups that we impact through our operations or who impact us. Fostering these relationships is critical to the ongoing success of our business.

We have procedures in place that allow us to integrate stakeholder engagement and related outcomes within our governance, strategic planning and decision-making processes and our operations.

In 2015, we plan to formalize and make public our internal stakeholder engagement policy that will, in part, address scope and guidance with respect to engagement methodologies, stakeholder prioritization, managing engagement risks and communication.



1.5 Targets

For 2014, TELUS set 24 targets aligned to nine material issues to measure and advance our sustainability performance. We met 15 of our 24 objectives in 2014. Our strong financial and environmental performance is reflected in our results as we met three of four economic targets as well as our climate change target. Our capital expenditures exceeded the target as a result of continuing investments in our wireless and wireline broadband infrastructure to support customer growth, technology evolution and reliability.

Our number one priority remains putting customers first. This is demonstrated through our results for customer complaints with the [Commissioner of Complaints for Telecommunication Services \(CCTS\)](#), which are down 26 per cent. This represents 5.8 per cent of overall industry complaints – down from 6.4 per cent compared to the previous year. In early 2015, the CCTS released its first ever [mid-year report](#) which showed that TELUS accounted for only 4.4% of all complaints received, continuing our consistent improvement since 2011.

We improved or maintained our Likelihood to Recommend (L2R) results in four of six customer segments in 2014. We continue to invest in service development, system and network reliability, employees, and system and process improvements. Additionally, we continue to introduce new client experience initiatives to bring greater transparency and simplicity to our customers, to help differentiate our services and maintain a low subscriber churn rate.



For 2014, TELUS set 24 targets aligned to nine material issues to measure and advance our sustainability performance. We met 15 of our 24 objectives.

In 2013, we introduced our innovative integrity index, which includes internal and external measures of compliance to codes of conduct, senior manager behaviour and training effectiveness. We improved upon our baseline score of 93 – achieving a score of 93.83 – by maintaining or improving our results in all related metrics, but did not meet our target of 94.

Our employee engagement improved both domestically and internationally, meeting targets. Our domestic results once again place TELUS as number one globally amongst organizations of our size and composition according to our independent survey administrator, Aon Hewitt. At TELUS International we realized an increase to 76 per cent in 2014, up from 73 per cent in 2013. In addition, we continued our positive trend of improved employee safety results, as our lost-time-accident rate per 200,000 person hours worked decreased slightly year-over-year to 0.70 from 0.74 in 2013.

In 2014, we once again incorporated our Supplier Code of Conduct into 100 per cent of our contracts. We did miss our target of a 65 per cent response rate for our supplier risk assessment survey, achieving a 48 per cent response rate. We launched our revised survey later in the year than planned, so we remain optimistic that we will reach this goal in 2015.



In 2015, we have reassessed our targets to affirm alignment to our key focus areas and material issues based on stakeholder engagement activities.

Continued dedication to volunteerism and community giving helped us meet three related targets in 2014. Our target for community investment awareness, however, was not met, so we are planning renewed communications to improve our results in this area for 2015.

For 2015, we have included several targets, which you will find in many sections throughout this report, which are aligned to historical Key Performance Indicators such as reducing our paper purchases by 10 per cent. Additionally, we are developing a revised set of targets that are aligned to the key focus areas identified by our stakeholder engagement activities including our materiality assessment. These will be shared in our 2015 Sustainability Report.

2014 CSR targets

Material issue	Key Performance Indicator	2015 target		2014 result	2014 target
Environmental stewardship	Wireless devices recycled	n/a	✘	380,000	580,000
	Paper purchase reduction	10%	✘	5%	10%
Climate change	Annualized energy reductions	42.5 GWh	✔	45.2 GWh	40.5 GWh
Community investment	Team TELUS Cares total volunteer hours	n/a	✔	635,065	635,000
	L2R: TELUS makes a difference in my community	42%	✘	38.1%	47%
	TELUS Day of Giving® participation – Domestic	16,000	✔	15,100	15,000
	TELUS Day of Giving participation – International	7,000	✔	6,500	5,850
Employee support	Pulsecheck engagement (TELUS)	87%	✔	85%	85%
	Pulsecheck engagement (TELUS International)	79%	✔	76%	76%
	Safety: lost time accidents per 200,000 person-hours worked	0.70 LTA	✘	0.75 LTA	0.74 LTA
Integrity index	Index	94	✘	93.80	94
Customers First	Likelihood to Recommend (L2R) Consumer	n/a ¹	✘	70%	74%
	L2R Small Business Solutions (SMB)		✔	75%	75%
	L2R TELUS Business Solutions		✘	69%	75%
	L2R Enterprise		✔	83%	77%
	L2R TELUS Health		✔	76%	75%
	L2R TQ Business ⁴		✔	87%	76%
Supply chain	Contracts integrated with Supplier Code of Conduct	n/a	✔	100%	100%
	Completed supplier risk assessments	65%	✘	48%	65%
Regulatory compliance	TELUS complaints as a per cent of overall complaints to the CCTS	4%	✘	5.8%	5%
Economic performance and impact	Revenues (consolidated)	Please see 2014 Annual Report	✔	\$11.9 billion 4.6%	\$11.9 to \$12.1 billion 4 to 6%
	EBITDA ³	Please see 2014 Annual Report	✔	\$4.23 billion 5.0%	\$4.15 to \$4.35 billion 3 to 8%
	Basic EPS	Please see 2014 Annual Report	✔	\$2.33 14%	\$2.25 to \$2.45 11 to 21%
	Capital Expenditures ⁴	Please see 2014 Annual Report	✘	\$2.36 billion	\$2.2 billion

¹ TELUS maintains internal targets for these measures and is developing a blended objective for future disclosure in alignment with our Customer Experience key focus area.

² The 2013 results and 2014 targets, results and growth rates exclude Public Mobile.

³ EBITDA is a non-GAAP measure and does not have a standardized meaning under IFRS-IASB. Therefore, it is unlikely to be comparable to similar measures presented by other companies. See Section 11 of Management's discussion and analysis in our 2014 annual report.

⁴ Capital Expenditures exclude spectrum licenses expenditures.



1.6 Assurance

To: The Board of Directors and Management of TELUS

What we looked at: scope of our work

We have reviewed selected corporate-wide and business unit performance indicators in TELUS' 2014 Corporate Social Responsibility Report on Sustainability (the Report) for the year ended December 31, 2014. TELUS management is responsible for collection and presentation of the indicators and information set out in the Report. A review does not constitute an audit and, consequently, we do not express an audit opinion on the selected performance indicators. TELUS was responsible for selecting performance indicators as well as their presentation in the report. We reviewed the selected quantitative indicators noted in Appendix A and TELUS' self-declaration that it has met the Core level of conformance with the GRI G4 requirements. We did not review the narrative sections of the Report, included as footnotes, except where they incorporated the selected performance indicators. Our responsibility is to express an independent conclusion on whether anything has come to our attention that causes us to believe that the selected performance indicators are not presented fairly, in all material respects, in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. The GRI G4 definitions can be found at www.globalreporting.org.

What we did: assurance standards and key assurance procedures

We conducted our review in accordance with the International Standard on Assurance Engagements (ISAE) 3000 developed by the International Federation of Accountants. As such, we planned and performed our work in order to provide limited assurance with respect to the selected performance indicators that we reviewed. Our review criteria were based on the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. Our procedures included:

- § interviewing relevant TELUS management and staff responsible for data collection and reporting;
- § obtaining an understanding of the management systems, processes and the relevant controls used to generate, aggregate and report the data at TELUS regional operations and head office;
- § reviewing relevant documents and records on a sample basis;
- § testing and re-calculating information related to the selected performance indicators on a sample basis; and
- § assessing the information for consistency with our knowledge of TELUS operations, including comparing TELUS' assertions to publicly available third-party information.

Environmental and energy use data are subject to inherent limitations of accuracy given the nature and the methods used for determining such data. The selection of different acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

What we found – Our conclusion

Due to a lack of available detailed water consumption data for owned buildings in the province of Quebec, this information has been excluded from TELUS' overall water withdrawal indicators.

Based on our work described in the Scope of Our Work section above, except for the effects of excluding the water withdrawal data described in the preceding paragraph, nothing has come to our attention that causes us to believe that the subject matter are not presented fairly, in all material respects, in accordance with the relevant criteria.



Deloitte LLP
Chartered Accountants
Vancouver, British Columbia, Canada
May 11, 2015



1.7 Global Reporting Initiative (GRI) guidelines

This report has been prepared using the Global Reporting Initiative (GRI-G4) Guidelines. The index lists where you can find information related to each GRI criterion – either in this report, the TELUS 2014 Annual Report, or Information Circular. Combined, these reports form TELUS’ reporting package of economic, social and environmental performance.

The 2014 Sustainability Report period of reporting consists of the 2014 calendar year and information reported within is confined to that period. TELUS has been publishing annual CSR reports since 1997. Questions concerning content of information within the 2014 sustainability report should be directed to sustainability@telus.com.

Throughout the year we also provide information to the Dow Jones Sustainability Indexes, FTSE4Good, the Carbon Disclosure Project and other organizations that help investors understand the economic, environmental and social performance of companies.

This Report is organized and presented in accordance with the GRI G4 framework, using the “Core” option. Deloitte LLP has provided limited assurance of indicators symbolized throughout the report with **A**.

TELUS supports the UN Global Compact and its 10 principles covering human rights, labour, environment and anti-corruption. The Communication on Progress section of our Sustainability Report covers TELUS’ progress in 2014 in these areas and we reference the UNGC Principles in the GRI table.

For the complete list and review of GRI G4 material aspects, please visit the online version of our report at sustainability.telus.com.

Sustainability at TELUS

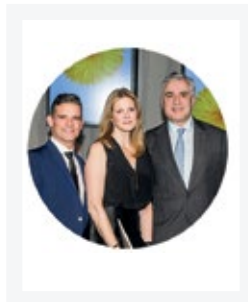




2.1 CEO message

Our team is committed to improving the lives of Canadians and strengthening our communities. It's part of our DNA and this is why it's so important that we balance our business goals with our social responsibility. We are building environmentally friendly workplaces, striving to reduce our absolute energy consumption and greenhouse gas emissions, investing in healthcare and expanding our broadband networks to connect more Canadians with the world and with one another. We are also giving back by volunteering in our communities and supporting the many causes we care about. It's not enough to merely run a successful business; our customers expect more from us – they expect us to have a social license to operate. I believe we do. We have an ambitious sustainability agenda and we are guided by the universal principles of the [United Nations Global Compact](#) in respect of human rights, labour, environment and anti-corruption practices. Although we may sometimes fall short of achieving all of our sustainability goals, we keep trying because we know this is the right investment; it's an investment in our planet and our future.

Joe Natale, President and CEO
TELUS
May 11, 2015



Joe Natale with TELUS Employees Danny Serraglio and Sigrid Ellefsenat at a team celebration in Quebec.



2.2 Chief Sustainability Officer message

Inspired by nature: creating a healthier, more sustainable future

Inspired. This one word best describes how my team and I feel about the future of sustainability at TELUS. We are passionate and ready for the next steps in our sustainability journey at TELUS. Over the past number of months, we have once again engaged our many stakeholders, including customers, employees and investors, to help us validate the issues critical to our sustainability strategy and reporting. We have good insight into our strengths and opportunities and will continue to collaborate with teams across TELUS to create action plans and objectives that will build on our solid foundation and renew our focus on realizing our vision and implementing our strategy for a sustainable future. Introducing our new sustainability vision at TELUS:



We take pride in our sustainability and environmental stewardship and the accolades we've garnered along the way such as being named to the [Dow Jones Sustainability North America Index](#) for the 14th consecutive year – a feat unequalled by any North American telecommunications or cable company. With all of the successes we've achieved, we promise to not become complacent in our commitment to our business, our environment and our communities.

We take our commitment seriously but we realize that there is a lot for us to do in the years ahead. We understand the importance of network reliability and business continuity for our customers. We recognize that given the growth of our customer base, the expansion of our networks and the increasing demand for data and connectivity, the energy required to meet these demands can increase our carbon footprint. We are becoming more efficient in these areas as we progress, but absolute reductions will remain a challenge. However, with such challenges come opportunities for us to innovate and better understand the impacts of our operations.

We've embarked on this journey to make a difference. As TELUS' Chief Sustainability Officer I am passionate about supporting our team's efforts to create greener, healthier communities across Canada. We believe that the health of our communities, our customers and our team is tied to the health of our planet. Sustainability is a holistic mindset that guides every decision we make and challenges us to innovate. We are committed to Sustainability and achieving responsible growth as we strive to be a globally leading corporate citizen.

Sincerely,

A handwritten signature in black ink that reads "Andrea". The signature is written in a cursive, flowing style.

Andrea Goertz
Chief Sustainability and Communications Officer
TELUS
May 11, 2015



2.3 Sustainability leadership

Each and every day, we are focused on delivering a more sustainable future.

Inspired by nature, the TELUS team is passionate about creating a healthier, more sustainable future. We believe there is a harmonious relationship between our company, our team and the health and prosperity of our communities. We take a balanced approach to business, delivering economic growth with a diligent focus on meeting our environmental and social objectives. In this regard, we are making progress toward our sustainability goals by:

- § Taking action to reduce our absolute energy consumption and GHG emissions
- § Investing in and collaborating with our team and our communities
- § Strengthening our governance, transparency and disclosure
- § Expanding our network to improve reliability and accessibility for all customers, including people living in remote communities
- § Enhancing our efforts with respect to product stewardship.

As signatories to the [United Nations Global Compact](#) and by having our reporting aligned to GRI guidelines, we are using international frameworks that both inform our strategy and help us communicate our progress to stakeholders. This allows TELUS to achieve important goals such as integrating our sustainability strategy with universal principles and international standards and providing stakeholders with focused, comprehensive and transparent information about our sustainability performance.



2.4 United Nations Global Compact



The United Nations has developed a global agreement, or compact, to help businesses align their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. TELUS supports the compact and we align our report with its principles. We became a signatory of the UNGC in 2010 and continued our support throughout 2014.

We committed to spearheading the Canadian Chapter of the UNGC in late 2012, and the Chapter was officially launched in 2013. As a patron member of the Global Compact Network Canada (GCNC), TELUS continues to demonstrate our commitment to the Principles of the UNGC. The Global Compact Network Canada (GCNC) offers the Canadian business and non-business sectors a unique opportunity to learn and exchange best practices in corporate responsibility within the network and among global peers. In doing so, we build the capacity of the Canadian corporate sector, empowering companies to embrace the UNGC's principles within their national and global operations.

Specifically in 2014, TELUS participated in a communication working group with GCNC peers which resulted in publishing a whitepaper on sustainability reporting in Canada.

“Since our launch in 2013, TELUS has been a leader in actively collaborating with the Global Compact Network Canada via working groups, a reporting peer review program, events, and webinars. Through leading by example, TELUS plays an important role in helping us create a community of corporate peers that work together to innovate on the most pressing social and environmental issues in Canada and globally. I commend TELUS' leadership in continuing to lead a national working group on communication and transparency in 2015, and in actively encouraging some of its direct and indirect suppliers to become UN Global Compact signatories. I look forward to continued collaboration in 2015.”

- Helle Bank Jorgensen, Head, Global Compact Network Canada



2.4.1 Human rights

UNGC Principle 1: Businesses should support and respect the protection of international human rights within their sphere of influence.

TELUS has a long-standing commitment to respecting and protecting human rights as outlined in our [Code of Ethics and Conduct](#), and reflected in our respectful workplace, employment equity and diversity practices. The Code ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct expected of all employees, including officers and members of the TELUS Board of Directors. The Code, which is updated and published annually, formalizes our commitment to safeguard internationally proclaimed human rights. Further details about TELUS' expectations are provided for employees in our Respectful Workplace policy.

Each year, TELUS requires its employees and contractors to complete an online training course that outlines key aspects of the Ethics, Respectful Workplace, Security and Privacy policies. Entitled Integrity 2014, the course was completed by **A** 100 per cent of employees and over 94 per cent of contractors. TELUS has also implemented specific training based upon its Respectful Workplace policy.

In addition to complying with the Code of Ethics and Conduct and Respectful Workplace policy, our international operations follow local legislation that protects human rights in all jurisdictions where we operate.

TELUS has several processes in place to further monitor our human rights practices:

- § Collective agreements that set out the steps of grievance and arbitration processes available to employees
- § An internal complaints procedure about respectful workplace practices that are investigated and addressed by the Respectful Workplace Office, and reported quarterly to the Human Resources and Compensation Committee of [TELUS' Board of Directors](#)
- § The TELUS [EthicsLine](#), which provides an opportunity for anyone to anonymously and confidentially ask questions, request support or make a good faith report about a real or perceived violation of the Code of Ethics and Conduct, government law or regulation, questionable business practices or accounting/auditing matters.

TELUS' [Supplier Code of Conduct](#) sets out social and environmental practices that our business partners must adhere to. The code aligns to the 10 principles of the UNGC. We expect our suppliers to:

- § Comply with applicable laws and regulations wherever they operate
- § Follow recognized standards of behaviour
- § Advance social and environmental responsibilities
- § Operate consistently with TELUS' commitment to being a leading corporate citizen
- § Make certain their affiliates, suppliers, employees and contractors perform obligations to TELUS that are in line with the ethical standards set out in this Code.

UNGC Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

TELUS' focus on respect in the workplace is an indication of our commitment to nurturing a positive, professional and safe working environment and is a cornerstone of our leadership values and culture. When employees respect each other, we improve work relationships, enhance teamwork and increase productivity. In support of this priority, TELUS launched the Respectful Workplace Office in 2004, which oversees our Respectful Workplace policy and works to resolve any issues identified through our processes.

Each year, key points from TELUS' Respectful Workplace policy are covered in our mandatory Integrity training course. In addition, all newly hired employees are provided training on the policy. Our overriding goals are to:

- § Help employees understand the law and what is considered acceptable behaviour at work
- § Be sure employees are aware of the protections and processes available to them should an inappropriate workplace issue arise.

TELUS analyzes complaints filed by employees with the [Canadian Human Rights Commission](#) to determine if there are any internal practices that are causing concern and require attention.

In 2014, we updated our Supplier Code of Conduct and expect our suppliers to evaluate the origin or source of their materials throughout their supply chains to reasonably assure that they have not been obtained in any illegal or unethical manner. In particular, our suppliers must have a policy to reasonably assure that the tantalum, tin, tungsten and gold, or other rare earth minerals in their products, do not directly or indirectly finance or benefit armed groups that are perpetrators of human rights abuses in the Democratic Republic of the Congo or an adjoining country. Suppliers are expected to exercise due diligence on the source and chain of custody of these minerals and make their due diligence measures available to TELUS upon request.



2.4.2 Labour standards

UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Bargaining Unit

For employees covered by collective agreements, there are mutually agreed to adjustment processes for affected employees that include redeployment to another position based on seniority/qualifications, wage protection/retraining opportunities, paid relocations, early retirement or voluntary severance options. The notice periods in our collective agreements vary based on factors such as the nature of the operational issue, technological change, economic conditions, the bargaining agent and in some cases an employee's seniority. In our collective agreements, notice for operational changes varies from a minimum of three weeks to a maximum of 12 months.

We maintain respectful and professional relationships with the bargaining agents that represent our employees across Canada and thus the right to exercise freedom of association and collective bargaining is not at risk or an issue for TELUS.

TELUS upholds our employees' right to freedom of association at the workplace and maintains a constructive dialogue with all labour unions and work councils active in our operations.

TELUS employees across Canada are represented by four different unions:

- § Telecommunications Workers Union (TWU)
- § Syndicat québécois des employés de TELUS (SQET)
- § Syndicat des agents de maîtrise de TELUS (SAMT)
- § B.C. Government and Services Employees' Union (BCGEU).

The agreement with the TWU, which expires on December 31, 2015, covers approximately 10,735 employees across Canada and uniquely, is the only nationwide collective agreement in the wireless and wireline telecommunications industry. Negotiations for a new collective agreement between TELUS and the TWU are expected to begin in the fall of 2015.

Additionally, we have approximately 1,510 employees represented by the SQET and the SAMT in the province of Quebec under three separate collective agreements (one with the SQET and two with the SAMT). The SQET contract, covering approximately 845 trades, clerical and operator services employees, was renewed after successful negotiations that were completed in October 2014. The new collective agreement between TELUS and the SQET is effective January 1, 2015 and expires on December 31, 2017.

Our subsidiary, TELUS Sourcing Solutions Inc., is a signatory to a collective agreement with the BCGEU, which covers approximately 65 employees. That contract came into effect on May 1, 2013 and expires on April 30, 2016.

Union recognition through consultation

TELUS strongly believes in building professional and respectful relationships with the bargaining agents representing our employees. Communications with the unions is recognized as an important element in nurturing these relationships. To this end, we have negotiated provisions in our collective agreements with the TWU and the SQET that establish formal structured consultation committees and processes. In addition to the regular information sharing with unions in 2014, there were numerous joint consultation sessions at the executive level to discuss matters of mutual interest. Additionally, TELUS provides advance notice to its unions and affected employees regarding operational changes such as contracting out, technological change and mergers, acquisitions and divestitures. Notice requirements of such changes are contained in the collective agreements.

Board of Directors Diversity Representation

TELUS also recognizes that diversity and inclusiveness contributes to the social and economic well-being of our country and is working to encourage greater diversity on corporate boards across Canada through our leadership as a founding partner with the Canadian Board Diversity Council and the Council's Diversity 50 initiative.

TELUS is further promoting the advancement of women on Canadian boards by supporting the Catalyst Accord's pledge for Canadian corporations to increase the overall proportion of Financial Post 500 board seats held by women to 25 per cent by 2017. Moreover, the [TELUS Board of Directors](#) adopted a target of having diverse members represent between 30 and 40 per cent of its independent directors by May 2017 and recently adopted an additional target to have 30 per cent women on our Board by the end of 2019. This is consistent with Darren Entwistle becoming a founding member of the 30 % [Club Canada](#), which is also working toward having 30 per cent women on boards by the end of 2019. As of March 2015, diverse members (five director nominees) represent 38 per cent of the independent directors of the Board, and female members (three director nominees) represent 23 per cent of our independent directors up for nomination at our 2015 annual meeting.

UNGC Principle 4: The elimination of all forms of forced and compulsory labour.

The following codes and policies guide our workplace practices and provide assurance TELUS does not use or support forced labour at any of our operations:

- § The TELUS [Code of Ethics and Conduct](#) states that employees have the right to a safe and violence-free workplace, and violence in the workplace is considered a criminal issue
- § A Violence Prevention in the Workplace Investigation and Reporting policy
- § Our [Supplier Code of Conduct](#) addresses forced labour and does not allow the use of forced labour in our supply chain.
- § UNGC Principle 5: The effective abolition of child labour.
- § TELUS does not use or support child labour at any of our operations. In fact, the TELUS [Supplier Code of Conduct](#) does not allow the use of child labour anywhere in our supply chain.

UNGC Principle 6: The elimination of discrimination in respect of employment and occupation.

The TELUS [Code of Ethics and Conduct](#) states that every team member has the right to a workplace that is free from discrimination and harassment. We place great importance on maintaining a culture that encourages the achievement of our business objectives in a manner consistent with our values. To promote company-wide awareness of this issue, all employees must complete annual online Integrity training as a term of employment as noted above under Principle 1.

TELUS recognizes an inclusive environment that values diversity of thought, background, skills and experience facilitates a broader exchange of perspectives. TELUS' Diversity and Inclusiveness Council has developed and implemented initiatives including providing diversity training to TELUS employees and assisting with the establishment of employees resource groups.

These resource groups include:

- § Alliance: our resource group for active and retired military personnel and the families who support them
- § Connections: our women's network
- § Abilities Network: for employees and family members with varying abilities
- § Eagles: our First Nations network
- § Mosaic: for multicultural employees
- § Spectrum: a network for our lesbian, gay, bisexual, transgender and allies.

To learn more about diversity and inclusiveness at TELUS, review our [2013 TELUS Diversity and Inclusiveness Report](#).



2.4.3 Environment

UNGC Principle 7: Businesses should support a precautionary approach to environmental challenges.

Responsibility for managing TELUS' environmental footprint is shared by senior leaders from across our Company who have specific areas of expertise such as risk management, network operations, real estate operations, supply operations, procurement and our environmental consultants. The Corporate Governance Committee of TELUS' Board of Directors receives quarterly reports about TELUS' ongoing environmental risk management activities.

TELUS' **Environmental policy** explains our commitment to environmental responsibility. TELUS has had a formal environmental management system (EMS) since the mid-1990s and in 2013 we reached alignment with the ISO 14001:2004 standard. Looking forward, we will continue to make improvements to our EMS, evaluating the certification of our system to the ISO 14001:2004 standard in 2015.

TELUS established a Climate Change Strategy in 2010 with a goal of reducing absolute energy consumption by 10 per cent and realizing a 25 per cent reduction in greenhouse gas (GHG) emissions by 2020 based on 2010 levels. We monitor and report our progress annually and these goals form a component of our Executive Leadership Team personal performance objectives.

UNGC Principle 8: Undertake initiatives to promote greater environmental responsibility.

The strength of our environmental and sustainability culture at TELUS is the result of over two decades of dedicated work in this field. Since we published our first environmental report in 1992, we have continued to evolve our environmental management and sustainability program to support what we believe is a best-in-class sustainability program. Our disclosure now aligns to the Global Reporting Initiative G4 guidelines and in 2014, we were named to the Dow Jones Sustainability North American Index (DJSI) for the fourteenth consecutive year. Additionally, we received Bronze Class and Industry Mover distinction from **RobecoSam**, the organization who performs the assessments on behalf of the DJSI. The Environmental Management section of this report details initiatives that promote greater environmental responsibility, including training, auditing and ongoing assessment of our environmental performance and compliance.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

TELUS develops and implements technology solutions that support the principle of moving ideas instead of people. Our TELUS Technology Labs enable testing, trialing and proof of concept of emerging technologies and services. Associated with the labs, TELUS Innovation Centres across Canada showcase our current and potential future networks and services. When we implement environmentally friendly technologies internally, we not only support our own sustainability goals, we provide benefits to society as a whole by reducing resource use and GHG emissions. In 2014, we implemented approximately 100 energy efficiency initiatives, resulting in the elimination of 45.2 GWh of annualized energy waste and \$4.5 million in savings. Externally, we offer videoconference and teleconference technologies for our customers and partners, which reduces the need for travel, providing a reduced carbon footprint.

Key energy efficiency program highlights include:

- § \$37.8 million cumulative operational costs avoided from program inception
- § 23.6 GWh of improved efficiency of power and cooling systems in buildings
- § 12.1 GWh eliminated through legacy equipment turndowns and server/storage decommissioning
- § 9.5 GWh of reduced energy consumption from real estate consolidation, energy efficiency programs and our Work Styles implementation.

Additionally, our Work Styles program, Green Building initiatives and many of our [TELUS Health](#) solutions support this principle.



2.4.4 Anti-corruption

UNGC Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Strengthening anti-bribery and corruption procedures across TELUS remains a priority. In 2014, we continued to build on the risk-based review and framework developed in 2012, as follows:

- § Senior management involvement and support: senior leaders across TELUS were identified as responsible and accountable for making sure the Anti-Bribery and Corruption Compliance Program is effectively implemented and consistently monitored. Senior executives set the tone to create a culture where bribery is unacceptable.
- § Corporate compliance policies and procedures: a specific Anti-Bribery and Corruption Policy was rolled out to the TELUS team after being approved by the [TELUS Board of Directors](#). The policy provides further clarity and guidance for employees and third parties engaged by TELUS, and supplements other guidance in the [TELUS Code of Ethics and Conduct](#), the [Supplier Code of Conduct](#), and our Code of Conduct for Business Sales Activities.
- § Training and education: our annual Integrity training highlights our zero-tolerance approach to bribery and corruption. Further training continues to be provided through our Business Sales Code of Conduct and Anti-Bribery and Corruption programs.
- § Monitoring, auditing, and reporting mechanisms: employees in various areas of the company are tasked with ensuring the ongoing effectiveness of the compliance program. Future reviews and audits will be conducted and reports will be provided by our Compliance Office to the TELUS Board of Directors as appropriate.
- § Incentives and consistent disciplinary procedures: annual performance objectives were created for employees responsible for implementing and monitoring the compliance program. Failure to act in accordance with the Anti-Bribery and Corruption Policy may subject employees to disciplinary action, which may include dismissal.



2.5 Sustainability awards

In 2015, TELUS once again earned external recognition for our accomplishments and commitment to sustainability. Our efforts have resulted in TELUS being recognized as a world leader in sustainability performance and being named:

- § One of the **Global 100 Most Sustainable Companies in the World** by Corporate Knights for the fifth time since 2009, including ranking 37th in 2015. TELUS is the only North American telecommunication company and one of 12 Canadian companies to earn this distinction
- § A Carbon Disclosure Leader by the **Carbon Disclosure Project** (fourth time)
- § To the **Dow Jones Sustainability North America or World Index** member for the past 14 years – a feat unequalled by any North American telecommunication or cable company
- § One of **Corporate Knights' Best 50 Corporate Citizens in Canada** (eighth time)
- § One of the **Top 50 Socially Responsible Corporations** for six consecutive years by Jantzi-Sustainalytics
- § One of **Canada's Greenest Employers** by Mediacorp (fourth time)
- § Award of **Excellence for Corporate Governance Disclosure and for Corporate Reporting** in the Communications and Media sector from the Chartered Professional Accountants of Canada
- § Consistently on the FTSE4Good index.



Environmental Stewardship

Each and every day, we are planning a healthy future.



Overview

We believe that committing to environmental stewardship is simply the right thing to do. TELUS is taking measured action to address climate change and our overall impact on the environment including meeting legal requirements, minimizing spills, releases and waste, enhancing our Environmental Management System and environmental education efforts. The Intergovernmental Panel on Climate Change states the increase in human-caused greenhouse gas (GHG) emissions is driven by economic and population growth. This increase in emissions is causing more extreme weather events, rising sea levels and heavy precipitation, which can affect TELUS operations and service to our customers

Our commitment to address this critical issue is supported by a dedicated internal team that has annual goals of reducing our energy usage and GHG emissions. Our passion for measuring our business activities that affect the environment and minimizing any negative impacts is strongly supported by all levels of our organization from the leadership team to the working teams that manage environmental projects.

We also seek to build capacity within our supply chain, in our communities and with our customers and employees when it comes to environmental stewardship through investment and education. Our motivation to reduce our footprint is demonstrated by our climate change goals of absolute reductions from 2010 to 2020:

- § Reducing our absolute energy consumption by 10 per cent
- § Reducing our absolute GHG emissions by 25 per cent.

Additionally, we strive to reduce energy costs and energy-related risks, explore alternative energy solutions and support UNGC principles on the environment.



3.1 Energy use and climate change

Overview

Each year, as our customer base grows, so does the demand on our networks and the energy required to power them. This gives us an opportunity to look carefully at how we can use our internal capabilities and drive for innovation to achieve absolute energy and GHG emissions reductions year over year.

Methodology

In 2014, we reviewed our GHG accounting methodology and documented our **standardized approach** to data collection, emission factors and reporting. Using this methodology, we reviewed emissions data from our base year 2010 through 2014 in order to enhance the accuracy of our data and improve the scope of our disclosure to best represent our GHG footprint. The result of our recalculation showed an increase in the amount of reliable, reportable data, including the ability to incorporate TELUS Retail and TELUS Health data in our baseline and annual calculations from 2010. Additionally, to improve our governance, we documented emission factors, kWh equivalent conversions, listed backup sources and added commentary behind the context of the data. TELUS is not required to report energy and GHG emission data to regulatory or industry bodies.

We categorize our energy and GHG consumption according to the GHG Protocol guidelines:

- § Scope 1: direct energy sources such as fuels that include natural gas, gasoline, diesel, propane and heating oil
- § Scope 2: indirect energy sources such as electricity
- § Scope 3: other energy sources such as air travel.
- § Our energy footprint is made up of direct energy and indirect energy for our domestic-owned and leased real estate properties, cell tower sites, vehicle fleet, employee air travel and remote generator fuel.



3.1.1 Energy efficiency

In 2014, we implemented approximately 100 energy efficiency initiatives, resulting in the elimination of 45.2 GWh of annualized energy waste and \$4.5 million in avoided energy costs.

Key program highlights:

- § \$37.8 million cumulative operational costs avoided from program inception
- § 23.6 GWh of improved efficiency of power and cooling systems in buildings
- § 12.1 GWh eliminated through legacy equipment turndowns and server/storage decommissioning
- § 9.5 GWh of reduced energy consumption from real estate consolidation, energy efficiency programs and our Work Styles program implementation.

Additionally, in 2014 we installed a nine kilowatt [solar energy solution](#) at one of our plant buildings in West Edmonton that should produce nearly 14,000 kWh of energy annually and reduce our carbon emissions by 12 tonnes per year. Although this solution will provide only about three per cent of the overall energy required for this building, the project gives us an opportunity to learn on a number of fronts. TELUS currently does not sell any energy generated.

Although we have successfully implemented many energy efficiency initiatives, we are likely to be challenged to meet our energy reduction objectives due to the continuous growth of our networks to serve our customers' increasing demand for connectivity and data. Our focus will remain on reducing GHG emissions and seeking ways to continue to improve our energy efficiency. We plan to continue our energy management program and further explore alternative energy opportunities to help us progress toward our goal.

3.1.2 Energy consumption results

In 2014, we reviewed our energy data going back to our base year of 2010, using a new standardized energy and GHG reporting methodology as a guide. As the quality of our data has improved since we first began reporting energy and GHG data in 2010, data disclosed in this report has changed slightly from previous years.

In 2014, our customer base grew by 2.9 per cent. This growth was accompanied by increased demand for data and network growth which required more power. Specifically, in 2014 the number of cell sites in British Columbia and Alberta increased by approximately 25 per cent. Given this growth, despite ongoing efficiency initiatives, decreases in stationary diesel and propane usage as well as decreased consumption in fleet diesel and gas, our domestic energy use increased by 1.7 per cent year-over-year. This increase can primarily be attributed to the growth of our wireless network in Western Canada and Quebec. Our total energy use in 2014 was 1360 GWh. This consisted of **A** 391 GWh in Scope 1 energy use and **A** 969 GWh in Scope 2 energy use.

Total Energy Consumption in GWh

	eGWh								
	2014	% change	2013	% change	2012	% change	2011	% change	2010
Scope 1	390	-2.1	398	1.8	391	-5.8	415	-3.3	430
Scope 2	941	3.4	911	0.8	903	-0.1	904	5.8	853
Total Scope 1 and 2	1,331	1.7	1,309	1.1	1,294	-1.9	1,319	2.8	1,283
TELUS International	29	6.2	26	4.4	25	58.0	16	-0.2	16
Total Scope ¹ 1, 2, and TI	1,360	1.8	1,335	1.2	1,319	-1.2	1,335	2.7	1,299

¹ Does not include flight emissions

Base Year Comparison

When compared to our base year of 2010, at the end of 2014 we have increased our absolute energy use by 3.7 per cent. Cumulative impacts of our energy management program and other ongoing energy reduction initiatives have been effective in limiting the growth in energy use given that our customer base, and the associated demand for data, has increased by 12 per cent over the same period of time.

Total domestic scope 1 and 2 energy vs. base year

	2014	Compared to base year (%)	2010
Scope 1 MWh	389,710	-9.3	429,510
Scope 2 MWh	941,333	10.3	853,754
Total	1,331,043	3.7	1,283,264

Intensity Metrics

To further assess our efficiency efforts, for 2014 we have added a new energy intensity metric in relation to annual revenue and have continued our energy intensity metric in relation to customer connections, though we have changed our base from GWh to MWh. This allows us to consider the efficiency of our overall energy usage per customer as well as per revenue. TELUS' MWh per customer connection has been reduced by 1.1 per cent and our MWh per million dollar in revenue has been reduced by 3.3 per cent year-over-year. Additionally, our energy intensity per customer connection has been reduced by seven per cent since our baseline year of 2010 and our energy intensity per million dollar in revenue has been reduced by 15 per cent over the same period.

Energy Intensity: Customer Connection

	2014	YoY change (%)	2013
Net Customer Base (M)	13,678	3	13,296
MWh per customer	0.097	-1	0.098

	2014	Compared to baseline year (%)	2010
Net Customer Base (M)	13,678	12	12,253
MWh per customer	0.097	-7	0.105

Energy Intensity: Revenue

	2014	YoY change (%)	2013
Annual Revenue (\$M)	12,002	5	11,404
MWh per (\$M) revenue	111	-3	115

	2014	YoY change (%)	2010
Annual Revenue (\$M)	12,002	23	9,792
MWh per (\$M) revenue	111	-15	131

3.1.3 Greenhouse gas emission results

In 2014, we reviewed our energy data going back to our base year of 2010, using a new standardized energy and GHG reporting methodology as a guide. As the quality of our data has improved since we first began reporting energy and GHG data in 2010, the data disclosed in this report has changed slightly from previous years.

GHG emissions are dependent on internal factors such as actual energy usage and external factors such as emission factors that are applied to TELUS' energy usage depending on the source (location) and type of energy used. In 2014, the electricity emission factor for Alberta increased by 11 per cent from 2013. With approximately 40 per cent of our total energy use attributed to Alberta, an increase in the provincial emission factors has a significant impact on our annual GHG emissions. As a result, our Scope 1 and 2 domestic GHG emissions increased 8.1 per cent year-over-year in 2014. Our scope 3 emissions are defined as air travel emissions and have decreased 11 per cent year-over-year. Our total emissions in 2014 were 400,232 tonnes CO₂e. This consisted of **A** 85,459 tonnes CO₂e in Scope 1 emissions, **A** 299,197 tonnes CO₂e in Scope 2 emissions and **A** 15,576 tonnes CO₂e in Scope 3 emissions.

Total GHG Emission in tonnes of Carbon Dioxide equivalent (CO₂e)

	tonnes of CO ₂ e								
	2014	% change	2013	% change	2012	% change	2011	% change	2010
Scope 1	83,530	-1.7	84,948	1.1	84,045	-4.1	87,654	-4.2	91,497
Scope 2	280,766	11.4	252,028	-16.6	302,089	0.2	301,340	-7.3	324,919
Total Scope 1 and 2	364,296	8.1	336,976	-12.7	386,134	-0.7	388,994	-6.6	416,416
Scope 3	15,576	-11.0	17,506	6.2	16,478	-0.2	16,515	-4.3	17,251
TELUS International Scope 1	1,929 ¹	1796	102	18.8	86	400.6	17	170.0	0
TELUS International Scope 2	18,431	4.9	17,571	4.3	16,851	66.8	10,103	-0.6	10,169
Total Scope 1, 2, 3 and TI	400,232	7.5	372,155	-11.3	419,549	0.9	415,629	-6.4	443,835

¹ 2014 is the first year we are able to report TELUS International Central America data for diesel and gasoline

Base year comparison

Despite the increase in GHG emissions from 2013 to 2014, our 2014 emissions against our base year still show favourable results. We have realized a 12.5 per cent reduction in GHG emissions since 2010. The primary contributor to this decrease is the ongoing implementation of real estate consolidation and our Work Styles program, which allow us to significantly reduce our leased property footprint.

Total domestic scope 1 and 2 GHG vs. base year

	2014	Compared to base year (%)	2010
Scope 1 tonnes CO ₂ e	83,530	-8.7	91,497
Scope 2 tonnes CO ₂ e	280,766	-13.6	324,919
Total tonnes CO₂e	364,296	-12.5	416,416

Intensity metrics

To further assess our efficiency efforts, in 2014 we have added a new GHG intensity metric in relation to annual revenue and have continued our GHG intensity metric in relation to customer connections. This allows us to consider our overall GHG emissions per customer as well as per revenue. Our tonnes of CO₂e emissions per customer connection has increased five per cent year-over-year and our tonnes of CO₂e per million dollar in revenue increased three per cent year-over-year. Additionally, our GHG intensity per customer connection has been reduced by 22 per cent since our baseline year of 2010 and GHG intensity per million dollar in revenue has been reduced by 29 per cent over the same period.

GHG intensity: Customer Connection

	2014	YoY change (%)	2013
Net Customer Base (M)	13.678	3	13.296
Tonnes of CO ₂ e per customer	0.0266	5	0.0253

	2014	Compared to baseline year (%)	2010
Net Customer Base (M)	13.678	12	12.253
Tonnes of CO ₂ e per customer	0.0266	-22	0.0340

GHG intensity: Revenue

	2014	YoY change (%)	2013
Annual Revenue (\$M)	12,002	5	11,404
Tonnes of CO ₂ e per revenue (\$M)	30.35	-3	29.55

	2014	Compared to baseline year (%)	2010
Annual Revenue (\$M)	12,002	23	9,792
Tonnes of CO ₂ e per revenue (\$M)	30.35	-29	42.53



3.1.4 Environmental Leadership

Green buildings

Our goal is to create exceptional work environments using designs and processes that are environmentally responsible and resource efficient. For us, this process includes a full life-cycle view, from a building's initial design, through to its operation and maintenance and its eventual renovation and demolition. With a focus on energy conservation and sustainability, we are reducing our operational impact by building better, more efficient spaces as well as consolidating space while reducing costs. Building workspaces that encourage innovation and creativity and, most importantly, nurture our collaboration culture, are integral to our green building vision.

We aim for LEED Gold or better in our new buildings and are investing in upgrades to existing real estate assets across Canada. In 2014, our total certified LEED square footage was one million square feet, with another 400,000 square feet planned from 2015 to 2017, including the commercial space at TELUS Garden and TELUS Sky.

Prior to 2014, our LEED portfolio included TELUS House Ottawa, TELUS House Toronto and our Toronto Laird Internet Data Centre. In 2014, we added three more TELUS buildings to our list of LEED Certified buildings:

Building	Rating System	Certification
Place TELUS Quebec	LEED Core and Shell Development	Gold
Place TELUS Montreal	Commercial Interiors	Certified
Quebec Internet Data Centre	New Construction and Major Renovations	Gold

TELUS Garden

We are looking forward to completing TELUS Garden in 2015, a one million square foot residential condominium, retail and commercial real estate redevelopment project, currently under construction in downtown Vancouver. TELUS Garden will transform an entire square city block in the downtown district into one of the most technologically innovative and environmentally-friendly sites in North America. The residential tower will be built to LEED Gold standards and the office tower will be one of the first commercial towers in the country built to Canada's LEED Platinum standard.

TELUS Garden will be an icon for environmental sustainability, offering its own district energy system. The system will recover heat from the existing TELUS buildings on site, as well as rooftop solar collection, reducing energy consumption from conventional sources by up to 80 per cent compared to similar buildings and reducing carbon dioxide emissions by one million kilograms per year.

TELUS Sky

The TELUS Sky residential condominium, retail and commercial real estate redevelopment project, is underway in Calgary. The 750,000 square foot project will revitalize downtown Calgary offering a vibrant mix of office, retail space and residential rental units.

Built to the LEED Platinum standard, TELUS Sky will be the most significant next-generation property in Calgary's history and is planned to use up to 35 per cent less energy efficient than similar office buildings.



In 2014, our total certified LEED square footage was one million square feet, with another 400,000 square feet planned from 2015 to 2017, including the commercial space at TELUS Garden and TELUS Sky

TELUS' Super Internet Data Centres

TELUS has invested \$173 million to create two of the most technologically advanced and energy efficient Internet data centres in the world in Kamloops, British Columbia and Rimouski, Quebec.

These Super Internet Data Centres (SIDC) are over 80 per cent more energy efficient than traditional data centres and rank among the top-performing centres in North America, with a 1.16 Power Usage Effectiveness (PUE) rating at Kamloops and 1.24 at Rimouski. Both site locations were selected based on their appropriate climate, which enables more efficient cooling by using outside air to cool the servers year-round. The two SIDCs in Kamloops and Rimouski will save:

- § 64,000 litres of water per year or 86 per cent of water typically used for cooling data centres -- equal to using four times less water than a traditional data centre of the same size
- § 10,643,000 kWh of power per year, equal to the amount of electricity used to power 360 households each year.

In addition to being one quarter the size of traditional data centres and using up to 80 per cent less power than an average facility of the same size, the modular concept behind both centres allows for rapid expansion. Additional modules can be added in as little as 16 to 18 weeks, compared to a traditional data centre capacity expansion, which can take up to 18 months. The current and potential future capacity of these facilities also provides TELUS an opportunity to migrate existing servers from less efficient legacy data centres to these SIDC's and reduce costs.

Vehicle fleet

TELUS' vehicle fleet is used to support delivery of our wireless and wireline products and services. TELUS employees who maintain and repair our networks and support the installation of TELUS products and services for our customers use vehicles to help them perform required work. Despite our vehicle fleet increasing two per cent from 2013 (4,493 vehicles) to 2014 (4,587 vehicles), GHG emissions from our overall fleet was reduced by 10 per cent over this same time period, partially due to replacing 1,023 vehicles with more efficient options. This is a significant reduction as the emissions related to our vehicle fleet comprise 40 per cent of TELUS' overall Scope 1 emissions. Some fleet-related initiatives include:

- § Collecting aggregated data on vehicle usage to determine vehicle and driver efficiency
- § Deploying two plug-in hybrid electric vehicles to evaluate technologies with the highest potential return and validating the expected benefits in actual operational environments.



3.1.5 Work Styles

Work Styles, an innovative program that complements our real estate strategy, is about adaptability. This program allows our employees to work when, where and how they are most effective in meeting our business objectives and while achieving their personal work/life goals.

Through Work Styles, we are:

- § Creating value for our employees by supporting a flexible work environment
- § Supporting the consolidation and reduction of floor space
- § Reducing our environmental footprint through reduced GHG emissions.

Work Styles is also helping TELUS save more than \$40 million annually in real estate costs – and these savings will be reinvested in our business for the benefit of our customers.

TELUS employee reduced emissions and savings

Participants ¹	Total km saved ²	Total hours of commuting saved ³	CO ₂ e avoided (kg) ⁴
8,509	22,758,750	1,365,525	5,639,953

¹ Assumes mobile employees work three days/week at home and at-home workers five days/week.

² Kilometres (km): average 15 km round trip (Statistics Canada 2006 report).

³ Hours saved: based on 52 minutes per day (Statistics Canada 2010 report).

⁴ CO₂e avoided: Canadian National Inventory report emission factors and based on average mid-size car fuel efficiency.



3.1.6 Green Teams and our Sustainability Council

TELUS Green Teams are comprised of passionate, knowledgeable and committed employees who volunteer their time to promote sustainability in the workplace and at home. Led by a diverse, environmentally-focused cross-section of employees, our Green Teams are making a difference at work and in our communities, both in Canada and at our international locations in Central America and the Philippines. Green Teams are organized at the national and local levels, and participation is open to all employees.

Throughout 2014, we realized that some of our local teams were becoming less active than others for several reasons, including:

- § Increasing demands on time resulting in less time to volunteer
- § Turnover of Green Team members and leaders due to relocation or new core job responsibilities
- § Difficulty in understanding the connection of their effort and outcomes (lack of measurement).

For these reasons and others, we launched a Sustainability Council to enhance sustainability governance and better support our volunteer Green Teams. This Council will align its initiatives with corporate and sustainability strategies and priorities as well as provide a framework for tracking and coordinating local and national initiatives.

Our Sustainability Council is made up of a diverse group of 15 employees who will dedicate five to ten per cent of paid working time to help integrate sustainability considerations across TELUS with personal objectives tied to performance. Resource Groups have also been formed that are focused on:

- § Education and awareness
- § Green Team support, growth and measurement
- § Resource stewardship (waste and recycling, water)
- § Communication
- § Energy efficiency.

In 2014, our Green Teams led some exciting initiatives. For example, we began to see the results of our partnership with Communities Growing Together at [TELUS Community Garden](#), a rooftop garden located at our downtown Toronto offices. This initiative has a broad sustainability focus with the following objectives:

- § Promoting urban gardening awareness and sustainable food practices for employees and the community
- § Providing a wellness space within TELUS House Toronto where employees can meet and connect
- § Teaching employees about the benefits of gardening, whole-food nutrition, preserving and cooking
- § Connecting other gardening communities within the area
- § Growing local produce for donation or sale to employees or the community
- § Demonstrating the positive impact of Corporate Community Gardens through the engagement of an academic research partner, and tracking metrics like employee engagement, wellness before, during and after gardening activities, communications and events.

In the late spring and early summer, we began to harvest from our rooftop garden. The produce was assembled and sold to employees and the proceeds were donated to two local organizations focused on educating youth in gardening.

Green Teams at TELUS participated in many other events in 2014, including:

- § Promotion of car-pooling and transportation alternatives
- § Clothing drives and other recycling initiatives
- § Hosting Eco-Fairs – inviting vendors and partners to interact with and educate employees on sustainable living opportunities
- § Assisting with change management and education on new recycling/composting bin pilot program
- § Community gardening and composting workshops
- § Writing blogs and articles for external and internal audiences, with themes of environmental responsibility.

Green Team members also continued their sustainability leadership by organizing and participating in environmental events and celebrations such as Earth Hour, Earth Day and Environment Week. Through these organizational and leadership activities, our Green Team volunteers are able to further their personal growth and career development objectives, improve their communication skills and build their professional network.

In 2015, Green Teams plan to promote green ideas and environmentally sustainable living by collaborating with our Sustainability Council, internal operations teams and employees to:

- § Reduce their carbon footprint
- § Improve the stewardship of natural resources
- § Enhance waste diversion and recycling programs
- § Raise awareness and educate employees on sustainable living.



3.1.7 Species at Risk

TELUS has long-standing partnerships with several environmentally-focused organizations. Specifically, we have worked with the Nature Conservancy of Canada (NCC) to protect habitats, wetlands and species at risk since 2010. In 2014, TELUS launched its **Shop Wildly** campaign, which engaged our customers to help us direct support to five projects that created protected areas for eight species at risk in six provinces and covering over 3.9 million hectares. TELUS contributed more than \$214,000 to these projects.

NCC's on-the-ground work is led by a team of conservation science professionals who work to identify, plan and execute the protection of the best of Canada's natural spaces and manage and restore them for the long term. Each restoration measure is approved by the Nature Conservancy of Canada, a third party organization that is an expert in land and species conservation.

For information on other environmental partnerships, visit our Community Investment section. When filming animals for our advertisements, we only work with reputable owners and accredited zoos and sanctuaries, and require a professional animal advocacy representative to oversee all productions.



3.2 Environmental management

Environmental compliance

Meeting legal requirements, minimizing spills, releases and waste, enhancing our Environmental Management System and environmental education efforts are at the core of our approach to environmental management. Our goal, set in 2009, to align our Environmental Management System (EMS) with ISO 14001:2004 was achieved in 2013. In 2014, we took the next step, preparing for the certification of our Canadian operations to ISO 14001:2004 planned for the second quarter of 2015. This included advancement of our fuel management standard as well as our construction risk management procedures.

Auditing and site assessments

To affirm our compliance with regulatory requirements, TELUS standards and the ISO 14001:2004 framework, we conduct regular site assessments and audits of our operations. In 2014, we had a regulatory compliance and EMS audit conducted in Central and Eastern Canada. TELUS has now completed a full-cycle of internal environmental auditing and has assessed the compliance of 100% of our Canadian operations. TELUS will continue to conduct internal regulatory compliance and EMS audits and will focus on our operations in the province of British Columbia in 2015.

In addition to external audits, our team of environment professionals conducted 55 site audits throughout the year on TELUS facilities prioritized by their potential for environmental risks. This complements the more than 2,000 facility assessments conducted by network technicians on a yearly basis.

Training

Environmental training, provided to our employees and contractors for more than 30 years, is a key component of our EMS. Our training programs are designed to give employees the necessary information to address potential environmental risks associated with their work. Training covers topics such as spills and releases, response and reporting, and the transportation and disposal of waste. In 2014, employees completed 3,337 training courses with environmental themes. This is an increase over the 1,922 courses completed in 2013, and is a result of our course refresher frequency, which ranges from one to three years.

In 2014, to meet the ISO 14001:2004 requirements, we also introduced environmental awareness training for new employees and TELUS contractors, and redesigned current courses to improve their effectiveness.

Environmental compliance

TELUS is proud of our record of environmentally-conscientious operations, and for the past nine years, since 2006, we have not been fined for environmental non-compliance. We attribute this successful performance to our environmental management processes and the effectiveness of our employee training program.

To enhance transparency, quarterly reports are presented to the Corporate Governance Committee of TELUS' [Board of Directors](#) on issues resulting in written warnings or investigations by regulatory authorities. In 2014, only one such incident occurred:

- § In December 2014, TELUS was notified by [Alberta Environment and Sustainable Resource Development](#) (AESRD) of its investigation into the improper dumping of hydrovac slurry on a private property in Hinton, Alberta. Although the property owner had consented, the proper permitting and disposal citing requirements had not been completed by the owner or TELUS' hydrovac contractors. The contractors had dumped the slurry over a number of months in mid-2014 during a project to install additional telecommunications infrastructure in the Town of Hinton. Since being informed, TELUS has been working with external environmental consultants, AESRD and the property owner to assess the impact and develop a remediation plan. TELUS is also currently working with our construction operations and external contractors to identify suitable disposal options for the hydrovac waste and will communicate these requirements throughout our company, and also apply to any contractors performing work for TELUS.

Spills and releases

Under federal and provincial legislation, spills and releases which exceed established thresholds are required to be reported to the appropriate agency. In addition to reporting externally, we require that all spills (liquids) and releases (gas), regardless of the quantity, must be reported internally to our 24/7 call centre. The number of reportable spills by regulatory standards increased slightly from 36 in 2013, to 38 in 2014. Overall, we recorded 277 spills, an increase of 76 spills over 2013.

The majority (more than 80 per cent) of our recorded spill incidents are halocarbon releases from air conditioning equipment used to cool our facilities and network equipment. In 2012, we established a new public target to reduce the quantity of halocarbons released by 10 per cent from 2012 levels by the end of 2015.

In 2014, we were unable to meet this target as a result of issues we experienced while commissioning our Heating Ventilation and Air Conditioning (HVAC) systems at our two new Internet data centres. During the commissioning process, we had 27 refrigerant releases accounting for 15 per cent of the total refrigerant release from our Canadian operations in 2014. To address future issues, we have conducted full leak reviews and root cause analyses. An action plan is underway to modify all cooling distribution units, and also enhance Quality Assurance/Quality Control procedures with our vendors. With these changes, and the continued work we are doing to reduce releases across all our facilities, we plan to meet our target by the end of 2015.

The volume of liquids spilled in 2014 decreased significantly from 2,240 litres to 438 litres due to a reduction of glycol and hydrocarbon (diesel, gasoline, oil) releases.

In 2014, we continued to categorize our spill and release incidents based on volume. Quantity ranges for each type of material have been developed for each category (A, B and C) based on regulatory standards and associated hazards. Using this classification approach, TELUS defined **Category A** spills and releases as both reportable and serious, and set a target of zero for this category. In 2014, we had one **Category A** spill, a 181 kilogram halocarbon release from an HVAC system at our Rimouski, Quebec Internet data centre facility.

We continue to operate a 24/7 hotline that employees and contractors can call to report spill or release incidents. The hotline provides guidance for onsite management and reporting to external agencies as required. The follow up and root-cause analysis for each incident is performed by TELUS' Environment team.

Spills and releases reporting¹

A Assured figures

	2014	2013	2012
Reportable	A 38	36	43
Not reportable ²	A 239	165	147
Total spills and releases	277	201	190
Approximate volume (L) ³	A 438	3,181	672
Approximate weight (kg) ⁴	A 2,198	1,497	2,105
Category A – reportable, serious ⁵	1	1	0
Category B – reportable, significant ⁵	53	41	47
Category C – not reportable, insignificant ⁵	220	159	143

¹ Spill amounts reflect best estimates based on investigation results.

² Spills and releases below regulatory thresholds do not require reporting and are termed "not reportable." Definition of "reportable" varies by jurisdiction.

³ Volume in litres includes liquid petroleum hydrocarbons, battery acid, glycol and other.

⁴ Weight in kilograms includes refrigerants (Chlorofluorocarbons) and fire suppression agents (Halon and FM-200).

⁵ Halocarbon and fire suppression gases: Cat A >100 kg, Cat B >10 kg and up to 100 kg, Cat C < or equal to 10 kg

Hydrocarbon: Cat A > 1,000 L or enters water, Cat B > 100 L and up to 1,000 L, Cat C < or equal to 100 L

Glycol: Cat A > 500 L, Cat B > 5 L and up to 500 L, Cat C < 5 L

Acid: Cat A > 50 L, Cat B is > 5 L and up to 50 L, Cat C < or equal to 5 L.

Addressing contamination

By using a risk matrix based on the [Canadian Council of Ministers of the Environment](#) approach, TELUS prioritizes the management of its contaminated sites. Assessment and remediation techniques can vary with the extent of the contaminated area and by the degree and type of contamination. We focus on remediation as a means to improve our environmental footprint.

Our 2014 target was to conduct assessment and/or remediation work on 27 sites and complete remediation work on five sites. A 'completed site' is one where known contamination has been remediated according to the appropriate regulatory guidelines for soil and/or groundwater. We exceeded both targets, by successfully investigating **A** 36 sites and remediating six sites.

One of our significant remediation projects was completed in 2014 at our Strathcona Mountain tower site on Vancouver Island. In 2000, TELUS reported that a 15,000 litre diesel spill had occurred at this remote tower site. The diesel-fuelled generator that powers this site had leaked diesel from a broken fuel line. TELUS had conducted initial remediation efforts in 2000 and 2001 and had been monitoring the natural reduction of remaining contaminants on the site since then. In 2014, based on a detailed risk assessment that included a geological assessment of the mountain top, we applied for and were granted a formal risk-based Certificate of Compliance for the site by the B.C. Ministry of Environment. All of our remote operating sites with diesel-fuelled generators, including Strathcona Mountain, have been upgraded with full spill containment and monitoring systems as a result of learnings from this and other similar events.

Our target for 2015 is to conduct assessments and remediation activities at 28 sites and remediation on five sites.

Radio frequency emissions

TELUS understands there are public concerns over potential impacts associated with low levels of non-ionizing radio frequency (RF) emissions from mobile phones and cell towers. We look to recognized experts with peer-reviewed findings and government agencies to provide guidance on potential risks. While a small number of epidemiological studies have revealed that exposure to RF fields might be linked to certain cancers, other studies have not supported this association. Furthermore, animal cancer and laboratory studies have found no evidence that RF fields are carcinogenic to laboratory rodents or cause DNA damage.

In May 2011, the [International Agency for Research on Cancer](#) (IARC) noted that a positive association has been observed between long-term, heavy use of mobile phones and certain brain cancers for which a causal interpretation is considered to be credible, but that chance or bias could not be ruled out with reasonable confidence. The IARC classified RF electromagnetic fields from wireless phones as possibly carcinogenic to humans – a classification that includes 272 items such as chloroform, coffee and nickel. The IARC also called for additional research into long-term, heavy use of mobile phones.

In October 2011, Health Canada updated its [Safety of Cell Phones and Cell Phone Towers](#) advisory, noting that the link between RF emission exposure and cancer risk is far from conclusive and more research is needed. The IARC and Health Canada have advised mobile phone users that they can take practical measures to reduce their RF emission exposure, such as limiting the length of cell phone calls, using hands-free devices, and replacing cell phone calls with text messages. In addition, Health Canada encourages parents to take these same measures to reduce their children's RF emission exposure since children are typically more sensitive to a variety of environmental agents.

[Industry Canada](#) is responsible for establishing safe limits for signal levels of radio devices. We are confident the handsets and devices we sell, as well as our cell towers and other associated devices, comply with all applicable Canadian and U.S. government safety standards.

Impacts of wireless network expansion

Cell towers are the backbone of our wireless network, allowing for the connectivity of TELUS devices that 8.1 million customers rely on, and which contribute to their healthy lives and communities. Due to limitations on the range of some towers and the increasing demand for bandwidth resulting from increased smartphone adoption, we are required to continuously improve our network including the evaluation of new tower locations. We partner with other network operators to minimize the number of new tower locations, thereby reducing the environmental and aesthetic impacts these towers may have on our customers and our communities.

Exclusive jurisdiction over the placement of cellular towers is set out under Industry Canada's requirements in circular [CPC-2-0-03](#) for telecommunication carriers. If a new tower is required, TELUS follows the [Industry Canada Default Public Consultation Process](#) when reviewing locations unless the land use authority has their own recommended protocol. As part of the consultation process, we are required to directly consult with all residents within a distance equal to three times the height of the proposed tower. TELUS is also required to consult with the public through a notification process and if there are public concerns about a tower location, including its aesthetic impact, we work to address these concerns and reach a mutually agreeable solution.



3.2.1 Waste and recycling

In 2014, we continued to improve our waste and recycling processes, working to reduce waste while improving our ability to collect accurate data reflecting our environmental progress. Following recommendations from a series of waste audits conducted in 2013, we piloted organics diversion at one of our larger office buildings, TELUS House Burnaby. A completely new waste and recycling system, with new indoor containers, signs and recycling services was installed in October, 2014. We estimate that providing our employees with the option of composting their food scraps will keep an additional 20 metric tonnes of waste per year out of the landfill. We hope to expand this program to more of our facilities in 2015.

Collecting accurate waste and recycling data is a big challenge for a company with hundreds of office spaces, service centres, stores and other facilities. Data is collected by dozens of different waste haulers and property managers who also report the data differently. In 2014, we worked with those haulers and property managers to improve the quality of that data. For example, we identified trucks with scales, and which suppliers are making an estimate of volumes, how those estimates are made, and how data is recorded. While the accuracy of data will be an ongoing challenge, we now have a much better understanding of how our waste and recycling is collected, measured, transported and disposed.

As a result of the increased understanding, we are setting a new target to achieve a 90 per cent diversion rate within five years. We will work to confirm the numbers we publish in this report and on our website are valid, reliable and comparable year to year.

In 2014, we diverted 10.36 million kilograms of material from landfills, achieving a diversion rate of 79 per cent. This included:

Recycled solid waste

- § 1.13 million kilograms of paper and 0.88 million kilograms of cardboard
- § 2.79 million kilograms of metal
- § 0.18 million kilograms of wood
- § 2.90 million kilograms of decommissioned telephone poles.

Electronic waste

- § Recycled, refurbished and repurposed 1.35 million kilograms of e-waste
- § Recycled 380,000 wireless devices, compared to 583,000 in 2013 (missing our 2014 goal of 580,000 wireless devices) through internal programs and [Canadian Wireless Telecommunications Association's Recycle My Cell](#).

Missing this wireless device recycling target is largely a result of discontinuing our wireless device trade-in program in mid-2014. Due to the number of competing device trade-in programs offered by retailers, recyclers and non-profit organizations, we determined that a new approach is required. Our goal for 2015 is to re-examine our options, consult with industry and recycling partners, and develop a new wireless device recycling strategy.

TELUS also offers [Certified Pre-Owned Phones](#) providing affordable device options that help reduce environmental impacts.



Furniture recycling in our operations

Each year, millions of kilograms of usable office furniture are sent to landfills in Canada. With offices in transition across the country, TELUS chooses to manage its office surplus in an environmentally responsible way. In 2014, we diverted 735,000 kgs of furniture from landfill. More than 84,000 kgs of the diverted furniture was donated to neighbouring community organizations at a value of \$187,000 through a partnership TELUS has with [Green Standards](#).

Hazardous waste

Our operations generate small quantities of hazardous waste, yet we continue to look for reductions and where possible, use non-hazardous alternatives. In 2014, TELUS recycled:

5,639 litres of liquid and 7,426,000 kg of solid hazardous waste from our facilities including motor oil, antifreeze and fuel from fleet operations 165 metric tonnes of batteries from network equipment and fleet operations.

Saving trees by using less paper

In 2014, we purchased just under **A** 20 million sheets of office paper, over 110 million sheets less than we did in 2000. In fact, our per-employee use has dropped from an average of 5,246 sheets to 675 sheets per year as a result of our conservation efforts. We estimate that this represents over 45,000 kgs of paper or 8,400 trees saved, each and every year.

For 2014, we set the goal of reducing our paper consumption a further 10 per cent. While we did not quite reach this goal, we did reduce our purchases by 5 per cent in 2014. We also continued to focus on increasing the recycled content of paper purchased and in 2014, 88 per cent of the paper we purchased contained 30, 50 or 100 per cent recycled content (up from 77 per cent in 2013).

In 2008, we set an ambitious target to have all TELUS copy paper be 100 per cent post-consumer recycled (PCR) Forest Stewardship Council (FSC) certified by 2015. While the costs and coordination of this goal remain a challenge, we are pleased to be entering 2015 with over 15 years of positive results behind us. We plan on moving forward with our goal to achieve 100 per cent PCR and tree-free paper in the coming years. Our goal for 2015 is to reduce our paper purchases by an additional 10 per cent.



3.2.2 Water

Usage

As part of our updated emissions reporting methodology, TELUS reports water usage in all of our owned and leased properties as an aggregate amount. As well, we have recalculated the 2010 to 2013 water data to be certain the most accurate information is provided. During our review, we determined that due to a lack of available, detailed water consumption data for our owned properties in Quebec, this information would be excluded from TELUS' overall water consumption disclosure. In 2015, we will work to address this issue through internal analysis and by engaging our business partners.

Water consumption for 2014, at domestic owned and leased properties (excluding Quebec owned properties), was 637 million litres compared to 680 million litres in 2013 – a six per cent decrease in water usage domestically. This is a result of increased metering and monitoring across our owned and leased portfolio as well as one reduction project noted below. Our TELUS International water consumption rose from 89 million litres to 107 million litres in 2014, a 20 per cent increase. This increase is the result of our inclusion of data from our Central America operations for the first time. Overall we consumed **A** 744 million litres of water in 2014, a three per cent decrease from the 769 million litres consumed in 2013. TELUS' water sources are municipal water supplies or other water utilities and do not withdraw from other sources.



Through an extensive reduction initiative, we were able to reduce the water consumption of our Edmonton Toll Building by 15%

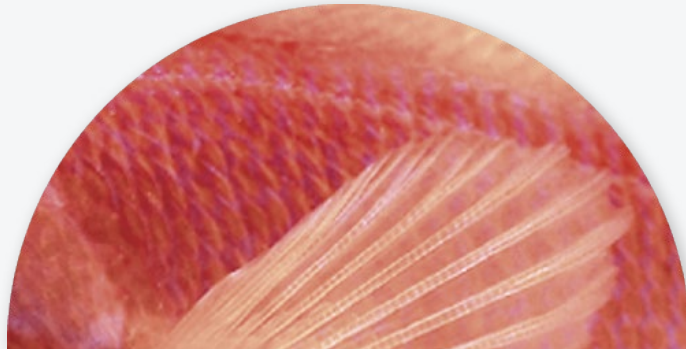
Reduction initiative

TELUS' Edmonton Toll building is one of our largest network and administrative facilities. The telecommunications industry is not typically a large water consumer; however, this building is the largest consumer of water in our operations with a consumption level of 113 million litres in 2013. We saw an opportunity to reduce our water usage at our Edmonton Toll building in 2014 through the recalibration of our cooling system. By safely adjusting the level that our cooling system is routinely flushed, we reduced our water consumption by 15 per cent (or 11 million litres) in just six months when compared to the same time period in 2013.

In 2014, we began work on a water stewardship program, which we plan to finalize in 2015.

Employee and Community Investment

Every day, we are nurturing our culture and the communities
where we live, work and serve.



Overview

Our employees are the foundation of our business, contributing to our success as a globally leading telecommunications company. Our culture is anchored in our TELUS leadership values, values created by our employees 15 years ago. We continue to live these values to improve the lives of people, communities, the environment and our team.

Our focus on our employees involves actively listening to our team. By listening we create an inclusive, innovative and supportive culture, which drives our business results.

We recognize that our competitors attempt to replicate our product and service offerings. However, our corporate culture, with its resulting business outcomes, has taken years to build and is difficult to emulate.

Highlights for our team in 2014:

- § Reached 85 per cent engagement making us number one globally amongst organizations of our size and composition according to our independent survey administrator, [Aon Hewitt](#)
- § Recognized as one of the [Top 100 Employers in Canada](#) for the fifth consecutive year
- § Continued the implementation of our integrated talent management system, TeamHub, with the launch of the performance, career development and succession modules
- § Evolved our Work Styles program with a toolkit for leaders that monitors engagement and productivity, and one for employees that helps them assess the fit of their role for this program
- § Offered webinars and workshops on topics such as nutrition and mental health, and launched a blog by our Chief Wellness Officer engaging employees in a dialogue around wellness
- § Extended our Employee Resource Groups to include our International employees.



In 2015, we will continue to focus on sustaining and building upon our award-winning culture. Some of the activities we plan to expand upon, and new activities we will undertake in 2015, are:

- § Continue to listen to our team through our annual engagement survey, forums and social platforms
- § Implement a national learning strategy that is linked to our long-term development plans and succession management
- § Communicate and consult with our team through our intranet, newsletters, and video diaries
- § Launch a leading-edge recognition tool that supports more frequent and informal recognition
- § Encourage feedback on our pay practices, while providing training to people leaders on our compensation model and philosophy
- § Increase our focus on mental health education and support for employees and their families, through webinars and workshops
- § Continue to build a workforce that is representative of Canada's diversity, and a culture that is inclusive and supportive of all employees.



4.1 Culture, Human Rights and Labour

Overview

Our award-winning culture is our competitive advantage. TELUS' people and culture strategy focuses on creating a diverse culture that will lead us to deliver on our Future Friendly™ promise for our team, customers and communities. It involves:

- § Attracting and retaining the best employees
- § Investing in professional growth for all employees
- § Developing a future friendly workplace
- § Creating a personal connection with TELUS
- § Enabling business productivity and success
- § Communicating in an effective and transparent manner.



4.1.1 Who we are

The TELUS team is a collaborative network of skilled employees who are committed to improving the lives of people, our communities and the environment.

TELUS is committed to drawing from a diverse candidate pool that reflects our customers and the communities we serve. Additionally, TELUS International's recruitment policy for senior roles is to promote from within the local team or hire candidates from the local market where we operate. Integrating new employees in a way that helps them relate and thrive within our unique culture is important to us. Typically, there are no significant variations in employment levels throughout the year.

Employee demographics by residence¹

Canada

A Assured figures

		Female	Male	Total
West	British Columbia	3,169	5,194	A 8,363
	Alberta	2,180	3,817	A 5,997
	West Total	5,349	9,011	14,360
Prairie	Saskatchewan	35	41	A 76
	Manitoba	42	72	A 114
	Prairie Total	77	113	190
East	Ontario	3,210	4,275	A 7,485
	Quebec	1,934	3,872	A 5,806
	East Total	5,144	8,147	13,291
Atlantic	Newfoundland & Labrador	18	33	A 51
	New Brunswick	30	37	A 67
	Nova Scotia	48	59	A 107
	Atlantic Total	96	129	225
Canadian Total		10,666	17,400	28,066

International

A Assured figures

		Female	Male	Total
Asia Pacific	Australia	0	4	4
	Philippines	3,854	3,735	7,589
Asia Pacific Total		3,854	3,739	7,593
Europe	Bulgaria	591	554	1,145
	Romania	331	147	478
	United Kingdom	0	14	14
Europe Total		922	715	1,637
Central America & the Caribbean	Guatemala	1,422	2,238	3,660
	El Salvador	747	1,416	2,163
	Saint Lucia	0	3	3
Central America & the Caribbean Total		2,169	3,657	5,826
North America ²	United States	294	254	548
North America Total		294	254	548
International Total		7,239	8,365	A 15,604
			TELUS Total	A 43,670

1 Active employees as at December 31, 2014.

2 Excludes Canada.

Demographics by employee contract¹

A Assured figures

		Female	Male	Total
Canadian	Permanent	10,417	16,927	A 27,344
	Temporary	249	473	A 722
Canadian Total				28,066
International	Permanent	7,239	8,365	A 15,604
	Temporary	0	0	0
International Total				15,604

¹ Active employees as at December 31, 2014.

Demographics by employee type¹

		Female	Male	Total
Canadian	Full-time	8,805	15,380	24,185
	Part-time	1,861	2,020	3,881
Canadian Total				28,066
International	Full-time	7,239	8,365	15,604
	Part-time	0	0	0
International Total				15,604

¹ Active employees as at December 31, 2014.

Employees by generation¹

A Assured figures

		Female	Male	Total
Canadian	Silent (1925 - 1945)	5	8	A 13
	Boomer (1946 - 1964)	2,576	3,714	A 6,290
	Generation X (1965 - 1979)	3,910	7,071	A 10,981
	Millennial (1980 - 2000)	4,175	6,607	A 10,782
Canadian Total				28,066
International	Silent (1925 - 1945)	3	1	A 4
	Boomer (1946 - 1964)	157	155	A 312
	Generation X (1965 - 1979)	1,077	1,419	A 2,496
	Millennial (1980 - 2000)	6,002	6,790	A 12,792
International Total				15,604

¹ Active employees as at December 31, 2014.

Domestic employees by Category¹

	Female	Male	Total
Employees covered by a Collective Agreement	4,727	7,584	12,311
Management/Professional	4,495	8,125	12,620
TELUS Retail	1,444	1,691	3,135
		Total	28,066

¹ Active employees as at December 31, 2014.

Employees covered by a collective agreement

A Assured figures

Group	Employees covered by a Collective Agreement	Employees	% covered by a Collective Agreement
Domestic	12,311	28,066	A 44
International	0	15,604	A 0
Total	12,311	43,670	28

¹ Active employees as at December 31, 2014.

Employees by union affiliation

	Union	# of employees
Telecommunications Workers Union		10,733
Syndicat québécois des Employés de TELUS		844
Syndicat des agents de maîtrise de TELUS		666
B.C. Government and Service Employees' Union		68
	Total	12,311

¹ Active employees as at December 31, 2014.

4.1.2 Diversity and inclusiveness

At TELUS, we embrace diversity and inclusiveness because it is critical to our success – it encompasses all areas of our business from our people practices, to suppliers, to our products and services, to our work in the community. Diversity helps us to be a more authentic reflection of our customers and the communities where we live, work and serve. We recognize that diversity of thought – the genesis of innovation – enhances our competitive position and allows us to benefit from complementary expertise, which is a driver for our success.

Our diverse and inclusive culture helps our company make significant advancements in the areas of customer experience and attracting and retaining the best talent. In 2014, we continued to advance our leadership in this area:

- § Named one of Canada's Best Diversity Employers for the sixth consecutive year
- § Expanded our Employee Resource Groups (ERGs) to include our international employees, who participate in Spectrum, our Lesbian, Gay, Bisexual, Transgender, Queer and Allies group and Connections, our women's network
- § Held National Aboriginal Day celebrations across the country
- § Continued our Mentoring programs led by Mosaic – our ERG for multicultural employees
- § Launched the Abilities Network speaker series, which focuses on creating a supportive and inclusive work environment for employees with varying abilities
- § Continued our focus on celebrating women in leadership with our annual CHLOE awards.



Workforce profile of domestic federally regulated employees¹

A Assured figures

	%	Canadian workforce availability ²	2013 ^{3,6}	2012 ^{3,4,6}	2011 ^{3,4,6}
Women	Overall	48.2	A 37.2	36.5	37.5
	Senior managers ⁵		A 12.6	13.6	14.2
	Middle and other management ⁵		A 31.9	30.6	32.0
Members of Visible Minorities	Overall	17.8	A 15.4	15.5	15.0
	Senior managers ⁵		A 8.1	8.6	9.0
	Middle and other management ⁵		A 13.8	13.2	12.7
Persons with Disabilities	Overall	4.9	A 2.6	2.7	2.7
	Senior managers ⁵		A 1.9 ⁷	1.8 ⁷	2.1 ⁷
	Middle and other management ⁵				
Aboriginal People	Overall	3.5	A 1.4	1.4	1.4
	Senior managers ⁵		A 1.5	1.4	1.5
	Middle and other management ⁵		A 1.0	1.1	1.2

¹ Based on data collected for reporting under the Federal Employment Equity Act. Figures for 2014 for TELUS are not available until July 2015.

² Canadian workforce availability refers to the percentage of the designated group (i.e. Members of visible minorities, Aboriginal Peoples, Persons with disabilities, Women) in the Canadian workforce who may have the skills necessary to fill positions at TELUS. Based on 2011 Census data (National Household Survey and Canadian Survey on Disability), this is the most current information available.

³ TELUS actual refers to the percentage of the designated group (i.e. Visible minorities, Aboriginals, Persons with disabilities, Women) who are employed at TELUS. Figures are calculated based on the voluntary completion of a survey and may not be representative of the actual percentage of the TELUS workforce.

⁴ In 2012, a significant number of TELUS employees were moved from our federally regulated company to a provincially regulated company, thus removing them from our counts in 2012; these employees may be included in our 2011 data if they filled in a survey. This change was reported as an internal move, rather than as a termination in consultation with Human Resources and Social Development Canada.

⁵ Senior managers are vice presidents and above, middle and other management are managers and directors.

⁶ In 2013, we changed our calculation methodology to a December 31 year-end reporting cycle. The 2011 and 2012 numbers have been re-stated to align with this calculation methodology.

⁷ Numbers for the Senior managers and Middle and other for persons with disabilities have been combined as the occupational groups were too small to report individually.

Workforce profile by generation for domestic employees

%	Silent (1925 - 1945)	Boomer (1946 - 1964)	Generation X (1965 - 1979)	Millennial (1980 - 2000)
Overall	0	22	39	39
Senior managers	0	34	62	4
Middle & other managers	0	26	60	14

¹ As at December 31, 2014.

Board of Directors Diversity Representation

TELUS also recognizes that diversity and inclusiveness contributes to the social and economic well-being of our country and is working to encourage greater diversity on corporate boards across Canada through our leadership as a founding partner with the [Canadian Board Diversity Council](#) and the Council's [Diversity 50 initiative](#).

We also believe that increasing the diversity of our Board to reflect the customers we serve and the communities where we live and work is essential to maintaining our competitive advantage. This belief is reflected in our Board diversity policy, which was adopted in 2013, and in our targets to have diverse members represent between 30 and 40 per cent of our Board's independent directors by May 2017, with a minimum representation of 25 per cent women by May 2017 and 30 per cent by 2019. As of March 2015, diverse members (five director nominees) represent 38 per cent of the independent directors of the Board, and female members (three director nominees) represent 23 per cent of our independent directors up for nomination at our 2015 annual meeting.

At TELUS, we also strongly support the objective of increasing diversity at all levels. For more information, please refer to page 32 of our [Information Circular](#).

We continue to pursue initiatives and process improvements that further workplace inclusiveness. Our goals in 2015 are to:

- § Continue to build a workforce that mirrors Canada's diversity
- § Embed diversity into our business, community and people practices through an annual review of our strategy.

To learn more about diversity and inclusiveness at TELUS, check out our 2014 [TELUS Diversity and Inclusiveness report](#).



TELUS is further promoting the advancement of women on Canadian boards by supporting the Catalyst Accord's pledge for Canadian corporations to increase the overall proportion of Financial Post 500 board seats held by women to 25 per cent by 2017.

4.1.3 Human Rights

TELUS has a long-standing commitment to respecting and protecting human rights as outlined in our [Code of Ethics and Conduct](#), and reflected in our respectful workplace, employment equity and diversity practices. The Code ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct expected of all employees, including officers and members of the [TELUS Board of Directors](#). The Code, which is updated and published annually, formalizes our commitment to safeguard internationally proclaimed human rights. Further details about TELUS' expectations are provided for employees in our Respectful Workplace policy.

Each year, TELUS requires its employees and contractors to complete an online training course that outlines key aspects of the Ethics, Respectful Workplace, Security and Privacy policies. Entitled Integrity 2014, the course was completed by **A** 100 per cent of employees and over 94 per cent of contractors. TELUS has also implemented specific training based upon its Respectful Workplace policy.



Our Integrity 2014 course, designed to foster a respectful and secure workplace, was completed by 100 per cent of Team Members and over 94 per cent of contractors.

In addition to complying with the Code of Ethics and Conduct and Respectful Workplace policy, our international **operations** follow local legislation that protects human rights in all jurisdictions where we operate. TELUS has several processes in place to further monitor our human rights practices:

- § Collective agreements that set out the steps of grievance and arbitration processes available to employees
- § An internal complaints procedure about respectful workplace practices that are investigated and addressed by the Respectful Workplace Office, and reported quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors
- § The TELUS [EthicsLine](#), which provides an opportunity for anyone to anonymously and confidentially ask questions, request support or make a good faith report about a real or perceived violation of the Code of Ethics and Conduct, government law or regulation, questionable business practices or accounting/auditing matters.

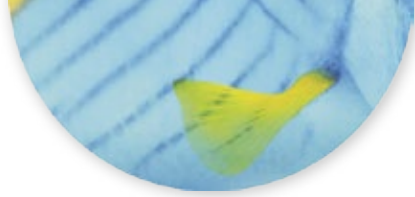
TELUS' [Supplier Code of Conduct](#) sets out social and environmental practices that our business partners must adhere to. We expect our suppliers to:

- § Comply with applicable laws and regulations wherever they operate
- § Follow recognized standards of behaviour
- § Advance social and environmental responsibilities
- § Operate consistently with TELUS' commitment to being a leading corporate citizen
- § Make certain their affiliates, suppliers, employees and contractors perform obligations to TELUS that are in line with the ethical standards set out in this Code.

Conflict Minerals

The [Securities and Exchange Commission](#) (SEC) finalized new reporting requirements to disclose the use of designated minerals and metals mined in the Democratic Republic of Congo and adjacent countries. Cassiterite (a source of tin), wolframite (a source of tungsten), columbite-tantalite (or coltan, a source of tantalum) and gold are often referred to collectively as conflict minerals. Such minerals may be used in electronic and communications equipment that we use or sell. As a signatory of the UN Global Compact, we are committed to preventing human rights abuses that could result from our operations.

These new SEC reporting requirements for conflict minerals, mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, came into effect for our 2013 annual reporting cycle. Through the establishment of an internal Conflict Minerals Working Group, we have performed our due diligence and have met the reporting requirements. We remain committed to responsible sourcing and in 2014 we updated our Supplier Code of Conduct to include requirements with respect to responsible sourcing of materials, in particular the need for our suppliers to also have policies on conflict minerals.



4.1.4 Labour

Bargaining Unit

For employees covered by collective agreements, there are mutually agreed to adjustment processes for affected employees that include redeployment to another position based on seniority/qualifications, wage protection/retraining opportunities, paid relocations, early retirement or voluntary severance options. The notice periods in our collective agreements vary based on the nature of the operational issue (technological change, economic conditions, etc.), the bargaining agent and in some cases an employee's seniority. In our collective agreements, notice for operational changes varies from a minimum of three weeks to a maximum of 12 months.

We maintain respectful and professional relationships with the bargaining agents that represent our employees across Canada and thus the right to exercise freedom of association and collective bargaining is not at risk or an issue for TELUS.

TELUS upholds our employees' right to freedom of association at the workplace and maintains a constructive dialogue with all labour unions and work councils active in our operations. TELUS are currently not engaged with any labour unions outside of Canada.

TELUS employees across Canada are represented by four different unions:

- § Telecommunications Workers Union (TWU)
- § Syndicat québécois des employés de TELUS (SQET)
- § Syndicat des agents de maîtrise de TELUS (SAMT)
- § B.C. Government and Services Employees' Union (BCGEU).

The agreement with the TWU, which expires on December 31, 2015, covers approximately 10,735 employees across Canada and uniquely, is the only nationwide collective agreement in the wireless and wireline telecommunications industry. Negotiations for a new collective agreement between TELUS and the TWU are expected to begin in the fall of 2015.

Additionally, we have approximately 1,510 employees represented by the SQET and the SAMT in the province of Quebec under three separate collective agreements (one with the SQET and two with the SAMT). The SQET contract, covering approximately 845 trades, clerical and operator services employees, was renewed after successful negotiations that were completed in October 2014. The new collective agreement between TELUS and the SQET is effective January 1, 2015 and expires on December 31, 2017.

Our subsidiary, TELUS Sourcing Solutions Inc., is a signatory to a collective agreement with the BCGEU, which covers approximately 65 employees. That contract came into effect on May 1, 2013 and expires on April 30, 2016.

Union recognition through consultation

TELUS strongly believes in building professional and respectful relationships with the bargaining agents representing our employees. Communications with the unions is recognized as an important element in nurturing these relationships. To this end, we have negotiated provisions in our collective agreements with the TWU and the SQET that establish formal structured consultation committees and processes. In addition to the regular information sharing with unions in 2014, there were numerous joint consultation sessions at the executive level to discuss matters of mutual interest.

Additionally, TELUS provides advance notice to its unions and affected employees regarding operational changes such as contracting out, technological change and mergers, acquisitions and divestitures. Notice requirements of such changes are contained in the collective agreements.



4.2 Employee experience

Overview

Our employees' experience in the workplace is irrefutably tied to our business success. When we invest in our people and support their professional goals and personal well-being we drive engagement -- fuelling their commitment to our company and the execution of our corporate strategy.

Communication and consultation

By engaging employees in our decision-making processes we promote a culture of collaboration and inclusion, where every employee feels responsible and empowered to drive change and innovation. We recognize that by listening to our employees' issues and ideas, we not only build a bond that strengthens their engagement but are better able to make decisions that improve their lives at work, home and in their communities. We use a variety of means to share information and collect feedback:

- § Our intranet site
- § Social platforms like wikis, SharePoint, and Jam (our micro-blogging site)
- § Newsletters and bulletins
- § Video diaries.

Throughout the year, our Executive Leadership Team hosts forums that provide employees with the opportunity to ask questions, share ideas, and make direct recommendations on how we can improve work processes that will directly impact our teams' and customers' experience. Our Closer to the Customer events provide leaders and employees with the opportunity to hear and learn from our customer-facing employees, enabling them to make impactful changes to better serve our customers and support our team.



When compared to organizations of our size, complexity and scale, for the second year in a row, TELUS has the most engaged team in the world according to Aon Hewitt

Monitoring Engagement

Each year, TELUS employees are invited to participate in our engagement survey, Pulsecheck, where they can share ideas, comments and feedback on how we can improve our employees' experience. Leaders use the data to gain insights on the needs of their team, and employees are involved in creating and implementing action plans to address our biggest areas of opportunity.

Changes implemented in 2014, as a result of employee feedback, resulted in an engagement score increase domestically of two per cent, and three per cent for TELUS International employees. At 85 per cent, TELUS is one point above the average of the top quartile engagement scores in Canada. When compared to organizations of our size, complexity and scale, for the second year in a row, TELUS has the most engaged team in the world according to [Aon Hewitt](#).

Year-over-year engagement results from Pulsecheck

A Assured figures

	%	2014 ¹	2013 ¹	2012 ²
Overall engagement – TELUS Domestic		A 85	83	80
Overall engagement – TELUS International ³		A 76	73	71

¹ Operations in Europe (Bulgaria and Romania) are included in 2013 and 2014 TELUS International results, which also include Philippines, Central America and U.S. operations. 2012 results do not include our operations in Europe (Bulgaria and Romania) as we were not operating there at the time.

² 2012 results have been adjusted based on a change in structure in 2013 (a group with 255 responses was moved from TELUS Domestic to TELUS International).

³ 2013 TELUS International results are showing as an aggregate figure and the 2012 data has been updated to show the same aggregation.

The 2014 survey results include improvements in critical areas influencing engagement and employee experience, referred to as engagement drivers.

Year-over-year engagement scores for main engagement drivers – TELUS Domestic

	%	2014 (n = 24,435) ¹	2013 (n = 23,733) ¹	2012 ² (n = 23,569) ¹
Work processes		66	64	60
Career opportunities		72	70	68
Performance development		78	76	74
Compensation		50	49	47
Recognition		76	75	73

¹ "n" represents the total number of survey respondents.

² 2012 results have been adjusted based on a change in structure in 2013 (a group with 255 responses was moved from TELUS Domestic to TELUS International).

Year-over-year engagement scores for main engagement drivers – TELUS International

	2014 (n = 11,150) ¹	2013 (n = 9,828) ¹	2012 ^{2,3} (n = 8,633) ¹
Work processes	67	65	62
Career opportunities	68	65	64
Performance development	73	72	68
Recognition	67	64	63

¹ "n" represents the total number of survey respondents.

² 2012 results have been adjusted based on a change in structure in 2013 (a group with 255 responses was moved from TELUS Domestic to TELUS International).

³ 2012 results do not include our operations in Europe (Bulgaria and Romania) as we were not operating there at the time.

Our engagement scores indicate employees are highly engaged, regardless of role, work style, gender, business unit, location, generation or years of service.

In 2015, our goal is to increase engagement from 85 to 87 per cent for our domestic employees and from 76 to 79 per cent for TELUS International by continuing to evolve and strengthen our culture. We will achieve this by listening to our employees, partnering to implement suggested changes and living our values. We will continue to elevate our globally-leading culture in pursuit of our 2018 goal of 90 per cent employee engagement.

Turnover

Turnover rates for employees were lower in 2014 than in 2013 although competition for talent remains high. We attribute the decrease in our voluntary turnover rate to how engaged and connected employees are to our organization, values and culture – another reflection of the general health of our company.

Year-over-year domestic turnover rates¹ A Assured figures

	2014	2013	2012
Voluntary ²	A 10.1	10.7	9.4
Involuntary	A 3.8	4.3	3.5
Total	A 13.9	15.0	12.9

¹ In 2013, we changed our calculation methodology to use a headcount denominator determined by averaging year-opening over year-closing numbers, not an average of all twelve month-ending headcounts. As well, we are only reporting on domestic employees that are tracked in the primary Human Resources Management system. These changes have impacted the voluntary turnover numbers previously reported in 2012.

² Voluntary rates include employees that left the Company due to retirement. 2012 voluntary turnover numbers have been recalculated to include retirement, and therefore, are different from what was disclosed in previous years.

Annual domestic turnover by gender and generation

A Assured figures

%	Female	Male	Millennials (1980 - 2000)	Generation X (1965 - 1979)	Baby Boomers (1946 - 1964)	Silent Generation (1925 - 1945)	Total
2014	A 15.4	A 12.9	A 22.0	A 6.5	A 13.5	A 25.0	A 13.9
2013	16.6	14.0	24.1	8.3	13.4	48.9	15.0
2012	14.4	12.1	22.5	7.6	10.5	35.0	12.9

In 2015, we will continue to encourage our employees to proactively advocate on behalf of TELUS with their families, friends and in their communities as an employer of choice for all.



4.2.1 Talent

Our culture is supported by the quality of employees and leaders in our organization. We believe that individuals who exemplify our brand and values, and demonstrate a business-ownership mindset are best able to drive business results.

Performance development

Managing the performance of our employees positively impacts their experience, which drives engagement and helps them excel in their roles. We are guided by the belief that how we work is just as important as what we achieve. Employees are evaluated against indicators directly related to our values, providing transparency and a clear line of development.

Employees participate in formal performance conversations annually, and for many, several times a year. We also encourage leaders to meet with their employees on a monthly basis to assess performance and support development. The investment and commitment of our leaders over the past five years has positively contributed to increasing the engagement of our team by 27 per cent.

In 2014, we launched an improved performance management tool within TeamHub, which features metrics that support a SMART (specific, measurable, achievable, relevant, time-bound) model, enhancing the strategic execution of performance development. The monthly status reporting feature, while in the early stages of adoption, has also provided a useful tool to instill the importance of consistent communication and feedback on performance.

Year-over-year performance results from Pulsecheck

	%	2014	2013	2012
Employees that feel performance development helps them meet their goals – TELUS		78	76	74
Employees that feel performance development helps them meet their goals – TELUS International		73	72	68

The goals for 2015 are to:

- § Improve the cascading of our business strategy throughout the organization
- § Continue to enhance the quality of individual performance objectives
- § Provide meaningful and timely feedback culminating in annual performance reviews.
- § In 2015 and beyond, we plan to continue to support and guide leaders in providing meaningful performance development for employees through policy and process development combined with communication and education. This effort should strengthen our team's understanding that performance development is critical to our business success and is everyone's responsibility.

Recognition

Employee recognition, when delivered effectively, is a powerful engagement tool to drive desired behaviours and achieve organizational goals. We believe recognition is more than just giving and receiving, it is the acknowledgement and appreciation of the work our employees are doing, and how they have accomplished it.

Our Bravo rewards program is the primary method for recognizing employees. This program allows employees to send and receive formal and informal recognition to colleagues, which aligns with our values.

Year-over-year Bravo recognition

	2014	2013	2012
Bravo e.cards sent (#)	36,717	36,698	32,653
Bravo gift and point awards sent (#)	74,892	67,081	64,601
Value of awards sent (\$ in millions)	5.51	5.68	5.28

In 2014, more than 1,900 employees were recognized through seven corporate recognition programs that reward employees who have demonstrated our values and made a significant contribution to the organization. Additionally, we worked with leaders to develop recognition strategies, supported by toolkits and online materials that can be customized to meet the needs of their business unit and team.



To learn about our Customers First Champions program, [watch now](#).

Year-over-year recognition results from Pulsecheck

	2014	2013	2012
Employees that feel they are appropriately recognized – TELUS	76	75	73
Employees that feel they are appropriately recognized – TELUS International	67	64	63

Our TELUS International Philippines team recognizes long-serving employees through their annual Service Milestone Awards. To date, 98 employees serving 10 years or more have been recognized and almost 2,000 employees have been working with us for 5 to 10 years.

For 2015, we will continue to refine our existing programs, materials and communications to support and sustain our culture of recognition. In support of this, we are launching a leading-edge recognition platform that supports more frequent, informal and peer-to-peer acknowledgements. Additionally, we will provide additional support to our leaders to effectively recognize employees working remotely in support of our Work Styles program.

Succession management

Our company is made up of diverse and talented individuals and we strive to cultivate the leadership potential in all of them. Succession management is an integral part of our people strategy, helping us develop a robust talent pipeline with the skills, leadership potential, and diversity of thought and experience required to achieve our corporate priorities. In 2014, we adapted this program by:

- § Conducting cross-functional talent and succession reviews with the entire executive leadership team
- § Discuss top talent and talent related vulnerabilities and solutions that address our related gaps
- § Launching the Talent and Succession module of TeamHub, providing greater access to talent and succession data and new insights through more robust reporting and talent search capabilities.

For 2015, we will continue to focus attention on succession management for critical roles aligned with our strategic priorities.



Our TELUS International Philippines team recognizes long-serving employees through their annual Service Milestone Awards. To date, 98 employees serving 10 years or more have been recognized and almost 2,000 employees have been working with us for 5 to 10 years.



4.2.2 Development and learning

A culture that effectively supports the development and growth of its employees is essential to our business success. We believe the investments we make in our team directly correlate to their engagement, productivity and diversity of thought.

Development opportunities

We see everyone as a leader and support employees in making and implementing decisions in a fair and collaborative manner. We offer learning opportunities that help shape and define leadership at TELUS, which include:

- § Timely and relevant leadership programs
- § Courses aimed at improving skills such as coaching, communication, presentations, collaboration, and emotional and social intelligence.

In 2014, we:

- § Launched a new workshop, Building Grit for Competitive Advantage, which explores the importance of incorporating grit and personal resilience into our daily routines, further differentiating us from our competitors
- § Hosted leadership forums for our Director-level employees, designed to enhance personal leadership skills and the collective strength of our team
- § Offered our Leadership NOW program, which focuses on developing our high-performing, high-potential leaders at all levels of the organization
- § Continued our Lead your Team program, which focuses on sharing tools, processes and behaviours that help new leaders be successful in their roles
- § Reviewed our learning strategy and programs to verify alignment and consistency with TELUS' strategic direction.

2014-2015 Leadership NOW participation by gender

Leadership NOW participation ¹	High-Performer ²	High-Potential ³	Total	%
Women	128	70	198	33
Men	249	149	398	67

¹ As at December 31, 2014.

² High-Performers: Demonstrated exceptional performance (results and values) but are not yet maximizing their leadership competencies (promotability); Performing at the highest standard and may or may not have the desire to move to the next level.

³ High-Potentials: Demonstrated exceptional leadership competencies (promotability), have mastered their current position and need immediate challenge to keep them engaged and empowered or they may be focused on maximizing their performance to be better positioned for the next level.

Average annual training hours¹ – TELUS Domestic

A Assured figures

Overall	Gender		Role			Level		
	Males	Females	BU	MP	Retail	Single Cont.	Middle Manager	Senior Manager
A 21.8	A 24.2	A 17.9	A 32.2	A 16.6	A 1.8	A 22.6	A 16.3	A 2.8

¹ Only includes training that was captured and recorded in TeamHub, as at December 31, 2014.



We support employees by offering formal, informal and social learning approaches which allow them to learn what they need to know, when they need to know it, in a manner that works best for them.

Our employees benefit from clear, simple and high-quality learning opportunities designed to meet them at their developmental stage and align their personal and career development goals with the strategic direction of our organization. We support employees by offering formal, informal and social learning approaches which allow them to learn what they need to know, when they need to know it, in a manner that works best for them.

Return on learning¹

Learning type	Formal	Informal	Social
Employees that used learning type	864	846	561
Employees that feel the learning opportunities helped their performance on the job (total)	720	726	274
Employees that feel the learning opportunities helped their performance on the job (%)	83	86	49

¹ Results are for the fourth quarter of 2014 from 1,128 respondents to an online survey distributed to 8,000 random TELUS employees (excluding TELUS International).

Year-over-year learning results from Pulsecheck

%	2014	2013	2012
Employees that are satisfied with the learning and development support they receive – TELUS	80	76	76
Employees that are satisfied with the learning and development support they receive – TELUS International	79	77	76

Our operations at TELUS International Philippines and TELUS International Central America provide educational opportunities for employees through an innovative TELUS International University (TIU) program that helps employees earn Bachelor and Masters Degrees while working. TIU provides tuition assistance through a subsidized program. Students have onsite access to state-of-the-art library centres and university professors. TELUS International Europe has a language academy that teaches language skills to employees.



To learn about our learning strategy at TELUS International [watch now](#)

For 2015, we will move toward one national learning strategy, and away from a business unit specific approach, with a curriculum that is closely linked to our long-term development plans, succession management, and business-specific technical learning. We will introduce one common language and framework to learning with increased emphasis on delivering outcome-focused and measurable learning programs.

Career development

We empower and encourage our employees to take ownership of their professional and personal development. Employees can develop skills in their current roles to position them for both lateral and promotional opportunities in the future.

Career development is not only a part of our annual objective setting and performance review process, it is an ongoing focus. Employees and leaders set goals together, which are supported by access to TELUS-specific learning and development opportunities throughout the year. Additionally, employees have access to online self-serve tools with information on how to create meaningful career action plans.

Year-over-year career development results from Pulsecheck

	%	2014	2013	2012
Employees that are satisfied with the career development opportunities available to them – TELUS		72	70	68
Employees that are satisfied with the career development opportunities available to them – TELUS International		68	65	64

In 2014, we launched a new Customized Career Development Plan on TeamHub where employees and leaders can more easily align objectives and performance with personalized career development plans. For 2015, we will focus on strengthening our leaders' capacity to support employees' career development plans by introducing new tools and resources.



4.2.3 Total rewards

We offer an integrated total rewards package, which provides competitive, performance-based rewards that clearly align to our business strategy. Our domestic employees have a flexible and diverse rewards package that includes salary and a performance bonus, flexible benefits, as well as retirement and share purchase programs. On top of the traditional components of this package, employees work in [future friendly offices](#), and receive discounts on TELUS products and services. Please click on the links to discover benefits offered to employees at our [Philippines](#), [Central America](#), and [Europe](#) locations.

Compensation

Compensation for employees not covered by a collective agreement consists of a non-variable base salary and a variable component that is designed to reward employees who meet objectives, demonstrate how they live the TELUS values and better recognizes high performers and key talent who are critical to the success of our organization. High performers are targeted to be compensated above the median (50th percentile) of the external competitive market of organizations where we compete for talent; placing them at or above the 75th percentile. At TELUS, our compensation is market-based. We conduct ongoing reviews and compensation analysis of job roles relative to the market and take appropriate action to pay competitively. Terms and conditions (including wages) for all employees covered by a collective agreement are negotiated between TELUS and the respective unions.

TELUS' average entry-level wage in Canada is above the median of minimum wages for all entry level roles including management professionals, bargaining unit and retail; the overall average is 37 per cent above the median. The base wages received by TELUS International Philippines employees are more than 30 per cent higher than the Philippines National Capital Region Minimum Wage. This range is in line with compensation typically offered to employees who have certain technical and language skills and receive grants or various allowances for meals and transportation. In Central America, for example, a role as a call centre agent often pays twice what an administrative role at a bank would pay.

In 2015, we will continue to seek employee feedback on our pay practices through our annual employee survey, benchmark against organizations where we compete for talent, and provide training to people leaders on TELUS' compensation model and philosophy.

Benefits

At TELUS, we recognize that our group benefit plans are a critical element of our competitive total compensation plan for employees. We also view our group benefit plans as an essential element in ensuring a healthy workforce – and strive to meet both the mental and physical wellness needs of our employees and their families through our customizable plans.

We provide competitive, comprehensive and flexible benefit packages for most permanent employees. This allows employees to customize a plan to suit their diverse personal and family situations, affording them peace of mind that their needs are being met with a cost-effective solution. Our benefits, which include life and long-term disability insurance and access to comprehensive health plans, provide a comfortable level of protection as well as sufficient choice to provide flexibility and see that employee needs are adequately met. In 2014, 96 per cent of employees participated in our extended health and dental plans.

In 2014, we introduced Optional Critical Illness Insurance for employees, spouses and children. Critical Illness Insurance offers employees a one-time lump sum, tax-free payout for certain illnesses, such as cancer, stroke or multiple sclerosis. The coverage also includes access to the Best Doctors, a medical diagnosis service that can provide additional information, and options about any medical decisions that need to be made. While benefits are not provided to temporary employees, most do receive a company contribution to a Health Spending Account that they may use toward health and dental costs. Part-time employees are eligible for the Health Spending Account, Retirement Savings and the Employee Share Purchase Plan.



We offer employees the ability to purchase TELUS shares through regular payroll deductions. Up to 6% of these contributions are matched by TELUS to a rate of 40 per cent (35 per cent for directors or above)

Retirement and savings plans

We are committed to the financial well-being of our employees and encourage them to save for retirement through a variety of methods. These include: legacy defined benefit plans, defined contribution pensions with matching options, voluntary group Registered Retirement Savings Plans and Tax Free Savings Accounts.

In 2014, we increased the level of payroll contributions employees could make to the Defined Contribution (DC) Pension Plan from six per cent to 10 per cent. TELUS continued to provide a maximum contribution of 5.8 per cent. We also introduced Lifecycle Funds, which increased the Avenue Portfolios from three to six investment periods and offered Asset Rebalancing, a service that reallocates a member's asset mix on a quarterly basis by automatically buying or selling units of funds aligned with investment instructions.

We held retirement savings information sessions across Canada, delivering presentations on three themes:

- § Pension Plan Basics: provided an overview of the DC Pension Plan and the value of the TELUS contribution match
- § Investments: provided information on understanding and managing investments, setting retirement goals and the impact of different contribution levels on income at retirement
- § Retirement Readiness: discussed post-retirement life style considerations and de-accumulation of DC Plan assets.

We offer employees the ability to purchase TELUS shares through regular payroll deductions. This flexible savings plan allows employees to purchase between one and 10 per cent of their base compensation and up to six per cent is matched by TELUS to a rate of 40 per cent (35 per cent for directors or above).

In 2014, 78 per cent of eligible employees were enrolled in one of our retirement savings plans and more than 22,700 employees participated in the Employee Share Purchase Plan, controlling just over 15 million shares and ranking as our sixth largest common shareholder.

We will continue to provide education around retirement savings and encourage employees in the DC Pension Plan to maximize their savings for retirement.

Total pay and benefits

\$ millions	2014	2013	2012
Total pay and benefits	\$2,850	\$2,743	\$2,474¹

¹ 2012 data is restated due to editing error in 2013 CSR Report.

In 2015, the total cost of pay and benefits is forecasted to increase as a result of our annual compensation programs, increases to legislated benefit costs (e.g., Medical Services Plan in B.C. and Employment Insurance and Canada Pension Plan), increasing levels of contributions in TELUS Defined Contribution Pension Plan, TELUS Health and TELUS Retail Pension Plans as well as usage and inflation in our dental and extended health plan.



4.2.4 Work Styles

Work Styles keeps our employees engaged by providing them with flexible work options to balance their work and personal life. The ability to work in the office, at a mobile site or at home offers the following benefits:

- § Increased engagement, productivity and business results
- § Differentiates us in attracting and retaining top talent
- § Reduces our environmental impact
- § Significant cost-savings for the company.

TELUS employee reduced emissions and savings

Participants ¹	Total km saved ²	Total hours of commuting saved ³	CO ₂ e avoided (kg) ⁴
8,509	22,758,750	1,365,525	5,639,953

¹ Assumes mobile employees work three days/week at home and at-home workers five days/week.

² Kilometres (km): average 15 km round trip (Statistics Canada 2006 report).

³ Hours saved: based on 52 minutes per day (Statistics Canada 2010 report).

⁴ CO₂e avoided: Canadian National Inventory report emission factors and based on average mid-size car fuel efficiency.

In 2014, a number of key activities took place within the Work Styles program. These included:

- § Creating a leader toolkit for each business area to provide awareness of their team's engagement, collaboration and employee productivity
- § Launching a strategy for our sales teams to promote Work Styles externally
- § Creating an internal website that provides one location for easy access to Work Styles technology information.

Work Styles adoption rate

%	2014	2013	2012
Employees in a mobile work style	60	60	47

By 2015, TELUS aims to have 70 per cent of employees located in our top national buildings working in a mobile or at home capacity.

4.3 Employee health, safety and wellness

Overview

Optimizing employee health, safety and wellness is a priority for TELUS, as we believe that it not only benefits our employees, but also helps reduce absence-related costs, enhances productivity and drives business success. We focus on preventing further deterioration of work-related and non-work related disabilities, preventing work-related accidents and injuries and enabling employees to increase control over and to improve their health and wellness at work and at home. The health, safety and wellness data and programs described refer to domestic employees. For future reporting, we plan to collect more information with respect to our international operations.

Health

Many factors combine to affect the health and well-being of our employees, including the social and economic environment, physical environment, and the person's individual characteristics and behaviours. At TELUS, we are looking at ways to address each of these factors to promote the best possible employee health and well-being.

In 2014, the TELUS domestic absenteeism rate (which includes paid and unpaid time off work due to illness or injury) again decreased to 6.24 days per full-time equivalent position. Our absenteeism rates are well below the average of 9.0 days per full-time equivalent position for Canadian organizations with more than 500 employees.

Absenteeism rates

Year	TELUS absenteeism per domestic full-time employee ¹	Average Canadian rates ²		
		For full-time employee	For organizations with >500 employees	For unionized organizations
2014	A 6.2	7.4	9.0	11.3
2013	6.5	7.4	9.3	10.9
2012	6.8	7.7	8.9	11.0

¹ In 2014, we adjusted our methodology to no longer include overtime hours when calculating the number of full-time equivalent positions. This aligns with sustainability reporting guidelines and Statistics Canada methodology. To facilitate accurate year-over-year comparisons, we have restated 2012 through 2013 rates above.

² Source: Statistics Canada. In January 2015, Statistics Canada historically adjusted these rates to incorporate 2011 census data, rather than 2006 census data. The above table has been updated to align with these recently adjusted rates.

In 2015, we will continue to address our lost-time absenteeism opportunities through targeted prevention and attendance management. In addition to attendance management, we plan to introduce innovative employee education and health programs focused on driving better health outcomes and enhanced access to care.

Safety

We continually monitor the effectiveness of TELUS' safety management system and investigate all reported health and safety complaints, as well as accidents to address emerging issues. We train employees to identify and manage their workplace hazards and set performance targets for hazard control programs. Safety performance results are then reported every quarter to the Human Resources and Compensation Committee of [TELUS' Board of Directors](#).

All employees at TELUS are represented by one of over 80 health and safety committees or a health and safety representative. At least 50 per cent of each committee and all health and safety representatives must be bargaining unit members. All bargaining unit participants are selected by the union representing employees; while management employee members of health and safety committees are selected by TELUS.

Our target of 0.74 lost time accidents (LTA) per 200,000 hours worked was achieved and our 2014 results decreased from 0.74 to 0.70 LTA per 200,000 hours worked. TELUS has realized a steady reduction in LTA since 2010, and this result continues to compare favourably with the 2013 U.S. Telecommunications Industry average of 1.1 LTA per 200,000 hours worked. Our goal for 2015 is to continue to reduce accidents and injuries and maintain our past ratio of 0.70 LTA. TELUS has had no work-related deaths since 1997.

Lost Time Accidents (LTA) per 200,000 hours worked¹

	2014	2013	2012
TELUS actual ²	A 0.70	0.74	0.78
TELUS target	0.74	0.77	0.77

¹ Data presented is for TELUS Canadian employees tracked in the primary Human Resources Management system.

² 2014 data from TELUS' records as of April 15, 2015.

In 2014, we held a fair process session focusing on how to improve training results and reduce workplace accidents, for employees in roles with higher accident rates. Five recommendations were developed and approved, and will be implemented in 2015:

- § Incorporating safety metrics in the performance review of each frontline employee including managers
- § Updating the safety training profiles of managers
- § Creating a formal communication and marketing plan for field safety
- § Scheduling and promoting 40 training hours for each field employee
- § Creating a safety playbook for managers.

Wellness

At TELUS, we take a comprehensive approach to personal and organizational well-being, encouraging healthy living through awareness, education and growth. We discover and share current research, best practices, tools, processes and methodologies that enable TELUS employees to create and maintain a healthy and productive lifestyle at work and at home.

We have a robust Healthy Living program, which focuses on both mind and body, with programming such as:

- § Healthy Minds: a comprehensive mental health strategy that includes a variety of resources to educate and support employees and leaders
- § Support Programs: healthy eating, leadership support, child and elder care support services, smoking cessation resources, retirement and financial support services, support for major life events, and Partners for Life - Canadian Blood Services
- § Employee and Family Assistance Program: confidential assistance for employees and their families through short-term access to an extensive national network of counsellors 24/7
- § Practitioners: a selection of wellness practitioners across the country offering a range of services including massage and naturopathy services
- § Active Living: access to onsite 24/7 facilities across the country, discounts at yoga and fitness centres across the country, and active living challenges
- § Spirituality: eight non-denominational prayer and contemplation spaces across the country encourage employees to find a place for spirituality during their day. A new space is planned for Vancouver's TELUS Garden in 2015.

In 2014, we continued to nurture this program with a goal of increased employee participation. We added and enhanced several elements of our program, which included:

- § Hosting webinars and workshops, and shared stories on topics such as nutrition, mental health and cold prevention
- § Continuing our partnership with the Canadian Cancer Society to reinforce cancer prevention
- § Promoting blood donation in the spirit of We Give Where We Live - TELUS employees have given 1,911 life-saving donations through Canadian Blood Services
- § Holding three national online health challenges, engaging 1,200 employees by providing resources and support to help them to be healthy
- § Creating an internal blog by TELUS' Chief Wellness Officer, to engage employees in dialogue around wellness
- § Offering more than 100 fitness discounts across Canada with many national and local fitness facilities, as well as tools and resources to help employees who work from home or are mobile better manage their physical and emotional health, wellness and work-life balance
- § Being recognized as one of the best workplaces for employees living with arthritis in Canada by the [Arthritis Consumer Experts](#) (ACE).



For our TELUS International employees, we promote work-life balance in many ways, including through special interest groups. These groups are a mix of educational and extra-curricular, self-funded employee organizations catering to different areas of interest, such as a running, entrepreneurship, drama and photography. Additionally, employees have access to onsite gyms and wellness centres across the organization, **some offices** also have pharmacies with discounted offerings, daycare, fun-themed relaxation areas and even a rooftop football/soccer field.

Mental Health will be a focus in 2015, with emphasis on integrated and streamlined case management, enhanced partner and vendor relationships, and coordinated program offerings such as webinars and workshops. TELUS aims to ease the burden of mental health issues by supporting programs like EFAP and offering organizational support to employees and their families. In 2015, we are also introducing an innovative online health program pilot led by our Chief Wellness Officer, who was appointed in early 2014.



4.3.1 Respectful workplace

An essential element of our work life culture and values is our continued focus on respect in the workplace and our commitment to creating and maintaining a positive and professional working environment.

The TELUS Respectful Workplace Office performs an annual review of the Respectful Workplace policy to support continued compliance with associated legislation in each of the jurisdictions TELUS operates, both domestically and internationally.

At TELUS, we want to foster a diverse workplace where we all respect each other. We do this by:

- § Offering Respectful Workplace training where, using a number of different training avenues, employees can participate in building our culture together
- § Having new employees participate in a Respectful Workplace course as part of their initial orientation
- § Annually, requiring employees to complete the Integrity course, which includes Respectful Workplace content.

In fact, according to our Pulsecheck survey, 92 per cent of employees believe their co-workers respect their thoughts and feelings. To enhance this culture, a new online Respectful Workplace training course is under development and will be available in 2015. This course will provide a more in-depth and interactive review of what constitutes acceptable behaviours in the workplace, changes to applicable legislation, and what protections and processes are available should an issue arise.



The number of CHRC complaints increased from seven to twelve in 2014 and six cases were closed

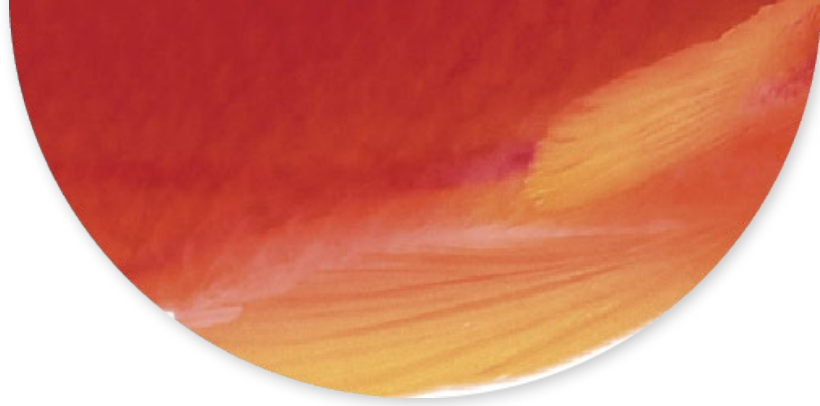
Analysis of complaints filed with the [Canadian Human Rights Commission](#) (CHRC) is an indicator used to determine if there are internal practices that need attention. Complaints can be referred back to the internal TELUS resolution process, a resolution may be reached through the CHRC, or the complaint may be dismissed. For domestic and international employees, the TELUS EthicsLine (1-888-265-4112 or telus.ethicspoint.com) provides them a method to raise anonymous and confidential questions or file complaints related to accounting, internal controls or ethical issues.

CHRC Complaints

	2014	2013	2012	2011
Carried over from previous year	A 5	6	24	10
New	A 12	7	6	25
Closed	A 6	8	24	10
Cases open at year end	A 11	5	6	24

Closed CHRC complaints

	2014	2013	2012	2011
Referred to TELUS internal or other resolution process	2	0	6	4
Resolution reached	3	2	7	4
Dismissed	1	6	11	2



4.4 Community Investment

Overview

Our community investments are deeply rooted in our Give Where We Live philosophy®. To us, this means connecting with our employees, retirees, customers, charities, partners and the public, to identify how we can serve communities better. Our aim is to improve the lives of youth and their communities in three major areas. To do this, we are:

- § Helping to transform healthcare by funding projects in disease prevention, clinical research and primary health care
- § Unleashing the power of the Internet for enhanced and inspired learning -- creating a vibrant environment for kids to learn
- § Promoting a healthier environment, where we inspire, celebrate, love and care for animals and their habitats.

We continuously assess, evolve and grow our community investment strategy to be certain we are having noticeable and meaningful social impacts. In 2014, this evolution led us to narrow our focus to health, education and environment. This focus will be aligned across all of our programs in 2015.

To create shared value and sustain the long-term growth of our business, we will maximize our impact by:

- § Using our expertise in technology to help build stronger and healthier communities
- § Creating lasting, strategic partnerships with community and charitable organizations
- § Providing grants to grassroots organizations in Canada and internationally
- § Investing in our cause marketing programs – a platform that is mutually beneficial to the communities we support and our business
- § Supporting our employees and retirees who directly contribute to charities and community-based organizations
- § Financially supporting causes in a way that has a positive impact to the community and helps enrich and sustain our business.

In 2014, we:

- § Contributed more than \$44.36 million to support over 4,400 charities
- § Gave \$5.6 million to 486 community projects through our 11 Canadian and three International TELUS Community Boards
- § Created a new partnership strategy to better align our partnerships to drive greater business value
- § Connected with more than 120,000 youth through nine We Day events across Canada
- § Committed \$5 million over five years to species-at-risk and environmental causes
- § Engaged more than 15,000 employees, retirees, family and friends on our annual Days of Giving
- § Recorded more than 635,000 volunteer hours through our employee and retiree programs
- § Increased membership by 12 per cent in our TELUS Community Ambassadors clubs, whose members created and donated 68,000 care items valued at more than \$673,000
- § Developed and launched 40 marketing campaigns resulting in \$1.25 million in donations to charities
- § Won two Halo awards for [Best Social Media Campaign](#) and [Best Environmental/Animal Campaign](#) from the [Cause Marketing Forum](#).

In 2015, our objective is to develop and implement social impact measurements.



4.4.1 Stakeholder engagement

To give back to our communities in a meaningful way, we engage in conversations with our charitable partners, customers, employees, retirees and community members. We do this by reaching out through our Community Boards, multiple social media platforms, including Twitter, Facebook, Instagram and YouTube, as well as more traditional means such as mail, phone conversations, and our celebrations of giving events. On an annual basis, we interact with thousands of charities, employees and retirees as well as millions of people through our marketing and outreach programs.

Our Community Board model is a great example of TELUS' unique approach to stakeholder engagement. We rely on the Boards' membership (60 per cent community leaders who do not work for our company) to provide insight and decision-making on where TELUS can make the greatest impact in the community with the budgets allocated to their Boards.

In 2014, we engaged external experts such as [SiMPACT Strategy Group](#), [Deloitte LLP](#) and [The&Partnership](#) to help us achieve best-in-class community investment management, performance measurement and reporting in Canada. Their insights and recommendations will be incorporated into our strategy throughout 2015.

- § Contributed more than \$44.36 million to support over 4,400 charities
- § Gave \$5.6 million to 486 community projects through our 11 Canadian and three International TELUS Community Boards
- § Recorded more than 635,000 volunteer hours through our employee and retiree programs
- § Increased membership by 12 per cent in our TELUS Community Ambassador clubs, whose members created and donated 68,000 care items valued at more than \$673,000
- § Won two Halo awards for Best Social Media Campaign and Best Environmental/Animal Campaign from the Cause Marketing Forum.

4.4.2 Measuring our giving

Understanding the impact of our community investment program is critical to our program's success. We work with the [London Benchmarking Group](#) and use their methodology to measure our impact. Our community investments can be categorized as follows:

- § Philanthropic investment: one-time or intermittent donations in response to charity appeals or in support of employee charitable activities (see section on humanitarian relief)
- § Social investment: long-term strategic involvement in community partnerships that address a specific range of important social issues (see strategic partnerships section)
- § Commercial initiatives: activities in the community that directly support a business objective or promote or protect the commercial interest of the corporation (see section on cause marketing)
- § Employee giving: contributions to a community project that can be directly linked to our involvement in the project (see Employee Programs section).



In 2014, we contributed 2.14% of our pre-tax profits to charitable organizations

TELUS total giving A Assured figures

	\$ millions	2014	2013	2012
Philanthropic investment		6.36	8.92	6.80
Social investment		18.92	17.06	18.97
Commercial initiatives		16.61	17.02	14.78
Value of employee giving ¹		2.47	3.23	3.43
Total		A 44.36	46.23	43.98

¹ TELUS-matched dollars are included in the philanthropic investment category.



Imagine Canada

We have been designated an [Imagine Canada](#) Caring Company since 1995. As a company with this designation, TELUS gives more than one per cent of our pre-tax profits to charitable organizations each year. In 2014, we surpassed this goal and contributed 2.14 per cent of our pre-tax profits. For 2015, we plan to maintain our status as a Caring Company.





4.4.3 How we give

Community Boards

TELUS Community Boards are an innovative funding model that puts philanthropic decision-making in the hands of local leaders who know their communities best. Their focus is to provide grants to grassroots charities that support local youth. Preference is given to projects that also demonstrate tangible technological or social innovation. In 2014, the 11 TELUS Community Boards across Canada contributed \$5.3 million to local charities supporting 449 projects. Additionally, our three international Community Boards – in Guatemala, El Salvador and the Philippines – contributed \$300,000 to 37 charitable projects in their communities.

In support of good governance, our objective is to have 50 per cent of our Community Board membership consist of non-TELUS representatives who bring the expertise of the community into decision-making. At the end of 2014, 61 per cent of Community Board members were non-TELUS, an increase of two per cent over 2013. The gender makeup of the boards was 59 per cent male and 41 per cent female membership in 2014, compared to 60 per cent male and 40 per cent female in 2013.

TELUS Community Board funding by focus areas in 2014

	\$ millions	Total	Per cent of total funding
Health & Well-being		\$2.1	38%
Education & Sport		\$2.6	46%
Arts & Culture		\$0.9	16%
	Total	\$5.6	100%

In 2015, TELUS will launch our fifteenth Community Board in Europe. The TELUS International Europe Community Board will serve Bulgaria and Romania. Board succession planning will continue to focus on recruiting members that represent the diversity of the community in which they serve.



Since 2009, TELUS has donated more than \$3.85 million in financial and in-kind support of humanitarian relief efforts in Canada, the Philippines, Japan, Africa, Haiti and other locations.

Humanitarian relief

TELUS is deeply committed to [lending a hand](#) to communities in crisis, at home and around the world. To better prepare for climate-related events and other disasters, we enhanced and refined our policies and procedures to more effectively respond to these events and minimize the impact to our customers and communities.

To increase our ability to mobilize when disaster strikes at home, TELUS continued its partnership with the Canadian Red Cross by implementing [Ready When the Time Comes](#). In 2014, TELUS provided training opportunities to employees in conjunction with our [TELUS Days of Giving](#). Since 2000, TELUS, our employees and retirees have donated more than \$1.4 million to support the Canadian Red Cross.

Since 2009, TELUS has donated more than \$3.85 million in financial and in-kind support of humanitarian relief efforts in Canada, the Philippines, Japan, Africa, Haiti and other locations.



Strategic partnerships

TELUS partners with a number of charitable and community organizations to help further achieve social impacts in our three funding pillars: health, education and the environment. In partnership with charitable organizations, TELUS aims to achieve shared value. These shared value partnerships allow us to create measurable business value by addressing social issues that intersect with our business.

In 2014, TELUS continued to [partner](#) with a number of organizations. We supported positive healthy outcomes for all Canadians and the development and education of youth, inspiring them in creativity and empowering them to give back. We believe that protecting our environment is critical to ensuring healthy communities for future generations.

Here are a few 2014 highlights:

- § Juvenile Diabetes Research Foundation (JDRF): as title sponsor of the [TELUS Walk to Cure Diabetes](#), we made every step count to improve the health of thousands of Canadians in 70 event locations. In 2014, we were able to bring the walks to life in three of our sites, Toronto, Vancouver and Calgary, by showcasing our consumer health wearable technology and fitness trackers in fun onsite activities called Step-Up. With every participant's step, TELUS made a donation to JDRF on their behalf.



- § [60 Minute Kids Club](#): TELUS sponsors this program offered to schools and challenges children from kindergarten to grade six to be physically active for 60 minutes every day. Participants learn about nutrition, hydration and other healthy lifestyle choices, while tracking their progress online.



EN with FR subtitles

§ **Hockey Education Reaching Out Society** (HEROS): TELUS supports a grassroots program that uses the game of hockey as a catalyst to teach life skills to at-risk youth. With our support over the last ten years, the program has grown from two to eight Canadian cities, as well as an international program based out of Belfast, Northern Ireland. As a result, over 3,900 young people have learned valuable life lessons through hockey.



§ **Free The Children:** a partner since 2007, in 2012, TELUS became the national co-title sponsor of all We Day events across Canada. Through this partnership, we expanded the Give Where You Live philanthropy educational program to include more provinces across Canada and jointly redeveloped and enhanced We365 a mobile app and digital platform to inspire and enable youth to give back every day of the year.



To learn about We Day and how youth are becoming inspired to change the world, watch [now](#).
To learn how the We365 app works, watch [now](#).

§ Canadian Centre for Child Protection: TELUS is a founding partner of the **Canadian Centre for Child Protection**, and supports the organization through several initiatives:

- § Created the **TELUS Mobile Safety Series** from which 3,500 Smartphone Safety lessons, and the **Smartphone Safety Guide** were delivered to grade seven teachers. This series reached more than 205,000 families of tweens and teens.
- § Delivered **Commit to Kids** program to hundreds of child-serving organizations.
- § Distributed 200,000 copies of the Internet safety brochure, **The Door That's Not Locked** to schools and families.
- § Distributed the **Parenting Tweens and Teens in a Digital World** brochure to 285,000 families, educators and law enforcement agencies.
- § Partnered with the RCMP to deliver the **Find Me ID App**, which had more than 8,600 downloads.
- § Safer Internet Day and Cyberbullying Day an effort to create safer communities for kids and peace of mind for parents.



§ My Giving Moment: in partnership with the Rideau Hall Foundation, we launched the Dare2Give campaign supporting the Governor General's national **campaign**. Through this campaign we are supporting a movement to increase community participation in activities that matter and we reached 69,449 dares.



§ Science Centres powered by TELUS: partnerships with four science centres across Canada in Vancouver, Calgary, Edmonton and Toronto allow us to inspire tomorrow's innovators.



§ **World Wildlife Fund Canada:** through our \$1 million investment over four years, we continue to provide opportunities for our employees and customers to support animal and habitat protection to help build a future where people and nature thrive.



§ **Nature Conservancy Canada:** through this partnership we provide opportunities for our employees and customers to support land conservation and protect our most important natural treasures – the natural areas that sustain Canada's plants and wildlife.



§ **Tree Canada:** Since 1998, TELUS and **Tree Canada** have partnered to create a healthier living environment for Canadians. As part of our shared vision, 3,725 fruit trees and 57,431 seedlings were planted across Canada with TELUS' Bravo Employee Milestone Program. Two hundred and twenty employees planted 929 urban trees in three Canadian cities as part of TELUS Day of Giving activities (Toronto, Rimouski, Brampton). TELUS also allocated funds to plant hundreds of trees as part of **Alberta Flood ReLeaf**, a program that replaces trees damaged in the Southern Alberta floods of 2013. Since our partnership began, 520,010 trees have been planted and maintained across Canada.



TELUS Optik™ local programming

TELUS Optik™ Local Community TV provides grant funding to support the grassroots production of local, independent content creation and high quality community programming in B.C. and Alberta. As part of our Community TV portfolio, TELUS also produces its own content focusing on health, food, family, business and local heroes with topics and characters relevant to the communities where we live, work and serve.

In 2014, we:

- § Supported approximately 100 community programs, and several projects
- § Received nominations for the Alberta Media Production Industries Association, Leo, Juno and Prism Awards
- § Through our innovative social platform, STORYHIVE™, 20 short films were produced and 30 web series pilot episodes were funded
- § Hosted our own workshop events for our STORYHIVE participants, and provided invaluable training on how to make their artistic visions a reality
- § Supported a wide range of conferences and workshops such as TEDx Vancouver, the Northern Alberta Institute of Technology's Storyworld, Vancouver's Merging Media Conference and the Vancouver Film Festival.

In 2015, we plan to support even more community programs and partnerships and will also extend our STORYHIVE competitions into music videos and more short films. We will continue to explore more innovative ways to cultivate and create authentic and locally relevant programs and projects, and provide training and educational opportunities for community members.

All the content we support is available for free to our customers **on demand** on TELUS Optik TVÔ, and to the public on our websites.

We are encouraging youth to give back to their communities, each and every day.



The Give Where You Live speaking tour workshop will be delivered in 180 B.C., Alberta, Yukon, Ontario, Quebec, Atlantic Canada, secondary schools during the 2014-2015 school year

Give Where You Live

TELUS wants to help youth translate their passions and ideas into real change resulting in resilient communities. Our Give Where You Live educational program encourages and empowers middle and high school students to become leaders and make giving back an important part of their lives. Each participating school is encouraged to identify causes in its community that students, classes or entire schools can support.

The Give Where You Live speaking tour workshop and curriculum will be delivered in 180 B.C., Alberta, Yukon, Ontario, Quebec and Atlantic Canada secondary schools by the end of the 2014-15 school year. The plan is to expand to all of Canada, involving 150,000 Canadian youth by 2017.



“Growing up, my friends and I were always searching for ways we could help get involved and make a difference in our community, but they were difficult to find,” said Craig Kielburger, founder of Free The Children. “The Give Where you Live program will provide our schools and their students with all the tools, information and support they ever wanted to help spark change and support their local community, helping them to become future leaders and change makers

We365

In 2014, TELUS and Free The Children re-launched [We365](#), an innovative mobile app and online community that helps youth give back to their communities every day of the year. With an improved user experience, a new creative look and feel, and additional functionality, youth can explore causes, track volunteer hours, promote social activism and connect with others who share their passions. We365 uses technology to inspire today’s youth, and mobilizes them to make a meaningful difference in communities – locally and globally – right from the palm of their hands. Since its official launch in October, 2013, more than 75,000 users have downloaded the app.





4.4.4 Community Investment marketing

TELUS' We Give Where We Live philosophy is at the core of our community investment initiatives. What matters to our communities, matters to us, which is why we believe in giving back to the communities in which we live and work, both in the form of time and money.

We engage Canadians through national marketing campaigns that are aligned to our community investment pillars. For instance, our commitment to youth and technology is demonstrated through our annual We Day campaign. Our philosophy is also supported by regional and local cause marketing programs, and through our social media platforms that share the many compelling stories of how we care for our communities.

National cause marketing

Each and every day, we give where we live.

In May 2014, we launched our “Amazing Things Happen” campaign, framed around our [We Give Where We Live](#) philosophy. The goal was to increase awareness of TELUS' commitment to giving back to local communities, drive customer engagement and increase brand advocacy.



We invited our customers to get involved by encouraging them to share, via social media, how they give back to causes that are meaningful to them for a chance to receive \$50,000 of support to make an even bigger impact. Our winning recipient was featured in a touching [video](#).

The campaign was a great success and garnered:

- § Over 250,000 total video views
- § 90,000 unique visits to [givewherewelive.ca](#)
- § 1.3 million impressions, 9,800 likes and 75,000 video views on the Facebook post
- § Status as the most shared post ever on the TELUS Facebook page: 14,000 times in the first few days, helping facilitate a \$15,000 donation.



We invited our customers to get involved by encouraging them to share, via social media, how they give back to causes that are meaningful to them for a chance to receive \$20,000 of support to make an even bigger impact. Our winning recipient was featured in a touching [video](#).

Highlights include:

- § Over 24,000 video views
- § 4,000 likes, more than 6,700 shares and a positive sentiment score of over 99 per cent on the Facebook post
- § 90,000 unique visits to [givewherewelive.ca](#).

Good Deeds for Wild Things

The conservation of wildlife and their habitats is critical to enabling healthy, sustainable communities. Our commitment to animal welfare and environmental causes was at the forefront of our Good Deeds for Wild Things campaign. In partnership with [WWF-Canada](#), [Tree Canada](#) and the [Nature Conservancy of Canada](#), the campaign ran during December 2014 and announced our \$5 million commitment to animal and environmental causes over five years.

Since TELUS had already committed to donating money to this cause, we decided to give people the joy of spending it. We created the Shop Wildly microsite, and invited Canadians to shop for animal or environmental projects, using a portion of TELUS' funds.

To view the Shop Wildly infographic, click [here](#).

Campaign highlights included:

- § Hitting our participation and donation targets just six days into the month-long campaign
- § 4.1 million impressions on Facebook, 1,140 page likes and 27,341 post likes for our English social media elements
- § A Twitter-powered vending machine that distributed 13,285 TELUS critters to shoppers in Vancouver and Calgary, resulting in over 20,000 customer interactions
- § Our online and mobile ads generated over 183 million ad impressions, resulting in almost 280,000 direct visits to the campaign microsite.



4.4.5 Employee and retiree programs

We are committed to fostering a corporate culture of giving by engaging employees and retirees with structured volunteer and donation opportunities to help make a positive difference in the communities where we live, work and serve. Since 2006, TELUS has been motivating and mobilizing employees and retirees through its [Team TELUS Cares](#) programs: [TELUS Days of Giving](#), [Team TELUS Charitable Giving](#), [Dollars for Doers](#), the [TELUS Walk to Cure Diabetes](#) and [TELUS Community Ambassadors](#).

In 2014, through Team TELUS Cares programs, TELUS, our employees, retirees, families and friends contributed \$6.7 million and more than 635,000 volunteer hours to charitable and not-for-profit organizations across Canada. Following are our 2014 highlights:

- § TELUS Days of Giving: events are now held in all countries where we have operations, with almost 10 times the participation, and in six more countries than when this program kicked off in 2006:
- § More than 15,000 Canadian employees, retirees and family members participated, volunteering their time at 1,000 local activities nationwide. Our team's collective efforts included:
- § 2,702 bags of waste collected, refreshing river valleys, parks and fields
- § 17,043 meals prepared or served to the homeless and those in need
- § 235,267 pounds of food sorted for those who rely upon food banks
- § 8,680 trees and plants planted to rejuvenate parks and gardens
- § 14,135 Kits for Kids assembled to provide school supplies to students at inner city schools
- § 2,407 Comfort Kits and charity relief kits assembled for the homeless and others in need
- § 188,600 breast cancer ribbons tied to support the Canadian Breast Cancer Foundation
- § 8,056 calls made and answered at telethons
- § 187 cans of paint used to enliven and refresh local community organizations
- § 79,500 books sorted for book drives
- § 116 charitable organizations' facilities and grounds refurbished.

A record number of more than 6,500 international volunteers who:

- § Built 23 new homes for previously homeless families in El Salvador
- § Built two schools from the ground up and renovated two classrooms in Guatemala, providing accessible education to more children
- § Renovated an orphanage in Bucharest, the Louis Braille School for visually impaired in Bulgaria, two schools in the Philippines and a Boys and Girls Club in Nevada
- § Cleaned up a community centre in the United Kingdom, so children, family groups and the community can engage in a variety of environmental and adventurous activities.
- § Team TELUS Charitable Giving: we invested \$4.8 million in more than 2,300 charities across Canada. Since 2000, we have contributed more than \$74 million to thousands of community organizations across Canada. In 2015, our goal is to invest more than \$4.5 million.
- § Dollars for Doers: employees and retirees recorded 635,065 volunteer hours and donated more than \$812,000 to the organizations that matter most to them.
- § TELUS Walk to Cure Diabetes: more than 4,500 employees, family and friends participated in 70 community walks across Canada, raising more than \$450,000 and generating public awareness to find a cure. Since 2000, we have contributed more than \$8 million to the [Juvenile Diabetes Research Foundation](#)
- § TELUS Community Ambassadors: we created and donated 67,649 care items (e.g., heart and lung pillows, Kits for Kids, baby blankets, etc.) spending more than \$673,032 for supplies and donating time to make a difference in the lives of people in need. Our membership increased by 12 per cent or 371 members, exceeding our 2014 goal of 150 members. In 2015, our Ambassadors' goal is to enlist 150 new members to join clubs across Canada and produce 70,000 care items.



In 2015, we plan to improve tracking of volunteers and other stakeholders to measure our effectiveness in engaging external stakeholders.

Each and every day, our employees give where they live.

See how we channel our passion for giving into positive action.

With thousands of hands working from coast to coast in Canada, we made a huge impact across our communities.

Watch [now](#).



Experience the transformation of a vacant lot into a school built by the hearts, hands and pocket-books of our employees in Guatemala. Watch [now](#).

In Bulgaria, [see](#) how the Louis Braille School for visually impaired benefit from assistance from our employees.

[Watch](#) our employees come together to paint and renovate an orphanage in Bucharest

See why “My volunteers are awesome” in this short [video](#) in El Salvador.

Oak Tree Clinic and the WelTel initiative

The [Oak Tree Clinic](#) provides specialized clinical care for women and children living with HIV/AIDS.

Women living with HIV/AIDS face unique challenges. HIV-positive women are twice as likely as men to be depressed. Many face poverty, isolation and lack of social support, and experience violence and discrimination, and many are also mothers living on low incomes.

WelTel is a unique program that uses mobile devices to send weekly text messages providing a friendly connection between patients and their doctors for much needed support between appointments. TELUS provided 12 mobile devices to support this program in 2014 in continued support of the 2012 pilot program. Patients in the program had a 20 per cent increase in adherence to taking their medication, compared with patients not participating in the program.



Business Operations and Ethics

Every day, we deliver shareholder value.





5.1 Economic performance and impact

Overview

TELUS is cultivating sustainable economic growth for our investors, customers, employees, suppliers and the communities where we live, work and serve. Our products and services enhance the lives of Canadians, enable the success of our customers and contribute to the development of sustainable communities as well as Canada's digital economy. We achieve all of this while delivering long-term financial and operating results for our investors.

We contribute to the economy by:

- § Making purchase decisions that benefit Canadians by choosing local suppliers as appropriate
- § Providing employment and compensation to our 28,065 Canadian employees
- § Paying \$1.9 billion in taxes to multiple levels of government
- § Paying \$1.35 billion in dividends and interest to our investors, which supports the pensions and savings of Canadians
- § Supporting over 4,400 charities with more than \$44.36 million and 635,000 volunteer hours
- § Spending approximately \$2.36 billion in capital investment programs
- § Driving innovation through the provision of state-of-the-art information communication technology, services and know-how for our customers, which enhances the connectivity of Canadians
- § Investing in the most advanced communications technology available globally to deliver a superior experience to our customers.

For a discussion of the economic and industry environment in which we operate, visit section nine of the MD&A in our [2014 annual report](#), for trends and expectations for the telecommunications industry.



5.1.1 Connecting with our investors

TELUS provides ongoing disclosure information to current and potential investors and the public through several communications mechanisms, including:

- § [News releases](#), management's discussion and analysis, [financial statements](#), related regulatory filings and quarterly investor conference calls and webcasts, related to quarterly financial and operating results
- § Regular news releases around corporate and marketing developments
- § Our annual disclosure package, which includes the annual report, information circular, sustainability report and annual information form
- § Annual shareholder meetings held in locations across Canada with an internationally accessible live webcast and feedback survey, so that shareholders can provide comments or ask questions via email to ir@telus.com before, during or after the meeting
- § A 1-800 investor line, ir@telus.com and ceo@telus.com mailboxes, and confidential ethics hotline and website to encourage shareholders and the public to contact us with questions or concerns
- § Our Board email inbox (board@telus.com) provides shareholders and other stakeholders with a tool to communicate directly with the Board on appropriate topics between annual meetings
- § Meetings with shareholder advocacy groups (such as the [Canadian Coalition for Good Governance](#)) to discuss executive compensation or governance issues.

Our Board of Directors believes that regular communication is an important part of creating an open and constructive dialogue with our shareholders. To facilitate such engagement, in February 2015, the Board approved a Shareholder Engagement Policy that outlines how the Board may communicate with shareholders, how shareholders can communicate with the Board and the topics that are appropriate for the Board to address. It also provides an overview of how management interacts with shareholders. A copy of our shareholder engagement policy is available at telus.com/governance.

TELUS held its 2014 Annual meeting in Vancouver, B.C., where our CEO and Board Chair reviewed a successful 2013 and addressed shareholder inquiries. The meeting was attended by more than 550 participants, with shareholders voting on corporate resolutions. The results of our corporate resolutions were positive, with shareholders re-affirming their support for the Board, and our approach to executive compensation.

In 2014, TELUS also engaged with current and potential investors by responding to day-to-day investor and analyst inquiries, participating in investor conferences, and meeting with financial analysts and investors. We participated in 22 investor conferences, presentations and tours this year, 10 more than in 2013. Our dedication to open and transparent communication has helped us better understand the needs of investors and is further evidence of our commitment to excellence in stakeholder engagement. As of February 2015, 19 equity analysts regularly monitor, analyze and issue reports on TELUS. To facilitate additional investor meetings and reduce travel expenses and time, we frequently use Cisco TelePresence, a high-definition video-conference service, between TELUS locations across Canada. By using this technology, we reduced our carbon footprint as well as that of investors wishing to meet with our senior management.

Investor conferences and meetings

	2014	2013	2012
Conference calls with webcast:			
Quarterly earnings calls and targets call	4	4	4
Shareholder meetings	1	1	2
Investor conference presentations and tours	22	12	7

TELUS also worked to provide additional disclosures to our socially responsible investors by facilitating meetings with our Chief Sustainability Officer and other TELUS leaders. Discussions focused on inquiries regarding our sustainability performance and related initiatives.

In 2014, TELUS continued to be recognized for excellence in corporate governance and reporting, earning numerous accolades, including:

- § **Chartered Professional Accountants of Canada** award for best annual report package in the Media and Communications sector, Excellence in Corporate Governance Disclosure; and Honourable Mention in Financial Reporting
- § The TELUS annual report ranked 17th in the world in the 2013 Annual Report or Annual Reports and earned a Gold Quill Award of Excellence from the International Association of Business Communicators
- § **IR Magazine's** 2014 Canada survey named TELUS as having the best investor relations program in the communications sector. In November 2014, IR Magazine recognized TELUS on its Global 50 List of the best Investor Relations programs globally.



We continue to welcome shareholder feedback through our ir@telus.com ✉ inbox.



5.1.2 Financial and operating highlights

Our ongoing wireless and wireline broadband investments continued to drive enhanced financial and operating performance in 2014. These investments strengthened our competitive position, helping us attract new customers and retain existing ones. Strong financial and operating performance once again supported superior returns to our investors in terms of share price appreciation and increased dividends. Additionally, this enhances our ability to better respond to the needs of our other stakeholders through community investment and support of charities.

The following sections contain material excerpted from the Annual Report and MD&A. For more information on our 2014 performance highlights and 2015 targets, [click here](#).

Consolidated Performance

In 2014, our team's efforts to elevate the client experience, along with the successful execution of our national growth strategy, resulted in TELUS delivering consolidated operating revenue of \$12 billion, up 5.2 per cent from 2013, and growth in earnings before interest, taxes, depreciation and amortization (EBITDA¹) of 4.9 per cent to \$4.2 billion. These results were the best among our national peers and demonstrate how putting customers first creates value for shareholders. In addition, we generated net income and earnings per share growth of 10 and 14 per cent, respectively.

Free cash flow was \$1.1 billion in 2014, or an increase of \$6 million, as EBITDA growth and lower employer contributions to employee defined benefit plans were largely offset by higher capital expenditures (excluding spectrum licences), higher interest paid and other factors.

Driving this strength was our continued, profitable growth in both our wireless and wireline segments. We ended the year with 13.7 million total customer connections, up 2.9 per cent from 2013, reflecting our ongoing success in adding new wireless, Internet and TV customers.

¹EBITDA is a non-GAAP measure and does not have a standardized meaning under IFRS-IASB. Therefore, it is unlikely to be comparable to similar measures presented by other companies. See Section 11 of Management's discussion and analysis in our 2014 Annual Report.

Targets

We continue to be guided by our long-term financial objectives, policies and guidelines put in place to maximize value to all stakeholders. With these policies in mind, our 2015 consolidated financial targets reflect continued execution of our successful national growth strategy focused on wireless and data. In each of the past five years, we have met three of four consolidated financial targets, which has supported the return of capital to shareholders through our multi-year dividend and share purchase programs. For more information and a complete set of 2015 financial targets and assumptions, see our fourth quarter 2014 results and 2015 targets report issued February 12, 2015. <http://ar.telus.com/>



Our Customers First initiatives resulted in the lowest postpaid churn rate amongst our peers (0.93%)

Wireless

In 2014, TELUS expanded our postpaid subscriber base by adding 357,000 high-value customers, for a total of 7.1 million. This robust postpaid growth, combined with a Canadian industry-leading average monthly postpaid churn rate of 0.93%, reflects our continued focus on putting customers first. Our wireless revenue grew 7.5 per cent in 2014, reflecting 293,000 subscriber net additions and a 2.9 per cent improvement (excluding Public Mobile) in average monthly revenue per subscriber due to higher levels of data usage. Wireless EBITDA increased five per cent due to revenue growth, reduced postpaid churn and our continued focus on efficiency. For information and a complete set of 2015 wireless targets and assumptions, see our fourth quarter 2014 results and 2015 targets report issued February 12, 2015.

2014 Wireless Results:

- § Network revenue (external) of \$6.0 billion, an increase of 6.5% from 2013
- § EBITDA of \$2.73 billion, an increase of 4.7% from 2013
- § LTE network coverage of 89% of population, up from 81% in 2013
- § Lifetime revenue per customer of \$4800, an increase of \$450 from 2013
- § Wireless Blended ARPU (excluding Public Mobile) of \$63.13, up \$1.75 from 2013

Wireline

In 2014, TELUS expanded and enhanced our broadband network, including connecting more homes and businesses to fibre-optic cable, reaching 2.8 million homes in B.C., Alberta and Eastern Quebec, with bandwidth speeds of up to 50 megabits per second (Mbps) available to 93 per cent of customers. Our wireline revenue increased by three per cent, reflecting growth in data services and the success of our bundled offerings, our fourth consecutive year of top-line growth. Furthermore, we generated positive annual wireline EBITDA growth for the second consecutive year, up five per cent due to revenue growth, improving TV and Internet service margins, and efficiency initiatives. For information and a complete set of 2015 wireless targets and assumptions, see our fourth quarter 2014 results and 2015 targets report issued February 12, 2015. <http://ar.telus.com/>

2014 Wireline Results:

- § Revenue (external) of \$5.4 billion, an increase of 2.7% from 2013
- § EBITDA of \$1.49 billion, an increase of 5.3% from 2013
- § Network access line losses of 85,000, an improvement of 67,000 from 2013
- § TV Subscribers of 916,000, an increase of 101,000 from 2013
High-Speed Internet Subscribers of 1.48 million, an increase of 80,000 from 2013

Economic value distributed

\$ millions	2014	2013	2012
Goods and services purchased	5,299	4,962	4,820
Employee benefits expense, excluding employee defined benefit plans expenses	2,400	2,316	2,139
Employer contributions to defined benefit plans	88	200	173
Capital expenditures	2,359	2,110	1,981
Interest paid	412	364	337
Income taxes (inclusive of investment tax credits) paid, net	464	438	150
Dividends declared for the holders of equity shares	935	866	794
Total	11,957	11,256	10,394



In the last 10 years, TELUS has remitted taxes of approximately \$16.8 billion to various levels of government in support of services for Canadians.

During 2014, we also raised our quarterly dividend twice, most recently in November. This was our eighth increase since May 2011 when we first announced our multi-year dividend growth program targeting two dividend increases per year of circa 10 per cent annually. In May 2013, we extended this program to the end of 2016. Since the beginning of 2013, we have returned to shareholders a total of \$3.4 billion, which includes the combined value of our share purchase programs plus \$1.8 billion in dividends paid. Furthermore, in 2014, TELUS returned more than \$600 million to our shareholders through our normal course issuer bid (NCIB) program, building upon the \$1 billion returned to shareholders through share purchases in 2013. As part of our ongoing commitment to returning capital to shareholders, we have announced our intention to purchase up to \$500 million in TELUS shares each year through 2016.

The preceding disclosure regarding TELUS' 2015 financial targets contains forward-looking information fully qualified by the caution in the Forward-looking statements found in this report. Please refer to our [2014 MD&A](#) for an at-a-glance look at our 2015 financial targets.



5.1.3 Supporting Canadians

TELUS helps strengthen Canada's economy through our purchase of goods and services required for our operations. This supports Canadians and the companies where they work and invest.

In 2014, we spent approximately \$8.3 billion in total vendor payments (including goods and services tax and provincial sales tax), which represented 69 per cent of consolidated revenues. Approximately \$7.7 billion or 93 per cent of total vendor payments went to Canadian companies or multi-national companies with locations in Canada.

Vendor payments by location

	\$ millions	2014	2013	2012
Vendors with locations in Canada		7,688	6,955	6,927
Non-Canadian vendors		602	555	649
Total vendor payments		8,290	7,510	7,576

Paying taxes

TELUS' contribution to the prosperity of Canada is evidenced through our responsibility as a corporate citizen. Over the past 13 years, we have remitted taxes of over \$15 billion to federal, provincial, local and international governments, which in turn, supports services for Canadians and other citizens in those jurisdictions where TELUS operates. This amount increases to over \$22 billion when payroll remittances for employees are considered. Including annual spectrum fees and spectrum purchases in the same period, TELUS has remitted approximately \$18 billion to various levels of government, and over \$25 billion with payroll remittances.

In 2014, TELUS remitted approximately \$2.6 billion to many levels of government. This included:

- § Net payment of \$464.2 million in federal, provincial and international corporate income taxes
- § Payment of \$280.5 million in employer portion of payroll taxes, property and business, public utility and non-creditable/non-refundable sales taxes on goods and services acquired by TELUS in the operation of its business
- § Sales taxes remitted of \$1,181.1 billion for goods and services taxes (GST), harmonized sales taxes (HST), Quebec sales taxes (QST), provincial sales taxes (PST), and international value-added taxes (VAT) collected from our customers. In addition, TELUS paid \$645.7 million for GST, HST, QST and VAT to suppliers on the acquisition of goods and services that was ultimately refunded by the applicable government authorities levying such taxes
- § Payroll taxes withheld from employees and remitted to the federal and Quebec governments of \$612.3 million
- § 911 taxes of \$16 million charged to customers and remitted to the governments in participating Canadian provinces for provision of emergency 911 services.

TELUS follows a Comprehensive Tax Conduct and Risk Management Policy (“the Tax Policy”) that has been adopted by the [TELUS Board of Directors](#). The Tax Policy, which is consistent with the overarching [Code of Ethics and Conduct](#), outlines the principles of employees’ responsibilities and professional conduct. It outlines our requirement to comply with tax laws while considering our rights as a taxpayer, in the various jurisdictions in which we operate. The Tax Policy also provides a framework for assessing tax risks that takes into account not only potential financial impacts to the company but also impacts to our customers, reputation, brand and employees.

TELUS’ philosophy regarding tax can be summarized as follows:

- § TELUS pays tax that is legally due and observes the provisions of the relevant law and related jurisprudence
- § Where TELUS’ interpretation of the tax laws differs with that of the tax authorities we commit to resolving these issues in the most cost-effective and timely manner while seeking to maintain a long-term, open and constructive relationship with the tax authorities
- § TELUS will not take any position that clearly falls outside of the relevant governing legislation and prevailing jurisprudence.

In accordance with the Tax Policy, all exchanges of goods, property and services between TELUS’ companies are conducted for fair market value consideration. Transfer pricing between the companies is based on comparable terms and the commercial nature of the transactions.

For details on TELUS’ 2015 tax targets, please refer to our [2014 fourth quarter MD&A](#).

Total federal, provincial and international taxes remitted

		(\$ in millions)	2014	2013	2012	2011
Corporate Income Tax Paid						
Canada	Federal	254.7	247.6	76.6	108.1	
	British Columbia	83.9	85.2	44.1	40.7	
	Alberta	44.9	35.4	10.5	(5.2)	
	Saskatchewan	0.8	0.5	0.1	0.1	
	Manitoba	0.8	0.7	0.2	0.2	
	Ontario	36.7	31.9	3.9	1.3	
	Quebec	29.5	24.3	3.2	4.6	
	Atlantic provinces	3.4	2.5	0.4	0.6	
	International	9.5	9.5	11.0	0.1	
Total corporate income tax payments		464.2	437.6	150.0	150.5	
Other tax payments						
Canada	Employer portion of payroll taxes	138.2	123.9	112.4	105.5	
	Property and business taxes	105.7	103.2	78.0	76.8	
Non-creditable/non-refundable sales taxes	Federal	0.3	0.3	0.2	0.3	
	British Columbia	30.2	20.0	3.1	3.9	
	Saskatchewan	0.1	0.1	0.1	0.0	
	Manitoba	1.4	0.3	0.4	0.8	
	Ontario	1.5	0.0	0.0	0.1	
	Quebec	0.8	0.8	0.7	0.7	
	Atlantic provinces	0.0	0.0	0.0	0.0	
	International	11.2	5.3	3.8	3.5	
Provincial premium and capital taxes		(0.3)	0.7	(0.1)	(5.5)	
Quebec tax credits		(8.6)	(4.7)	(6.8)	(13.6)	
Total other tax payments		280.5	249.9	191.8	172.5	
Payroll taxes remitted ¹		612.3	608.2	546.5	516.2	
911 taxes remitted ¹		16.0	7.8	7.6	7.3	
Sales taxes remitted²						
Canada	Canadian GST and HST	803.0	810.1	943.4	899.7	
	British Columbia	156.3	115.1	0.0	0.0	
	Saskatchewan	4.5	4.0	3.4	2.7	
	Manitoba	5.3	4.9	4.9	4.4	
	Ontario	0.0	0.0	0.0	0.0	
	Quebec	209.6	196.8	179.4	143.1	
	Atlantic provinces	0.0	0.4	1.7	1.3	
	International VAT	2.4	3.9	3.4	5.8	
Net sales taxes collected/remitted		1,181.1	1,135.2	1,136.2	1,057.0	
Total Canadian and International taxes remitted		2,554.1	2,438.7	2,032.1	1,903.5	

¹ Prior year amounts not previously provided.

² The Sales taxes remitted consists of GST, HST, QST, PST and VAT collected from our customers. In addition, TELUS paid \$645.7 million for GST, HST, QST and VAT to suppliers on the acquisition of goods and services that was ultimately refunded by the applicable government authorities levying such taxes.

Investing in our network

TELUS has made significant investments in recent years, which have enhanced the connectivity of Canadians by extending the speed, reach and capabilities of our advanced broadband networks. This includes the build-out, launch and enhancement of our nationwide, next generation high-speed packet access plus (HSPA+) wireless network. TELUS' network is capable of supporting manufacturer-rated peak wireless data download speeds of up to 37 megabits per second and covering 99 per cent of the Canadian population. Our **4G LTE**, wireless service launched in 2012, provides Canadians with the fastest wireless technology available in the world today. In 2014, we expanded our LTE network to cover more than 89 per cent of Canada's population – up from 81 per cent of the population at the end of 2012.

In January and February 2014, TELUS participated in Industry Canada's auction of 700 MHz spectrum licences, successfully obtaining a national average of 16.6 MHz in spectrum for \$1.14 billion. This will enable us to effectively roll out LTE to 97 per cent of the Canadian population. Spectrum in the 700 MHz range has superior propagation capabilities that make it effective and efficient in covering Canada's expansive rural geography, as well as improving the quality of in-building coverage in urban areas.

TELUS also participated in Industry Canada's auction of Advanced Wireless Services-3 (AWS-3) spectrum in March 2015, obtaining spectrum licenses equating to a national average of 15MHz for \$1.5 billion. TELUS continued to invest in our customers' experience by participating in the auction of spectrum in the 2,500 to 2,690 MHz bands which began in April 2015.

TELUS alone has invested more than \$3.6 billion for spectrum-related costs since the 2008 auction. Since 2000, TELUS has also invested more than \$27.5 billion in technology and communications infrastructure across the country to significantly enhance the connectivity of Canadians.

TELUS continues to expand our wireline broadband network, bringing greater capacity, speed and coverage to more communities. Based on ADSL2+ and VDSL2 technology, our broadband Optik coverage reached more than 2.8 million households in British Columbia, Alberta and Eastern Quebec, as compared to approximately 2.7 million households in 2013. Through our continued broadband investment and focus on extending fibre deeper into our distribution and access networks, we now offer broadband speeds of up to 50 Mbps to 93 per cent of our Optik TV-capable household footprint. These investments have cultivated access to faster, higher-speed Internet connectivity and innovative IP-delivered services such as our premium differentiated Optik TV and TELUS High Speed Internet.



5.1.4 Innovation

Having the courage to innovate is a TELUS value we embrace. To nurture this in our employees, we also need to commit to innovation as a company – as evidenced by our financial investment in research and development (R&D) to improve service for our customers.

TELUS invested \$194 million in R&D in 2014, compared with \$161 million in 2013.

Estimated investment in research and development

	2014	2013	2012
Consolidated - millions of dollars	194	161	170

Our significant investments in R&D are setting the foundation for future growth and an improved customer experience. In today's hyper-connected world, the Internet has become central in our customers' lives. This is why we continue to invest in building and evolving one of the most advanced mobile broadband networks in the world with unlimited access, impressive speeds and the highest level of reliability.

TELUS' \$33 million investment increase in R&D year over year is primarily due to strategic systems development that supports our Long Term Evolution (LTE) wireless network expansion. In 2014, we built hundreds of new cell sites and carried out thousands of capacity upgrade activities on existing cell sites. Furthermore, we deployed advanced LTE using recently acquired 700MHz spectrum and implemented small cells and Wi-Fi technologies to further augment our development. This assists with our goal of anytime, anywhere access for all Canadians.

We also sponsor academic research institutions, primarily at the post-secondary level, with the goal of exploring scientific questions and overcoming practical challenges specific to our industry. We collaborate with professors, students and postdoctoral fellows to discover the most advanced technology innovations that will provide the highest possible quality of communications services to Canadians. In doing so, we are also helping to train the next generation of engineers and technicians.

TELUS' participation in nationwide research networks involves a large numbers of industry sponsors, academia and government participants. This includes, but is not limited to:

- § University of British Columbia
- § University of Victoria
- § University of Alberta
- § University of Calgary
- § University of Manitoba
- § Carleton University
- § University of Toronto
- § York University
- § École Polytechnique de Montréal
- § Université Laval
- § McGill University
- § Algonquin College
- § Sheridan Institute of Technology and Advanced Learning
- § Emily Carr University of Art & Design
- § Mitacs
- § American University of Beirut
- § Networks of Centres of Excellence of Canada National Sciences
- § Engineering Research Council of Canada.

TELUS is an active and influential member in several of the world's largest global professional associations dedicated to advancing research and technological innovation. Our commitment to the membership of these consortiums contributes to developing the standards and solutions that are creating the future of the information and communications technologies.

Examples of associations we partner with are:

- § Global System for Mobile Communications Association
- § TM Forum (formerly TeleManagement Forum)
- § Next Generation Mobile Networks
- § Metro Ethernet Forum
- § Alliance for Telecommunications Industry Solutions
- § Third Generation Partnership Project
- § Digital ID and Authentication Council of Canada
- § CTIA – The Wireless Association
- § Continua Health Alliance
- § American Registry for Internet Numbers
- § Global Platform, Small Cell Forum
- § Organization for the Advancement of Structured Information Standards
- § Optical Internetworking Forum
- § Society of Cable Telecommunications Engineers
- § Society of Motion Picture and Television Engineers.

These alliances provide a global source of information, knowledge and networking for industry leaders, like TELUS, who advance the use of technology and integrated systems.

Strategic investments

In 2014, TELUS capital expenditures, excluding spectrum licenses, were \$2.36 billion or 20 per cent of total operating revenues, slightly higher than 19 per cent in 2013. Of this, we invested \$832 million in our wireless networks, and \$1.5 billion in wireline initiatives. This reflects our continued focus on investing in wireline and wireless broadband infrastructure to enhance our network coverage, speed and capacity.

These investments include:

- § 700 MHz wireless spectrum deployment and LTE expansion
- § Connecting more homes and businesses directly to fibre-optic cable
- § Enhancing network and system resiliency and reliability to support our ongoing Customers First initiatives and our growing subscriber base
- § Readying the network and systems for the future retirement of legacy assets.

Capital expenditures by region

\$ millions	2014	2013	2012
British Columbia	752	737	707
Alberta	862	760	649
Saskatchewan	2	2	2
Manitoba	24	16	11
Ontario	406	267	229
Quebec	283	302	355
Atlantic Canada	3	2	2
Outside Canada	27	25	26
Total capital expenditures	2,359	2,110	1,981

TELUS plans to continue making investments in its wireless and wireline broadband infrastructure, including connecting more homes and businesses directly to fibre-optic cable, and the continued deployment of 700 MHz wireless spectrum, as well as in network and system resiliency and reliability to support our ongoing Customers First initiatives.

Complementary to our wireless and wireline business, we continue to invest in our health and international business. Our goal is to improve the reach, collaboration and outcomes within the healthcare ecosystem. TELUS also invests internationally to provide our clients a greater breadth of business process outsourcing services. For example, our integration of TELUS International Europe allowed us to provide services to clients in more than 30 different languages.



5.2 Ethics

Overview

Our shared commitment to doing “good” in business and maintaining the highest level of integrity is what makes our team so strong. This commitment connects us to each other and forms the foundation of our relationships with partners, suppliers, shareholders, communities and customers. Our [TELUS Code of Ethics and Conduct](#) (“The Code”) sets out the responsibilities and guidelines that underpin our high ethical standards. The Code provides clear direction on what constitutes our Ethics Policy and provides guidance to our employees on how to resolve issues that might arise.

Along with good corporate governance, ethical behaviour is an integral part of everything that TELUS does. Good corporate governance begins with the behaviour and ethics of a company. In 2015, we changed the name of our Ethics Policy to the Code of Ethics and Conduct to better reflect how this program ties together all policies regulating business behaviour as well as the guidelines for the standards of ethical conduct required of all employees, including officers and members of [TELUS’ Board of Directors](#).

The Code is updated annually and actively shared with employees and external stakeholders.

TELUS EthicsLine

Through the TELUS EthicsLine (1-888-265-4112 or telus.ethicspoint.com), employees and external stakeholders can raise anonymous and confidential questions or file complaints related to accounting, internal controls or ethical issues.

In 2014, we took further steps to have our Integrity course content resonate with our unique audiences - TELUS International employees and contractors - profiling integrity-related issues most relevant to them.

The EthicsLine received **A** 328 calls, three per cent less than last year, with callers seeking advice on ethical situations or making complaints. Each complaint was investigated, resolved appropriately and reported to the Audit Committee and the Human Resources and Compensation Committee of [TELUS’ Board of Directors](#).

Contacts received by the Ethics Office

Type	2014	2013	2012
Requests for advice	99	97	114
Ethical complaints	229	241	298
Total contacts	328	338	412

Breaches of ethics and discipline

In 2014, there were **A** 127 breaches of TELUS' Ethics Policy involving 167 employees, compared with 118 involving 155 employees in 2013. The most frequent violations in 2014 were related to breaches of company policies and conflict of interest. None of these incidents involved fraud by employees who had a significant role in internal controls over financial reporting. Corrective action was taken in each case of a breach, with some of the breaches resulting in discipline or the dismissal of more than one employee.



In 2014, we changed the name of our Ethics Policy to the Code of Ethics and Conduct to better reflect how this program ties together all policies regulating business and standards of conduct for employees

We continue to rely upon our education programs to increase employees' awareness of ethics. Our employees use their ethical awareness to guide their behaviour and adhere to policies while delivering on the goals of our organization. In 2015, we will continue to focus on awareness initiatives and equip our employees with the Code of Ethics and Conduct, which will guide our programs, policies and decisions.

Consequences for Ethical breaches

Corrective action	2014	2013	2012
Letter in employment file	36	4	48
Employment suspended	33	24	30
Employment terminated	97	118	100
Employees resigned	1	9	5
Total employees disciplined	167	155	183



5.2.1 Privacy

Across our nation, millions of Canadians use the Internet and mobile devices, including smartphones and tablets, to keep in touch, study, work and shop. The rising integration of technology into both our personal and professional lives is significantly changing the way we communicate and share information about ourselves, generating new challenges related to information security, effective oversight and accountability.

TELUS respects the privacy of our customers and employees and has a long-standing policy of protecting privacy throughout our business operations. To provide customers with easy and quick access to key information about our practices in this area, TELUS follows the international standard of using multi-layered notices:

The first layer provides a notice entitled [About TELUS' Privacy Commitment](#) as well as a [Frequently Asked Questions](#) document that allows customers to understand TELUS' privacy practices at a glance

The second layer is the [TELUS Privacy Commitment](#), which provides more details on the collection, use, disclosure, and protection of personal information as well as information on the choices available to customers

The third layer is the [TELUS Privacy Code](#) that presents our comprehensive privacy policy and is structured to provide specific details about TELUS' privacy practices.

Each document provides different levels of detail allowing the customer to choose the level of information that is most suitable for making informed decisions.

Our Chief Compliance and Privacy Officer is responsible for oversight of the TELUS Privacy Code and making certain that internal controls are implemented by the business to support our code and commitments. For privacy matters that involve countries outside of Canada, we work with privacy lawyers with local expertise. To meet European Union Directive requirements for our international operations, TELUS International has been [Safe Harbour](#) certified since 2012.

Implementing our privacy policy

We use a number of mechanisms to implement our Privacy Code:

- § We maintain a toll-free number and email address (1-800-567-0000 or privacy@telus.com ✉), so customers can contact us regarding privacy issues or access requests
- § We maintain a distinct toll-free number and email address, so employees can contact us about their privacy concerns
- § Our annual internal Enterprise Risk and Control Assessment survey includes questions specific to privacy that may identify emerging risks for TELUS
- § We require Privacy Impact Assessments for all projects that involve the collection, use or disclosure of personal information. These assessments are reviewed and approved by Certified Privacy Professionals in the TELUS Compliance and Privacy Office as well as by members of the TELUS Chief Security Office who are certified information security systems professionals and/or global information assurance professionals
- § TELUS has Privacy Breach Response and Notification protocols embedded into our processes and training modules, which are reviewed regularly.

Privacy complaints

We are pleased to report that no privacy complaints were received by TELUS from the Office of the Privacy Commissioner of Canada in 2014.



5.2.2 Anti-bribery and corruption

Bribery and corruption is one of the primary obstacles to economic development. It undermines the rule of law, weakens trust in public institutions and challenges democratic principles. Bribery and corruption can exist in any society, rich or poor, creating a need for continued vigilance by regulators, law enforcement agencies and industry leaders.



TELUS mitigates risks associated with bribery and corruption by implementing and enforcing a robust Anti-Bribery and Corruption Compliance Program that is supported by clear policies, processes and controls.

Risks from bribery and other forms of corruption are a concern for companies both in Canada and abroad. Companies may be confronted with demands for bribes, challenged by competitors acting corruptly or faced with employees violating their codes of conduct. TELUS mitigates these risks by implementing and enforcing a robust Anti-Bribery and Corruption Compliance Program that is supported by clear policies, processes and controls.

We continue to strengthen anti-bribery and corruption procedures across all regions where we operate. In 2014, we continued to build on the risk-based review and framework developed in 2012, as follows:

- § Senior management involvement and support: senior leaders across TELUS were identified as responsible and accountable for making sure the Anti-Bribery and Corruption Compliance Program is effectively implemented and consistently monitored. Senior executives set the tone to create a culture where bribery is unacceptable.
- § Corporate compliance policies and procedures: a specific Anti-Bribery and Corruption Policy was rolled out to the TELUS team after being approved by the [TELUS Board of Directors](#). The policy provides further clarity and guidance for employees and third parties engaged by TELUS, and supplements other guidance in the [TELUS Code of Ethics and Conduct](#), the [Supplier Code of Conduct](#), and our Code of Conduct for Business Sales Activities.
- § Training and education: our annual Integrity training highlights our zero-tolerance approach to bribery and corruption. Further training continues to be provided through our Business Sales Code of Conduct and Anti-Bribery and Corruption programs.
- § Monitoring, auditing and reporting mechanisms: employees in various areas of the company are tasked with ensuring the ongoing effectiveness of the compliance program. Future reviews and audits will be conducted and reports will be provided to the TELUS Board of Directors as appropriate.
- § Incentives and consistent disciplinary procedures: annual performance objectives were created for employees responsible for implementing and monitoring the compliance program. Failure to act in accordance with the Anti-Bribery and Corruption Policy may subject employees to disciplinary action, which may include dismissal.



5.3 Governance and disclosure

Overview

We are committed to sound and effective practices in corporate governance. These practices provide the foundation of sustainability leadership at TELUS, which is supported by the following considerations:

- § Ethical conduct, ethical standards and expectation-setting by leaders
- § An independent and judicious Board that oversees management
- § Accountability to customers, employees, investors and other stakeholders
- § Effective internal controls and transparent disclosure of strategic objectives
- § External and internal assurance
- § Executive compensation that rewards performance and responsible risk-taking.

Our stakeholders value excellence in governance. Each year, we aim to provide greater transparency and apply new standards of integrity across our operations. Examples of our best practices in governance include:

- § Adopting a Board Diversity Policy that provides that the Corporate Governance Committee, which is responsible for recommending director nominees to the Board, will take into account diversity considerations such as gender, age and ethnicity, with a view to ensuring that the Board benefits from a broader range of perspectives and relevant experience.
- § Adopting a term limit policy for directors who join the Board after January 1, 2013, requiring them to tender their resignation to the Corporate Governance Committee after 15 years of service on the Board.
- § Increasing the share ownership guidelines for both directors and executives. Non-management directors are now required to reach an equity ownership target equal to three times the annual retainer within five years of his or her appointment date. Executives are now required to hold three times their base salary in common shares, the Executive Chair twelve times his base salary in common shares and the CEO seven times his base salary in common shares.
- § Holding an annual say-on-pay vote on executive compensation at our annual meetings - our fourth annual say-on-pay vote at our 2014 annual meeting received 95.3 per cent approval from common shareholders.
- § Having a majority voting policy for the election of directors since 2007.

- § Adopting a formal clawback policy in 2012 (effective as of January 1, 2013) that allows the Company to recover or cancel certain incentive or deferred compensation paid to executive officers in circumstances where there has been a material misrepresentation or material error resulting in the restatement of the Company's financial statements, an executive would have received less incentive compensation based on the restated financials, and the executive's misconduct (such as an act of fraud, dishonesty or wilful negligence or material non-compliance with legal requirements) contributed to the obligation to restate the financial statements. Of note, the Company has not had to claw back any compensation pursuant to this policy since it has been put in place and we have not previously encountered a situation where a compensation recoupment or adjustment would have been required had a clawback policy been in place.
- § Conducting in-camera sessions at each meeting of the Board and its committees where the independent directors meet without management present
- § Having both the Chief Internal Auditor and the external auditor report to the Audit Committee
- § Conducting in-camera sessions at each quarterly Audit Committee meeting where committee members meet separately with both the external and internal auditors without management present.

In 2014, we continued to implement enhancements that help us achieve good governance and increase stakeholder confidence. Following is a list of initiatives implemented in 2014 and early 2015:

- § Demonstrated our ongoing commitment to diversity and the recruitment of outstanding Board candidates with the addition of three new directors to the Board: Mary Jo Haddad and Lisa de Wilde, who joined the Board in May 2014 and February 2015, respectively, and Sarabjit (Sabi) Marwah, who is proposed for nomination at the 2015 annual meeting. They bring with them strategic expertise and significant operational experience in key markets.
- § Continued to evolve and implement our world-class succession plan for our executives and Board members with a focus on providing continuity of exceptional leadership, ensuring the continuity of our national growth strategy and top priority to put customers first and advancing succession opportunities for key executives. Pursuant to our succession plan, in May 2014, with the retirement of Brian Canfield as Chair, Dick Auchinleck was appointed as independent Lead Director and Darren Entwistle as Executive Chair, with Joe Natale promoted to President and CEO and elected as a director. In addition, the Corporate Governance Committee oversaw the recruitment of Mary Jo Haddad and Lisa de Wilde as directors in 2014 and Sabi Marwah as a director nominee at our 2015 annual meeting. In keeping with current industry trends and best practices, we moved to a tiered flat-fee structure for directors' compensation. The Board believes that this flat-fee structure is better aligned with the changing role of directors and is more reflective of the continuous nature of their contributions during the year rather than a fee structure based on attendance at meetings.
- § We issued our first annual transparency report in September, which demonstrates our commitment to protecting our customers' privacy while also supporting the efforts of law enforcement and emergency service providers. The report describes the numbers and types of requests for customer information we received from law enforcement and other agencies in 2013.

For more information on our [Board of Directors](#) and corporate governance at TELUS, please refer to our [2014 Information Circular](#).

Executive pay

TELUS' executive compensation philosophy is based on performance with a clear and direct linkage between compensation and the achievement of business objectives (short, medium and long-term). Using both market-based and performance-based approaches, compensation is structured through an appropriate mix of fixed versus at-risk methodologies, which factor in personal performance, corporate performance and competitive market compensation data. TELUS' compensation practices are robust and formulaic and involve the consideration of a number of internal and external performance measures consistent with our pay-for-performance philosophy. The Compensation Committee of the Board of Directors is responsible for reviewing and approving compensation arrangements of all Executive Vice Presidents, other than the CEO, and for reviewing and recommending to the Board the compensation arrangements of the CEO. For more information regarding our compensation philosophy, please refer to our [2015 Information Circular](#).

Risk Management

Effective risk management also supports our foundation for sustainability leadership. TELUS defines business risk as the degree of exposure associated with the achievement of key strategic objectives in relation to the effectiveness and efficiency of:

- § Operations
- § Reliability of financial reporting
- § Compliance with laws and regulations
- § Safeguarding of assets within an ethical organizational culture.

Consistent with our balanced approach to business, we use an enterprise-wide risk and control assessment process that solicits and incorporates the expertise and insight of employees from all areas and levels of the organization, including our Board of Directors. We seek to continuously improve enterprise risk governance by voluntarily:

- § Assessing perceptions of risk resiliency, appetite and tolerance, including risk management integration in key decision processes
- § Assigning executive-level owners for mitigating key risks
- § Integrating information across our strategic planning process and enterprise risk assessment activities.

More information on our risk assessment and mitigation process is available in section 10 (Risks and risk management) of the Management's discussion and analysis (MD&A) within our [2014 annual report](#). Information on financial liabilities is listed in the Consolidated financial statements section of our annual report.

TELUS' strategic intent is a foundation of our governance program and is supported by [six strategic imperatives](#). These imperatives guide our efforts and serve as a framework for our actions. The TELUS team works together to deliver future friendly services and our values guide the way:

- § We embrace change and initiate opportunity
- § We have a passion for growth
- § We believe in spirited teamwork
- § We have the courage to innovate.

Each year, we set [corporate priorities](#) to advance our growth strategy and put our customers first.

Sustainability Steering Committee

Overall responsibility for our sustainability performance resides with TELUS' [Executive Leadership Team](#). In early 2015, following the development of our revised sustainability strategy and roadmap, we established our new Sustainability Steering Committee, formerly referred to as our CSR Leadership team. Committee members are senior leaders from all TELUS business units who are accountable for integrating and implementing sustainability considerations throughout our company in collaboration with our sustainability team. Additionally, this committee continues to nurture a culture of sustainability, meets regularly to review progress against our objectives and assesses new or ongoing initiatives.

The Committee provides progress reviews each quarter to the Corporate Governance Committee of [TELUS' Board of Directors](#) as well as updates to the Audit Committee on sustainability reporting progress, typically in the first quarter of each year.

TELUS' Executive Leadership Team and our Chief Sustainability Officer (appointed in 2013) are responsible for the approval of the overall strategic direction of our sustainability programs. Our annual Sustainability Report is a catalyst for gathering stakeholder feedback on our programs and performance, so we can maintain our commitment to creating a healthier, more sustainable future.



For a full statement of TELUS' corporate governance practices, including our Board policy manual and disclosure regarding our governance practices compared to those required by the New York Stock Exchange (NYSE), refer to our [TELUS 2015 information circular](#) or visit the [governance section](#) on our website.



5.3.1 Transparency

Overview

The discussions taking place in Canada regarding transparency reporting and disclosure will help shape our country's future privacy landscape. Respecting our customers' privacy is an important principle of TELUS' Customers First philosophy, and with this in mind, we were pleased to contribute to the evolution of the privacy dialogue with the release of our first Transparency Report in 2014.

TELUS issues 2014 Transparency disclosure as part of its Sustainability Report

TELUS, as a national telecommunications company, routinely receives requests for information about our customers from law enforcement agencies and other government organizations. This disclosure is intended to provide insight into our approach to responding to these requests and data regarding the numbers and types of information requests we received in 2014.

TELUS carefully protects customer privacy, while responding to lawful requests for customer information from law enforcement agencies and other government organizations as required by Canadian law. Consistent with our Customers First philosophy, TELUS will challenge information requests which we believe go beyond what is lawful. For example, we will challenge any request or court order that we believe goes beyond what a judge is authorized to order under applicable legislation, such as the Criminal Code, and we will only release confidential customer information when we are satisfied it is appropriate to do so.

A few things have changed since our inaugural report. First, we have now integrated our transparency reporting into our annual Sustainability Report, and plan to continue to do this in future years. Perhaps the most significant change was a Supreme Court of Canada decision in June of 2014 in the case of *R. v. Spencer*. The decision clarified that law enforcement agencies require a warrant to obtain the name and address information of our customers unless an individual's life, health or security is at risk, or the information is readily available in a published telephone directory. That decision resulted in a decline in customer name and address requests in 2014 of approximately 25 per cent.

One thing that has not changed is that more than half of the requests we received in 2014 were for information to help find or communicate with someone in an emergency. Getting a call from a local police detachment or 911 operator centre asking for help locating someone who is lost or suicidal is a typical example of this type of request. We received about 62,000 requests for information in an emergency last year, an average of 169 every day, and released information in 53,810 instances. In the other cases, the 911 centre or law enforcement agency could not confirm that it was a true emergency or the request was withdrawn before we were able to provide data because the circumstances that prompted the request had changed.

Similarly, we provided only partial or no information in response to about 15 per cent of the court orders we received because we did not have the information in our systems or because we thought the order was invalid or over-reaching. When necessary, we will take an issue to court, as demonstrated in a [case](#) involving text messages that we successfully appealed to the Supreme Court of Canada. That case resulted in a decision in 2013 that enhanced the privacy rights of all Canadians. Additionally, in early 2014 we began the process of challenging a court order that would have required TELUS to disclose to a law enforcement agency the names, addresses, phone numbers and billing information of more than 9,000 TELUS wireless customers who happened to be using their wireless devices in the vicinity of certain TELUS cell towers during certain periods of time. TELUS believes that the order was unnecessarily broad in scope and therefore unlawful. The issue is scheduled to be heard by a court in May 2015.

Approximate Numbers of Requests from Government Organizations¹

	2014	2013	YoY % change
Court Orders/ Subpoenas ²	4,003	4,315	-7.2
Court Orders	3,550	3,922	-9.5
Subpoenas	453	393	+15.3
Court Orders to comply with a Mutual Legal Assistance Treaty (MLAT) request	2	2	0
Customer Name and Address Checks	30,946	40,900	-24.3
Emergency Calls	61,596	56,748	+8.5
Internet Child Exploitation Emergency Assistance Requests	144	154	-6.5
Legislative Demands	1,247	1,343	-7.1
Total	97,938	103,462	-5.3

¹ TELUS has calculated these numbers based on how requests are recorded in our systems. We note that this may or may not be consistent with how other telecommunication services providers calculate the number of requests they receive in these categories.

² TELUS measures the number of requests in this category based on numbers of court orders or subpoenas received, rather than the number of impacted subscribers. Many court orders and subpoenas request information with respect to more than one TELUS subscriber.

The types of requests TELUS receives

Court Order/Subpoena

An order or subpoena is a legal demand signed by a judge directing TELUS to provide customer information. The information may be associated with any TELUS service, including wireline, wireless or Internet. Most orders and subpoenas require TELUS to provide historic information, such as telephone records. A small minority of the court orders require TELUS to provide real-time information; for example, the content of a telephone call (by means of a wiretap) or the location of a cell phone. Court orders obtained by law enforcement agencies are often referred to as “warrants.”

Of the 4,003 orders and subpoenas received in 2014, TELUS provided partial or no information in approximately 15 per cent of the instances.* In many instances, we no longer had the information requested, as we retain customer information only for as long as required for business purposes such as billing or to meet legal requirements.

In about 100 cases, we challenged orders on the grounds they were invalid or overreaching. For the most part, those challenges involved our refusal to produce requested information because of legal defects or other critical errors in the requests that the law enforcement agencies had submitted.

*This estimate was derived by sampling records maintained by TELUS' Corporate Security department

§ Applicable law: Criminal Code of Canada.

Court orders to comply with a Mutual Legal Assistance Treaty (MLAT) request

These requests take the form of an order issued by a Canadian court pursuant to the Mutual Legal Assistance in Criminal Matters Act. Typically, these are requests for aid from a law enforcement agency in another country related to a criminal investigation, and require an order from a Canadian court. We don't respond to requests that come directly from foreign agencies, but will provide information if ordered to do so by a Canadian court.

§ Applicable law: The Mutual Legal Assistance in Criminal Matters Act.

Customer Name and Address Checks

Requests to provide basic customer information, such as customer name and address. These are usually done in order to identify an individual associated with a telephone number, most often so police can ensure they are serving a warrant on or arresting the correct individual. Previously, it was understood that such disclosure was permitted under Canadian law and TELUS' service terms. However, in light of a June 2014 decision of the Supreme Court of Canada in the case of R. v. Spencer, TELUS has changed its practice and now requires a court order for customer name and address information except in an emergency or where the information is published in a directory. This resulted in an approximately 25 per cent decline in these types of requests in 2014 from 2013.

§ Applicable law: Personal Information Protection and Electronic Documents Act (PIPEDA), CRTC rules with respect to customer confidentiality; see also applicable TELUS Service Terms and customer Privacy Commitment.

Emergency Calls

Description: These are urgent requests for help locating or assisting an individual where their life, health or security is at risk. For example, TELUS will provide police or other emergency responders with location information for a wireless device belonging to someone who is lost or in danger.

More than half of such requests (41,386 in 2014) came from 911 call centres seeking help locating a caller in distress. The remaining 20,273 requests came from local police or emergency service providers.

In these cases we only provide the information needed to respond to the emergency.

§ Applicable law: PIPEDA and CRTC rules with respect to customer confidentiality.

Internet Child Exploitation Emergency Assistance Requests

Description: In response to police requests, TELUS disclosed the name and address of a customer using an IP address to help the police investigate a case of online child sexual exploitation. Previously, it was understood that such disclosure without a court order was permitted under Canadian law and TELUS' service terms. However, the Supreme Court of Canada in the Spencer case (referred to above) has ruled that such disclosure requires a court order, except in an emergency. Accordingly, TELUS has amended its practices in this regard.

TELUS has always required a court order to provide customer information associated with an IP address in other cases.

§ Applicable law: PIPEDA, Criminal Code of Canada

Legislative Demands

Description: A request for information by a government body, where TELUS is required by applicable legislation to provide the information. For example, pursuant to the Income Tax Act, the Canada Revenue Agency may require TELUS to disclose certain customer information.

- § Applicable law: Any federal or provincial legislation that authorizes a government body to request information from TELUS.

Frequently asked questions:

What is the process for responding to information requests? TELUS has a process for carefully assessing information requests received from law enforcement agencies and other government organizations:

- § A request is received and logged by TELUS' Corporate Security department.
- § A specially trained and authorized TELUS Security team member reviews the request to ensure it has been correctly prepared and is legally valid. In the case of emergency calls, this involves obtaining confirmation that the situation involves an imminent risk to an individual's life, health or security.
- § If the representative has any concerns, those concerns are brought to the attention of a supervisor, TELUS' legal department, or the agency or organization, as appropriate, for resolution.
- § Once the representative is satisfied that the request is valid, they will take appropriate steps to properly respond to the information request. For example, this could include searching relevant TELUS databases for the requested information.

How long does TELUS keep my information?

TELUS keeps customer information only as long as necessary to comply with the law and to fulfill our business purposes. For example, TELUS retains copies of customer bills for approximately seven years to satisfy legal requirements. TELUS retains basic detail about billable calls made by our customers on our network for a period of up to 14 months for network management and billing purposes.

What legislation applies to the protection of customer privacy?

TELUS' telecommunications businesses are governed by the federal Personal Information Protection and Electronic Documents Act (PIPEDA) and by rules prescribed by the CRTC with respect to customer confidentiality. This report covers TELUS' telecommunications businesses, including wireline, wireless and Internet.



5.4 Regulatory compliance

Supporting a balanced regulatory environment – that equally considers consumer, industry and government policy needs – is important to us, each and every day.

Overview

TELUS operates in an increasingly complex regulatory environment, making regulatory compliance a critical issue. Although many of the services TELUS provides are no longer subject to the detailed regulatory oversight they once were, we still manage tariffs for rate-regulated telecommunications products and services. As well, TELUS' Optik TV service operates with significant regulatory oversight related to the Broadcasting Act.

Changes in technology, coupled with evolving consumer preferences and expectations, make it essential for regulation to be streamlined and flexible, so that TELUS can quickly respond to change and continue to provide the high-quality, robust and innovative networks that citizens and businesses depend on, every day, to participate in society and the economy.



The CRTC's Wireless Code, which came into effect in December 2013, was a concept that was proposed by TELUS

Throughout 2014, TELUS was involved with three major regulatory hearings before the [Canadian Radio-television and Telecommunications Commission](#) (CRTC), which will impact our wireless, wireline and television distribution services. The goal of these hearings was to balance consumer needs, expectations and preferences with broader policy concerns as they relate to competition and innovation in the telecommunications and broadcasting industries. TELUS was an active participant in these policy reviews, taking every opportunity to advocate for a regulatory framework that supports our Customers First philosophy, and allows us to better serve customers across the country through intensive capital investments in our next generation wireless and wireline networks. The outcomes of these hearings will be released throughout 2015.

As part of our comprehensive government and stakeholder relations strategy, and our continued focus on meeting regulatory requirements, TELUS also engaged other federal government departments and agencies in 2014. We worked with [Industry Canada](#), the [Competition Bureau](#), and [Canadian Heritage](#) to advocate for policies that take a balanced approach to competition, innovation and investment. At the provincial and municipal levels, we continued to work with governments and community stakeholders on issues ranging from the construction of new cellular towers to extending broadband services to unserved and underserved areas.

Compliance with industry codes

The CRTC's Wireless Code, the concept for which was proposed by TELUS, came into effect in December 2013, and establishes a mandatory code of conduct for all providers of retail mobile wireless voice and data services when they provide services to consumer and small business customers. The Wireless Code applies across Canada and sets baseline requirements for customer rights and service provider responsibilities that all mobile wireless service providers must follow. It deals with issues such as: clarity and content of mobile wireless service contracts, application of early cancellation fees, mandatory caps on data and roaming charges, and removal of cancellation fees after two years.

Following the introduction of the Wireless Code in December 2013, TELUS filed a compliance report with the CRTC in January 2014, detailing the steps TELUS has taken to comply with the Code. The CRTC verified, through its Wireless Code Implementation Report Card, that TELUS is in full compliance.

In 2014, TELUS continued to lead the industry in terms of customer satisfaction with telecommunications service providers. The Commissioner for Complaints for Telecommunications Services (CCTS), which administers both the Wireless Code and the Deposit and Disconnection Code, released its annual report in November 2014, which showed that [TELUS' customers first approach](#) has resulted in a substantial decline in customer complaints for the third consecutive year.

With over 11 million applicable customer connections, TELUS was the subject of 653 customer complaints in 2013-14, accounting for less than six per cent of all complaints submitted to the CCTS by Canadians across the country. Furthermore, TELUS saw a 26 per cent decline in customer complaints to the CCTS in 2014, especially noteworthy as TELUS served 145,000 more customers than in 2013. Additionally, Koodo and Public Mobile were the subject of 172 and 128 complaints respectively, each accounting for slightly more than one per cent of all complaints submitted to the CCTS.

Compliance with new legislation

The Federal Government passed new legislation in 2014 affecting TELUS' wireless services. The first was a cap on the wholesale rates charged by carriers to other carriers for roaming in Canada. TELUS took the steps necessary to implement these caps in June 2014.

The Federal Government also passed legislation requiring telecommunications and broadcasting service providers to eliminate fees for paper billing. Following the introduction of the legislation, we removed fees for paper bills for all affected services.

700 MHz Auction

In February 2014, TELUS announced that it had acquired additional spectrum in the 700 MHz [spectrum auction](#). This additional spectrum will allow us to extend our coverage to 97 per cent of the Canadian population, including to rural areas. TELUS will also be able to enhance coverage in urban areas (e.g., by providing better service deeper inside buildings in densely populated areas). TELUS began operationalizing this newly acquired spectrum soon after the auction, and will continue to do so through 2015-2016.

Internet Traffic Management Practices

TELUS manages Internet traffic on small portions of our wireline network in accordance with the CRTC's policy regarding technical Internet Traffic Management Practices (ITMPs). TELUS employs these measures only in a limited number of communities where network demand is greater than available capacity to provide the majority of our customers there the best possible online experience. Only at times of congestion, a small number of customers using the most bandwidth may be affected and may notice slower speeds. This allows us to provide the majority (upwards of 80 per cent) of customers using less bandwidth with a better experience and more consistent Internet speeds.

TELUS also employs a technical ITMP called Wireless Video Experience Optimization on our nationwide 4G wireless network that unobtrusively optimizes streaming video files for delivery over wireless networks. This reduces network congestion, helps customers reduce their data usage, helps videos load faster, and reduces the chances of annoying stalls, all without detracting from the mobile video experience. The technology does not look at what videos our customers are streaming, but rather only certain technical characteristics of the files that carry them. It optimizes the size of some streaming video files and the way they are delivered (delivering data only as the device can use it). Downloaded files (including video) are not affected.

TELUS has not received any customer complaints about our use of ITMPs in our wireless or wireline networks to date.



5.4.1 Broadcasting

Advocating for consumer choice and competition

In 2014, TELUS participated in the CRTC's Let's Talk TV hearing, which focused on issues related to consumer choice, competition and innovation in the broadcasting industry. TELUS' Optik TV service has been an industry leader in providing consumers with flexible packaging options that allow them to better customize their television subscription to their preferences. As a participant in the CRTC's hearing, TELUS advocated for amendments to existing competitive safeguards that will further allow Optik TV to enhance programming choice for consumers and see that they are able to access programming on all platforms from the service provider they choose. Such competitive safeguards are needed in order to address the high levels of concentration and vertical integration in the Canadian broadcasting market.

The CRTC's decision on these aspects of the Let's Talk TV hearing was released in March 2015. The decision highlighted TELUS' consumer friendly approach to packaging and set out new requirements for all television service providers to offer similar types of choices to their subscribers. Notably, the CRTC also adopted many of the competitive safeguards proposed by TELUS. As a result, Canadian consumers will enjoy greater packaging flexibility and choice in their television services in the future, and benefit from a more competitive market.

New requirements relating to the performance of simultaneous substitution

Like all broadcast distributors, TELUS' Optik TV service must perform simultaneous substitution when requested by a local broadcaster. Such substitutions are often difficult when the schedules of the broadcasters in question do not line up perfectly or when there are last minute changes to programming. The CRTC has recently set out new expectations of all broadcasters and distributors regarding the performance of simultaneous substitution.

TELUS has one of the lowest error rates in the industry, due to vigilant supervision of all substitutions. As part of our ongoing effort to provide the best possible viewing experience, we joined an industry working group in late 2014, which is tasked with developing best practices to further minimize errors resulting from the performance of simultaneous substitution. The industry working group will report to the CRTC on its progress in 2015.

Distributing emergency alerts to customers

Optik TV also successfully met the March 31, 2015 deadline to provide emergency alerts to its subscribers, as per CRTC determinations released in 2014. The CRTC has appointed Pelmorex Inc., owner of the Weather Network, to aggregate and disseminate emergency alerts received by various public officials. All Canadian broadcasting undertakings are now required to provide relevant emergency alert messages on screen and in audio format to television viewers.



5.4.2 Anti-spam legislation

On July 1, 2014, certain sections of Canada's Anti-Spam Legislation (CASL) took effect. These sections establish consent and form requirements that apply to commercial electronic messages (primarily emails and text messages) sent by TELUS to past, current and potential customers. CASL also requires telecommunications service providers such as TELUS to provide the CRTC with transmission data related to the sending of commercial electronic messages in order to assist with investigations.

CASL also contains a consent requirement that applies to the installation of computer programs on computing devices in the course of a commercial activity. As this requirement took effect on January 15, 2015, TELUS devoted resources in 2014 to developing and implementing policies and procedures to address these requirements, and is now in full compliance.



To ensure compliance with new anti-spam legislation and regulations, we formed a cross-functional team that developed and implemented policies and procedures to address requirements.

To promote compliance with the legislation and regulations, we formed a cross-functional team that developed and implemented policies and procedures that address CASL's requirements. TELUS operationalized these policies and procedures in 2014, and was fully compliant with CASL's provisions as they relate to the sending of commercial electronic messages by July 1. TELUS employees received general training and information about CASL through updates to our annual Integrity course and through internal communications efforts. In addition, employees in key business and operational units received more comprehensive training targeted to their specific functions to support full compliance with CASL. As a result of all of these efforts, TELUS has not been the subject of a complaint under these provisions.



5.4.3 International operations

TELUS is responsible for ensuring all of our non-Canadian operations comply with regulatory laws and requirements in foreign jurisdictions. To accomplish this, we research the general regulatory requirements, fees, privacy, data protection, and other compliance obligations that apply in the jurisdictions in which we operate. We also acquire and maintain the necessary foreign authorizations for non-Canadian operations, and cooperate with regulatory and tax authorities as required.

TELUS has its own team that provides strategic regulatory planning and guidance for international corporate transactions, and this team reviews all international business opportunities for regulatory compliance. We also engage external counsel for guidance where necessary to support compliance with ongoing regulatory responsibilities.

5.4.4 Aboriginal relations and stakeholder engagement

The TELUS Aboriginal Relations team works with Aboriginal governments and organizations, as well as provincial and federal agencies, to create respectful and meaningful relationships to support our strategic business initiatives and policies. We base our interactions with Aboriginal governments on recognition of the important relationship Aboriginal peoples have with the land, and respect for cultural and environmental sensitivities, as well as unique social and historic identities of individual nations and communities. By seeking and engaging in meaningful consultation with respect to Aboriginal title, rights and interests, treaty rights and self-governance, we achieve continued success in bringing connectivity and technological improvements to Aboriginal communities and extending our service infrastructure.

In 2014, TELUS collaborated with partners on several key initiatives, including the CRTC's Deferral Account program, ANTCO Pathways to Technology and the Connecting B.C. Agreement, to bring connectivity to rural First Nation communities. These initiatives involved the provisioning of broadband, high-speed Internet and wireless services to support First Nations' social and economic development, public safety, governance, healthcare and education opportunities. Many of the 2014 CRTC Deferral Account and ANTCO Pathways to Technology projects required extensive consultation and collaboration with First Nations to deal with the complex challenges of building infrastructure into geographically remote communities. TELUS worked closely with all governments and partners to see that connectivity was provided in an environmentally and culturally sensitive way and in a manner that maximized the benefits of the projects to the First Nations, including the creation of locally owned and operated Internet Service Providers.



In 2014, TELUS collaborated with partners on several key initiatives, including the CRTC's Deferral Account program, ANTCO Pathways to Technology and the Connecting B.C. Agreement, to bring connectivity to rural First Nation communities.

Other TELUS initiatives involved working proactively with Aboriginal governments to support new First Nation residential and commercial developments on reserve lands, *First Nations Land Management Act* lands, self-government and treaty lands, and private lands. These initiatives required the Aboriginal Relations team to work closely with Aboriginal governments to secure their approval and cooperation, in compliance with federal, provincial and First Nations laws. Through these projects, we provided enhanced wireless and wireline services to community buildings, including residences, schools, health centres and government offices.

TELUS will continue to learn from its positive experiences in working with Aboriginal governments in 2014, and to build best practices in community engagement and provision of services.



5.4.5 Political contributions

As a means of supporting the democratic process, TELUS will occasionally provide contributions to a regional political party, campaign or candidate in Canada. These contributions are made in accordance with the Canadian laws, as well as our TELUS Code of Ethics and Conduct. As per federal law, TELUS does not make contributions to federal political parties, constituency associations or candidates in Canada; and as per our internal policy, TELUS does not make political contributions in countries other than Canada.



In 2014, TELUS contributed a total of \$121,077 to provincial political parties, campaigns and candidates in Canada, in accordance with provincial and municipal limits.

As part of our commitment to public transparency, TELUS discloses our total political contributions each year in our Sustainability report. In 2014, TELUS contributed a total of \$121,077 to provincial political parties, campaigns and candidates in Canada, in accordance with provincial and municipal limits. Details regarding these contributions are available on each province's elections agency website.



5.5 Business continuity

Overview

At TELUS, we believe strong Business Continuity Planning (BCP) is a cornerstone for supporting our customer first culture and focus on the reliability of our network, systems, products and services and most importantly, our people. Our ability to be resilient in emergencies and other disruptive events is critical in the eyes of our customers and impacts their likelihood to recommend our products and services.

Planning, readiness and testing

TELUS recognizes the potential of threats to disrupt our ability to meet our obligations to employees, customers, partners, suppliers, the community and our shareholders. Being mindful of this, we demonstrate our commitment to stakeholders through a sustainable business continuity management program focused on managing the risks and related business impacts that could accrue from a disruption to TELUS workplaces, workforce, IT or telecom networks and services, and supply chain. The effectiveness of TELUS' business continuity capability is supported by the following key program elements:

- § A governance structure with executive sponsorship, oversight at the board level, and engagement at all levels of the organization to build business continuity capability
- § A planning framework that is founded on standards, aligned to organizational needs, and calibrated with best practices, with a comprehensive focus on mitigation, preparedness, response and recovery capabilities, and organizational resilience
- § A comprehensive emergency management framework and organization that supports a consistent approach to all levels of threats and incidents through clear roles, responsibilities, and escalation processes; trained and exercised employees, including a Crisis Management Team comprising senior leaders in the organization; and linkages among internal stakeholders and with key external stakeholders
- § A business continuity culture that drives business continuity leadership and continuous improvement, including training and awareness, exercises and testing, and embedding business continuity capability and resilience into organizational processes
- § Collaboration with emergency agencies, communities, and other organizations to plan for and respond to emergencies and disasters. TELUS also contributes to the development of the practice of business continuity through its work with emergency agencies, business continuity organizations, and standards groups.

TELUS has been recognized as a leader in this space as evidenced by the following awards:

- § 2011 **DRI Canada Award of Excellence** for our business continuity program
- § 2014 **Business Continuity Institute North American Award** for the Most Effective Recovery of the Year for our response to the 2013 southern Alberta flooding.

Responding to events

TELUS has extensive teams, systems, and processes to monitor and address a wide range of threats. These threats are monitored, assessed, and escalated as necessary to resolve them. In 2014, the following threats were escalated to senior teams to address, including the Crisis Management Team:

- § Flooding in Alberta, Manitoba, Saskatchewan, and Quebec threatened fibre routes
- § Wildfires throughout British Columbia threatened fibre routes, cell sites, and other telecommunication infrastructure, including a cell tower outage in West Kelowna
- § A late summer snowstorm in Calgary resulted in loss of power to telecommunication central offices, cell towers, and other infrastructure
- § Typhoons Glenda and Ruby impacted our employees and facilities at our Philippines operations
- § An active gunman on Parliament Hill in Ottawa caused terror in the city that led our employees to shelter in place.

Climate-related threats are an increasing concern to TELUS, particularly after the devastating floods in southern Alberta and Typhoon Haiyan in the Philippines in 2013. In response, our CEO launched a corporate-wide initiative to address climate-related threats, focusing on organizational resilience, climate incident playbooks, and augmenting incident management processes. A position was also created to focus on climate threats.

In 2015, the BCP team will continue to take a leadership role in the business continuity field with a focus on increasing TELUS' resiliency by leveraging internal capabilities and engaging key critical infrastructure stakeholders and other strategic partners, as well as continuing to foster relationships with emergency agencies and communities. Several

Customer experience

Putting our customers first, each and every day.





6.1 Network and systems reliability

Overview

The reliability of TELUS -- our products, our processes, and our employees -- is at the forefront of customers' likelihood to recommend our products, services and people. Customers count on our teams, our technology and our networks and systems to be reliable, always. Our number one strategic priority of putting customers first includes focusing on investments that enhance reliability and security so we can deliver consistent, as promised results, and excellent operational levels for our products and services.

Culture

Our goal is to become the global leader in Likelihood to Recommend, the metric used to measure our progress putting customers first. To achieve this, we listen to our customers, each and every day and strive to consistently delight them across every touchpoint and experience with our teams, products and services. We put comprehensive measures in place to hold ourselves and our partners accountable for reliability. We understand that we need to continuously improve so we are building a culture in which reliability is the responsibility of every TELUS employee and as such, we are committed to communicating both internally and externally in a consistent, effective and transparent way should reliability issues arise. Additionally, the strong performance of our networks and systems are supported by a team that quickly responds to and addresses reliability issues in our network and systems.

Prevention

When designing, planning and building our networks and systems, our product and service offerings and our processes, reliability is a focus in our planning and development cycles. Planning and testing for redundancy in our networks and power architecture is a critical step in preventing reliability issues before they arise and avoiding potentially costly remediation. Other steps include conducting post-incident reviews to inform future investment, strategy and opportunities for enhancing our reliability. Furthermore, to continuously improve reliability and awareness internally and with vendors, we have:

- § Implemented vendor scorecards and criteria for sharing post-incident review learnings with vendors
- § Internal e.learning courses for change management best practices for all team members involved in change processes.

Proactive Monitoring

We do everything we can to prevent service disruptions. Through proactive monitoring we find, measure and resolve problems before they occur within our network and before our customers even know about it. Steps taken include:

- § Improving alarming technology so we can proactively respond to customer issues before the customers are aware an issue has occurred
- § Enhancing monitoring tools to enable us to quickly identify the root cause of network issues and increase our speed of response to network outages or degradations including TV network monitoring tools that proactively inform us when network service degradation parameters are at risk of being surpassed
- § Proactive notification to key managers of transport fibre digs to enable the prevention of cable cuts
- § Ongoing training and testing for our teams on these tools and processes.

Governance

Our Reliability Leadership Team, consisting of senior leaders from across TELUS, has established a Business Transformation Reliability Program that is focused on how TELUS can most effectively invest our resources to improve our customer experience and align our processes to create consistency across the organization. Through collaboration across TELUS and with vendors, this program is leveraging successes and opportunities to standardize change management processes and risk definitions. Additionally, these teams are aligning processes for post-incident reviews and sharing learnings to apply tuition value across the organization.

Response

Our primary goal is to reduce the frequency, duration and severity of all network and system outages. To accomplish this, restoring customer service is our immediate focus when incidents occur. Understanding customer impacts is the focus of our leaders who possess strong triage capabilities, which are tested regularly and supported by data-correlation tools, accurate records, and end-to-end systems design, documentation and technology.

Accountability

At TELUS, when reliability incidents arise, we act swiftly and effectively to rectify matters and make things right by being accountable for our actions. We share our own bad news first, and apologize to customers quickly. We consistently harvest learnings from our failures and let our customers know how we will guard against the reoccurrence of an incident. Our resiliency, flexibility and values are a foundation from which we are accountable to our customers.



6.2 Data privacy and security

TELUS is working hard to provide robust digital security and privacy measures to protect customers from a growing number of sophisticated cybersecurity threats. In 2014, we continued to invest in the highest protection across our broadband networks, and infrastructure to secure our web perimeters from new and challenging security threats that put our customers' privacy and safety at risk. Extensive research and development took place to create and enhance a state-of-the-art cybersecurity system designed to intelligently and automatically detect threats and significantly speed up response times. Thanks to proactive and innovative work in this field, TELUS can identify network traffic anomalies, such as when our network is accessed from outside of Canada, via devices that are not permitted or by identities that are being misused.

The TELUS Chief Security Office has procedures, guidance and controls to manage data privacy and security, including:

- § Policies governing our information technology: these policies govern the management of information technology assets and resources, enterprise networks, telecommunications networks and other physical assets used to deliver safe and secure products and services to our customers
- § Security development methods and governance controls: security is a core foundation in the governance processes related to project design for products and services
- § Vulnerability Management Program: this includes both a daily vulnerability assessment and emerging security threat assessment
- § Intrusion prevention systems: these systems monitor TELUS' network for malicious traffic and drop traffic based on certain rules
- § Mobile encryption: TELUS protects data on laptops to mitigate data leakage risks from the loss or theft of portable devices.

As at the last annual review cycle, May 15, 2013 to May 15, 2014, TELUS met all [Payment Card Industry](#) data security standards to protect our customers' credit card data.



6.3 Customers First

Overview

Putting our customers first has been our priority since 2010. Everything we do is driven by this purpose. Each and every day, we are delivering exceptional client experiences and winning the hearts and minds of Canadians on our journey to become a world leader when it comes to the likelihood that our customers recommend our products, services and people.

Highlights for 2014:

- § Our customers' likelihood-to-recommend scores in 2014 increased across TELUS Small Business Solutions, Enterprise, TELUS Québec and TELUS Health businesses, with a marginal decline in our Business Solutions and the consumer sector.
- § We realized a 26 per cent decrease in customer complaints, according to the CCTS' 2013-2014 report, even as we added a substantial number of new customers to both our wireless and wireline services. For the third consecutive year, we had the lowest percentage of complaints, at 5.8 per cent of the total for all national carriers. In addition, our wireless postpaid average monthly churn rate remained below one per cent throughout 2014.
- § Canadians voted Koodo Mobile as the number one standalone wireless provider and TELUS as the number one national full-service provider for the third consecutive year in J.D. Power and Associates' annual Wireless Total Ownership Experience Study.
- § We are maintaining our vigilant focus on upholding our customers' right to privacy and in 2014, we produced our first annual Transparency Report to provide customers and the public with information regarding the number and types of information requests we received in 2013. The report provides insight into our internal practices and overall approach to complying with or challenging requests from law enforcement agencies and other organizations.
- § We participated in the CRTC's *Let's Talk TV* series of public hearings on the television regulatory system in Canada, voicing our customer-centric support for a regulatory environment that promotes consumer choice in selecting programming services and supports competition and innovation in the marketplace. We also encouraged regulators to develop a framework that helps to curb anti-competitive behaviour.
- § We increased our subscriber base in TELUS Health home health monitoring, EMRs and pharmacy solutions. TELUS Health partnered with [Doctors of the World](#) to equip North America's first-ever mobile medical clinic with EMR technology.

- § We continued to introduce new and innovative features and applications for Optik TV, providing customers with enhanced control and flexibility.
- § We launched Your Choice™ rate plans to provide our customers with greater choice and enhanced flexibility for voice options and data usage.
- § We introduced several consumer-focused programs and initiatives to promote safe and responsible cell phone use, including our partnership with [Young Drivers](#) and our Thumbs Up, Phones Down campaign, which started a social media conversation about the hazards of distracted driving.
- § We restructured and made significant investments in our cloud and managed IT service business, bringing together sales, marketing and delivery functions into a single organization focused on driving growth, efficiency and an enhanced customer experience.

Our likelihood to recommend scores across our various customer segments ranged from 69 to 83 per cent and, when combined, met the target that is included in our Executive Leadership Team personal performance objectives. For 2015, our objective is to progress our results and continue to include these metrics in our executive's personal performance objectives.



6.4 Accessibility

Overview

TELUS wants to make the products and services we provide easier to access and use for all customers, particularly those who have a disability or live in remote communities.

In 2014, the CRTC published a decision requiring the establishment of a **video relay service (VRS)** in Canada. VRS is a telecommunications service that allows people with hearing or speech disabilities who communicate using sign language to communicate with voice telephone users. The service works through operators who are able to relay a conversation from sign language to verbal communications over Internet-based videoconferencing facilities. TELUS has long supported the establishment of VRS in Canada and will contribute to the funding for this national program.

In 2014, TELUS submitted an application to the CRTC seeking approval for over \$700,000 in projects to enhance the accessibility of our telecommunications services. This application was filed as part of TELUS' ongoing commitment to spend a portion of its Deferral Account funds to improve the accessibility of telecommunication services in Canada. TELUS consulted with advocacy groups representing persons with disabilities prior to filing the application, and proposed initiatives that would result in improvements to the TELUS and Koodo websites so that they are fully accessible on all mobile devices, tablets and desktop PCs. TELUS has also proposed dedicating funds to improve the accessibility of the TELUS webmail portal, as well as an audit of several mobile handsets to assess their accessibility.

TELUS also continued its work with the Accessibility Committee of the Canadian Wireless Telecommunications Association (CWTA) in 2014. For example, face-to-face meetings were held between members of the CWTA, and advocacy groups representing persons with disabilities. These discussions have informed TELUS' continuing efforts to better serve persons with disabilities.

Growing our broadband network

Through TELUS' Deferral Account broadband initiative, approved by the CRTC in 2010, TELUS is extending broadband service to 159 rural and remote communities in B.C. (98 communities), Alberta (50 communities) and Quebec (11 communities). By the end of 2014, broadband service was available in 146 or 92 per cent of those communities, and the remainder are scheduled for completion by the end of 2015. TELUS is proud to bring broadband service to these communities, which would likely continue to be underserved otherwise.



6.5 Online safety

Overview

We believe we have an important role to play to help keep Canadians safe from online criminal activity such as financial fraud and cyberbullying. **TELUS WISE®** (Wise Internet and Smartphone Education) is a unique and versatile educational program focused on Internet and smartphone safety. This program demonstrates our commitment to our communities by offering innovative training and consultative advice to parents, educators and children about safe and responsible Internet use.

TELUS WISE has partnered extensively to deliver this important program. Our partners include:

- § Amanda Todd Legacy
- § Bullying.org
- § Canadian Association of Chiefs of Police (CACP)
- § Canadian Centre for Child Protection
- § Family Online Safety Institute (FOSI)
- § Hockey Canada
- § Insurance Bureau of Canada
- § MediaSmarts
- § PREVNet
- § Leave the Phone Alone campaign / RCMP Youth Division.

We offer this free program to all Canadians and promote it to groups most at risk (i.e. adults/parents, kids, teachers, policing services and community groups, sports groups).

Program highlights:

- § We have reached 500,000 Canadians with this program
- § Our more than 350 TELUS Learning Centres offer TELUS WISE as a component to one-on-one sessions booked by customers
- § There are over 130 TELUS and dealer partner employees that are trained TELUS WISE Ambassadors who volunteer their time to deliver this program to Canadians
- § Our employees contributed over 5,000 hours to this cause in 2014
- § The TELUS WISE program has been officially endorsed by the [Canadian Association of Chiefs of Police \(CACP\)](#)
- § TELUS has invested over \$1.5 million in the creation, delivery and evolution of the TELUS WISE program since 2012
- § TELUS became the only Canadian member of FOSI in 2014.

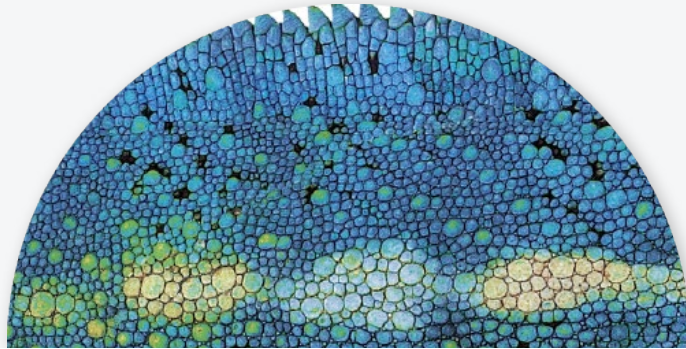
To learn about all of our TELUS WISE resources for Canadians, such as comic strips and videos, tip sheets, a distracted driving guide and more on privacy matters, visit telus.com/wise.

For 2015, our plan includes the following goals:

- § To be viewed as a leader in keeping Canadian families safe online
- § Reaching 1.5 million Canadians with TELUS Wise (and 5 million by year end 2018).

Product stewardship and innovation

We deliver the most innovative and sustainable products, each and every day.



Overview

At TELUS, we pursue strategic alliances that complement our commitment to providing innovative next-generation solutions for our customers. This includes unleashing the power of the Internet to deliver the best solutions to Canadian businesses, offering only the most energy efficient devices, and making certain our products are used to their full lifecycle capacity with plans in place for refurbishment and recycling when the time comes.



We expect that our suppliers place the same level of importance on sustainability as we do.



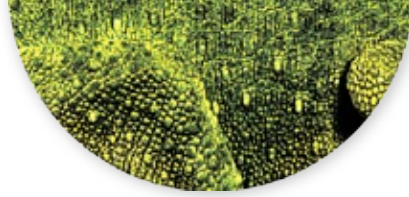
7.1 Sustainable supply chain initiatives

Overview

When it comes to the communities where we live and work, our commitment extends beyond the services and technology we provide. We promise to protect the most important and vital part of these communities – the environment they are a part of. TELUS does this in many ways, and making sure our suppliers place the same level of importance on sustainability is an integral consideration for our Procurement and Supply Chain Management team.

Highlights for 2014:

- § Delivered a valued customer experience and positive brand impact
- § Supported category strategies to deliver Total Value of Ownership and fund future growth
- § Managed TELUS' first Supplier Diversity Mentorship Program, with plans to launch a second program in 2015
- § Hosted a multitude of workshops and best-practice sharing sessions to engage and empower diverse suppliers as part of our commitment to innovation, collaboration and integrity.



7.1.1 Environmental and Social Standards

TELUS adheres to strict internationally recognized environmental and social standards and we expect our suppliers to do the same. We identify and minimize environmental and social risks in our supply chain in two ways:

- § Supplier Risk assessment survey: we use this survey to seek our suppliers' commitment to identifying the social and environmental impacts of their processes and business operations. In 2014, we updated our survey and engaged a third party with a goal to leverage their expertise in this field, increase rollout efficiency and improve the response rate. We launched this revised survey to our top critical suppliers later in the year than planned, resulting in a 48 per cent response rate, missing our goal of a 65 per cent response rate. The questions are objective with certain responses raising a 'risk' flag. We follow up with suppliers with the intent to reduce those risks identified within 30 to 90 days, depending on the severity of the risk. In 2014, none of our respondents were deemed high-risk.
- § Supplier Code of Conduct: all of our suppliers have a contractual obligation to abide by the [TELUS Supplier Code of Conduct](#). Our suppliers are expected to comply with all applicable environmental, labour and human rights laws and are encouraged to have a strategy, including policies and programs, in place to manage and monitor compliance with these laws and international standards. For example, suppliers are expected to manage, monitor and reduce the environmental impact of the following:
 - § Consumption of resources (e.g., fuel, electricity, water, paper, etc.)
 - § Usage, handling and disposal of hazardous and non-hazardous wastes
 - § Release of contaminants into the air (e.g., GHG emissions, ozone depleting substances, volatile organic compounds)
 - § Release of contaminants into water and soil
 - § Product life cycle, including product content as well as the recovery and appropriate disposition of materials.

Our suppliers are expected to be aware of [TELUS' Environmental Policy](#) and relevant aspects of our environmental management system, which aligns with the ISO 14001:2004 standard.

Commitment with suppliers to build a sustainable supply chain

TELUS takes an active role in managing its supply base through the entire procure-to-pay process. In doing so, we seek mutually beneficial relationships inclusive of special incentives for suppliers. Specific examples include:

- § Where the opportunities are available, we offer longer-term contract commitments allowing suppliers to plan and manage their production and supply management effectively.
- § TELUS maintains a strong focus on forecasting interlock with key suppliers to be certain both parties maximize investments in their supply chains and return incremental value to shareholders and customers. Examples include weekly forecast meetings with handset vendors, and monthly discussions with vendors who supply equipment for infrastructure or that we provide to our business customers.
- § We use proactive partnership models to evaluate and optimize our stranded network assets with a focus on profit sharing and environmental sustainability.



7.1.2 Supply Chain initiatives

TELUS' procurement and supply chain management team collaborate with internal and external partners to further integrate sustainability into our culture by developing action plans that have positive economic, environmental and social impacts. In early 2015, a supply chain sustainability steering committee was launched to develop new objectives, action plans and measures of success. In 2014, several initiatives were improved including our:

- § **Managed Spare Network Parts Program:** centralization of maintenance spare parts supporting wireless networks, wireline networks and business customer installations, resulting in improved availability, reduced system outage times, improved field spare parts level management, and increased revenue from unnecessary parts resale instead of being idle or recycling.

- § **Wireless device repair process enhancements:** improving ease of repair and time to repair for consumer and business customers in the event that they have a real or perceived issue with the performance of their smartphone or standard wireless device. These enhancements focus on decreasing the need to repair as well as the volume of repairs, resulting in an improved customer experience and reduced resources.

- § **Wireless device certified pre-owned program:** recovery of qualified wireless devices from customer returns and excess inventory, as well as the testing, refurbishment, and certification of previously owned devices to TELUS customers, resulting in improved customer satisfaction, asset management, and reduced recycle, asset shrinkage and waste.



7.1.3 Green supply chain

Green supply chain management within TELUS integrates environmental thinking into every aspect of our supply chain management. This includes product design, material sourcing and selection, manufacturing processes, delivery of the final product as well as end-of-life/re-use management of the product after its useful life.

TV equipment: by implementing a system that allows customers who cancel their TELUS subscription to easily return their TV equipment, we have increased the return rate of equipment as well as the number of refurbished units we can re-use, diverting them from landfill. Examples include:

- § Future Friendly Home (FFH) Device and accessories recovery: recover set-top-box smartcard and remote controls from product returns, and refurbish and re-use the devices and parts, resulting in improved asset management and extended product lifetime, and reduced waste.
- § Project Boomerang: an end-to-end initiative that improves how we manage FFH customer rental equipment – from its origin in the warehouse to its return to TELUS. To date, the program has improved FFH equipment recovery from 60 per cent to 94 per cent, and will generate an estimated savings of \$15 million in capital each year.
- § Multi-pack initiative: reduced the use of packaging materials (cardboard and polystyrene) during the refurbishment process. In 2014, this initiative saved more than \$400,000 and reduced the number of cardboard boxes by 220,000.
- § Double stack trailer: we now vertically pack refurbished devices on pallets in a trailer to improve the long-haul shipment efficiency and reduce the CO2 emission by reducing the number of shipments and trailers. In 2014, we saved \$80,000 in direct freight costs by reducing the number of trailer shipments.
- § Network equipment decommissioning and asset recovery: as TELUS regenerates our network we decommission old network equipment and actively recover these assets through a central process. Equipment is assessed for re-use within TELUS, marketed and sold for re-use, or recycled.
- § Diversion from landfill: we actively manage asset reclamation and recycling for products and materials that cannot be re-used or re-sold to maximize the amount of material that is diverted from landfill and recycled as raw material. As recycling technology improves, we will add to the range of materials that are recycled.



7.1.4 Supplier governance

Apart from implementing Environmental, Social and Governance (ESG) initiatives in our own supply chain, we also do our utmost support TELUS suppliers follow similar standards. We do this through the use of our [Supplier Code of Conduct](#), which is embedded in all contracts with critical suppliers as well as ongoing monitoring and risk mitigation methods such as the TELUS Supplier risk assessment and ComplyWorks tool.

To achieve best-in-class status, we forge relationships with suppliers who have similar ESG factors built into their strategies, making certain our supply base is not only efficient but also robust and capable of meeting customer demands in crisis situations.



7.1.5 Supplier Diversity Program

Our Supplier Diversity Program encourages economic development and provides more opportunities for ethnic minority, Aboriginal, and/or women-led organizations to bid for our business in competitive processes, so that TELUS' suppliers reflect our diverse customer base and bring new ideas and creativity to our company.

The scope of our program continues to include Canadian companies that are certified by the [Canadian Aboriginal and Minority Supplier Council \(CAMSC\)](#), [Women Business Enterprises \(WBE\) Canada](#) and the [Canadian Gay and Lesbian Chamber of Commerce \(CGLCC\)](#). We continue to build capacity in corporate Canada by providing thought leadership in the policy development and growth of supplier diversity through Board representation, partnerships and development programs. Specifically:

- § TELUS is a corporate partner of these three organizations, working to incorporate certified suppliers into the supply chain
- § TELUS' Vice President Procurement serves on the CAMSC, TELUS' director of Business Enablement, serves on the WBE Canada board.

Industry recognition and external awareness outreach initiatives:

- § CAMSC awarded TELUS the 2013 Corporation of the Year, which is presented to the corporation that actively includes certified Aboriginal and minority suppliers in their procurement opportunities, assists in the development of Aboriginal and minority suppliers, promotes supplier diversity and business development within their corporation and to their vendors and other businesses.
- § TELUS was featured in a number of diversity-focused publications and industry events promoting the positive impact that diverse suppliers have.
- § We reached out to corporate partners, advocating the value of supplier diversity and encouraging corporate members to join and partner with organizations like CAMSC and WBE Canada, etc.
- § TELUS teamed up with two other corporations to co-host a supplier diversity development workshop – a first in Canada. The goal of the workshop was to provide key learnings from the perspective of both the corporation and certified supplier, and facilitate a forum for networking. There were approximately one hundred participants – 55 diverse suppliers, 30 corporate suppliers and 15 from supplier diversity organizations.
- § TELUS became a founding corporate partner with the CGLCC.

Supplier diversity mentorship program

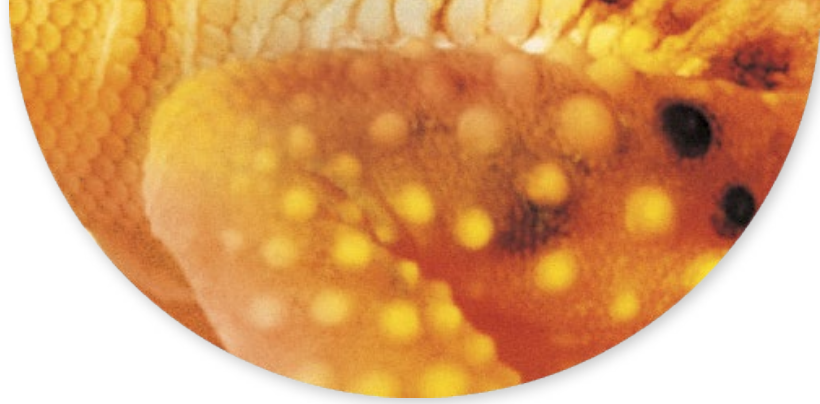
As part of TELUS' commitment to supplier diversity and developing long-standing partnerships with suppliers that mirror our core values, we introduced our Supplier Diversity Mentorship Program last year. In 2014, TELUS invited and hosted all WBE Canada certified suppliers in this 12-month program.

Six diverse owned and certified companies worked with top TELUS executives to develop targeted strategies to strengthen and grow their businesses. Together, personalized goals were developed for each of our protégés, harnessing TELUS' experience and expertise to grow and develop our protégés as individuals and as companies.

The second cohort of this program is set to launch in 2015. New features of the program will include growing the number of participants: both protégés and mentors. Also, TELUS will expand the program beyond procurement to provide mentors from various departments such as Sales, Marketing and Human Resources.

Initiatives within TELUS:

- § Incorporated supplier diversity key metrics into senior leader scorecards, driving variable pay and directly affecting their compensation
- § Implemented targeted awareness and messaging campaigns through various outlets, including:
- § Twice annual strategic reviews with our President and CEO
- § Procurement and Supply Chain management team monthly meetings
- § Training and awareness workshops
- § Program success and updates through internal social media platforms.



7.2 Product stewardship

Overview

At TELUS, we are focused on managing the environmental and social impacts and risks within our value chain, from product design through our customers' use of our products. We expect our suppliers to actively support efforts with respect to universal social and environmental concerns, and in turn, we actively support our customers when it comes to the recycling and disposal of these products. Our products and services are approved by all legal/governing bodies relevant to the product or service that we provide.

Energy Efficient TV Equipment

TELUS deploys the most energy efficient devices to our customers. All TELUS TV set-top boxes currently being sent to customers are Energy Star V3.0 compliant and as we plan for the next generation of set-top boxes, we work closely with the original equipment manufacturer to certify the equipment to the latest Energy Star standard. In addition, we have implemented an automatic power down feature, reducing our overall set-top boxes network power consumption by nine per cent.

TV Equipment lifecycle management

TELUS maintains a sustainable lifecycle management policy for all of our TV equipment, which enables the maximum lifetime of the product and an overall positive impact on the environment. Through the equipment recovery and refurbishment process, TELUS has managed to reuse over 500,000 pieces of TV equipment resulting in a reduction in the need to purchase newly manufactured equipment.



7.3 Innovative products and services

Overview

At TELUS, we strive to introduce products and services that assist our customers, communities and society in meeting their economic, social and environmental goals.

The Internet of Things

We are unleashing the power of the Internet to deliver the best solutions to Canadian businesses. In 2014, we helped businesses capitalize on the potential of Internet of Things (IoT) technology through our industry-leading solutions including the launch of:

- § The IoT Marketplace, a future friendly view of all our business-ready solutions, from fleet tracking to digital signage to complete building monitoring
- § TELUS Control Centre, a cloud-based platform that simplifies the launch and management of IoT services by offering automated device provisioning, real-time diagnostics and more.

Through our IoT solutions, we are helping businesses find the best technology to meet their unique needs. These solutions are enabled by our network, which is in fact, Canada's largest and most secure 4G LTE network, industry-leading subscriber management tools, and Canadian hosting.

TELUS Development Labs and Innovation Centres

TELUS' technology leadership and innovation is enabled, empowered and encouraged through our sophisticated network of national development labs and innovation centres.

Development Labs

The purpose of our development labs is to provide TELUS engineers, developers, technologists and product managers a secure and reliable national network to drive technology intelligently, efficiently and effectively in a dynamic and creative environment. Creating a 'real-world' experience to validate the technologies of today and the future, the TELUS labs provide a consistent environment for stakeholders to develop and test new services for our customers.

Innovation Centres

TELUS Innovation Centres (ICs) across Canada showcase our current and potential future networks and services, and are the hub of innovation and incubation for our company. The ICs provide our employees, external stakeholders and partners with the platform to discover, develop and promote the art of the possible with innovation in areas such as biometrics, Machine to Machine (M2M) for home, health and other markets, and other various ways to improve the lives of Canadians. We have built state-of-the-art Innovation Centres in Vancouver, Calgary, Edmonton, Toronto, Ottawa and Montreal, where TELUS can showcase innovation with real-life solutions in action.

TELUS Health

Today, policy-makers, health administrators and healthcare practitioners alike are working to define ways to deliver a new standard of healthcare in the face of decreasing budgets and an increasing aging population. To this challenge, TELUS brings its national communications coverage, clinical know-how and health IT solutions to support forging a new way forward for the benefit of all Canadians. TELUS Health is a partner to Canada's healthcare system and, in 2014, delivered health IT solutions that are changing the face of healthcare delivery and contributing to improved patient outcomes:

- § TELUS released its first mobile Electronic Medical Record (EMR) app that safely and securely enables a physician to access essential patient records and EMR functionality from their smartphone. The ease and convenience means physicians can spend more time focused on patients during consultations and complete non patient-facing, administrative tasks anywhere, anytime.
- § Promoting collaboration among healthcare providers is essential to enabling more efficient care and improving the patient experience. TELUS began including medication pricing validation into EMRs. This means that at the point of prescription physicians can verify whether the medication they plan to prescribe is the most cost-effective, is covered by the patient's plan or requires an insurer's approval.
- § Enabling consumers and patients to self-serve is another important aspect of creating a collaborative health ecosystem. The TELUS Pharma Space online portal helps pharmacists communicate with patients and offers patients the flexibility to renew their prescriptions online.
- § TELUS Health EMRs were part of Doctors of the World Canada's first mobile medical clinic in 2015 that provides healthcare services to marginalized people in several downtown districts in Montreal. The TELUS EMR enables volunteer physicians and nurses to collect information on the health conditions and test results of patients who do not usually frequent clinics. As a result, patients in need will be reintegrated into the health system.

The solutions delivered by TELUS Health touch all facets of the private and public health system in Canada, from insurers to health benefits plan sponsors to physicians, pharmacists and allied health professionals as well as patients and consumers. A connected healthcare ecosystem will lead to safer, more efficient care and improved patient outcomes.

8.0 Glossary

4G (fourth generation): As defined by the International Telecommunications Union, 4G is the next generation of wireless technologies, including HSPA+ and LTE, which offers a substantial improvement in speed over HSPA.

absenteeism rate: The figure reported includes absences related to illness or injury (excluding long-term disability) calculated as average number of productive days lost due to absenteeism per one FTE headcount.

absolute energy: Refers to a reduction in overall energy consumption not relative to anything else.

ADSL2+: An IP technology that allows existing copper telephone lines to carry voice, data and video and enables three simultaneous video streams into a home.

app: A program or application that delivers functionality to users on their mobile device, television or computer to address a specific need or purpose.

at home: Works from home on an established schedule for 90 per cent or more of the work week. The employee travels to a TELUS location for training, special meetings, etc.

best employers: Refers to the average engagement score of the top 50 companies in the Aon Hewitt database of 280 Canadian companies that took part in their annual Best Employers study/survey.

broadband: Telecommunications services that allow high-speed transmission of voice, data and video simultaneously at rates of 1.5 Mbps and above.

cause marketing: A type of campaign involving the cooperative efforts of a company and a non-profit organization resulting in cross promotional activities that drive charitable donations to the non-profit organization.

Closer to the customer: a program that provides leaders with the opportunity to hear and learn from frontline employees. Spending a day in the shoes of customer-facing employees helps leaders make impactful changes to better serve customers and support our team.

conflict minerals: Refer to minerals mined in conditions of armed conflict and human rights abuses, notably in the eastern provinces of the Democratic Republic of the Congo.

Connections Honours Leaders of Excellence (CHLOE): profiles and celebrates exceptional women who have made a profound difference at TELUS or in their community, as well as leaders, men or women, who have made a significant contribution to the advancement of women at TELUS.

CO₂e: Equivalent carbon dioxide is a measure for describing how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide (CO₂) as the reference.

CRTC (Canadian Radio-television and Telecommunications Commission): The federal regulator for radio and television broadcasters, and cable-TV and telecommunications companies in Canada.

Customers First: A TELUS corporate priority focused on creating a best-in-class customer experience as measured by the voice of our customers.

deferral account: The Canadian Radio-television and Telecommunications Commission (CRTC) created the “Deferral Account” initiative in 2002 as part of a policy to encourage competition in residential phone services. The Commission required the incumbent telephone companies to assign to such accounts amounts equal to revenue reductions that would otherwise would have taken place due to the operation of the “price cap” regime under which telephone service rates were regulated at the time. The CRTC subsequently consulted with the public and industry for several years regarding what to do with the funds that had accumulated in these accounts, ultimately accepting TELUS’ proposal that the majority of the funds be used to extend broadband Internet access to remote communities, with five per cent to be used to enhance services for people living with disabilities. The Commission ordered that the remainder of the funds be rebated to urban customers in 2010.

emergency alert messages: Issued by public officials to warn the public of imminent threats of life and could include notifications relating to dangers such as severe weather, floods, wildfires, industrial disasters and water contamination.

emission factors: The most common approach for calculating greenhouse gas emissions is through the use of emissions factors that are representative values relating the quantity of an emission with an activity associated with the release of that emission. Sources used include the [Canadian National Inventory report](#).

employee engagement: Engagement at TELUS is about strengthening the spirit and capturing the minds of employees in a way that contributes to their and our overall business performance. An engaged team is realized when employees truly believe in and are proud of the company they work for, and see a strong connection between their daily contributions and TELUS’ success.

Employee Resource Group (ERG): are groups of employees who join together in their workplace based on shared characteristics, beliefs, perspectives or life experience.

e-waste: Electronic waste, e-waste, or e-scrap describes discarded electrical or electronic devices.

Formal, informal and social learning: formal includes: courses (online or in classrooms), conferences, forums and roadshows, accreditation and degree programs; informal includes: online books and research databases; webinars and webcasts; coaching and mentoring; and websites; social includes: blogs and wikis, micro-blogging, social networking, and video sharing.

HSPA+ (high-speed packet access): A 4G technology capable of delivering manufacturer-rated data download speeds of up to 21 Mbps (typical speeds of four to six Mbps expected).

Hydrovac: Hydrovac excavation is the use of a combination of high pressure water and vacuum pumping to excavate various types of soils. This truck- mounted system is commonly used to locate buried infrastructure, for trenching and to excavate holes for poles and piles.

IP (Internet protocol): A packet-based protocol for delivering data across networks.

ISO 14001:2004: Is a family of standards related to environmental management that exists to help organizations (a) minimize how their operations (processes etc.) negatively affect the environment (i.e. cause adverse changes to air, water, or land); (b) comply with applicable laws, regulations, and other environmentally oriented requirements, and (c) continually improve in the above areas.

LTE (long-term evolution): A 4G mobile telecommunications technology, capable of advanced wireless broadband speeds that has emerged as the leading global wireless industry standard. TELUS’ 4G LTE coverage is currently capable of delivering manufacturer-rated peak download speeds of up to 75 Mbps (typical speeds of 12 to 25 Mbps expected).

Lost Time Accident (LTA): Under the Canada Labour Code, an LTA is any time lost as a result of an accident. Lost time begins on the day subsequent to the accident.

material issues: For a definition on materiality in the context of the GRI reporting framework, please see the [GRI website](#).

Mbps (megabits per second): A measurement of data transmission speed, defined as the amount of data transferred in a second between two telecommunications points or within a network. Mbps is millions of bits per second and Gbps (gigabits per second) is billions.

performance development: Relates to the process of setting objectives, performance appraisals and reviews, and establishing career development plans (including formal, informal and social learning) to enhance the performance of individual employees. This is also one of the top five drivers of the Pulsecheck employee engagement score.

postpaid: Conventional method of payment for service where a subscriber is billed and pays for a significant portion of services and usage in arrears, after consuming the services.

Power Usage Effectiveness (PUE): The ratio of the total amount of power used by a computer data centre facility to the power delivered to computing equipment.

Pulsecheck: TELUS annual on-line employee engagement survey.

remediation: Removal of contamination at a site to levels that do not exceed regulatory standards.

roaming: A service offered by wireless network operators that allows subscribers to use their mobile phone while in the service area of another operator.

shared value: This involves creating economic value in a way that also creates value for society by addressing its needs and challenges. Businesses can achieve shared value creation by reconnecting company success with social progress. Shared value is not social responsibility, philanthropy, or even sustainability, but rather a new way to achieve economic success.

simultaneous substitution: A process in which local Canadian television signals are substituted over television signals from U.S. and more distant Canadian stations when the programming being aired on both channels is the same. This process sees that the programming rights purchased by local Canadian television stations are protected, which further allows them to invest in local news and Canadian programming.

SMB: This is an abbreviation for Small and Medium Business, a former TELUS customer segment.

spectrum: The range of electromagnetic radio frequencies used in the transmission of sound, data and video. The capacity of a wireless network is in part a function of the amount of spectrum licenced and utilized by the carrier.

TeamHub: A cloud-based technology that integrates TELUS' talent management functions to improve alignment of objective setting, performance management, career development, learning, compensation and succession management for the company.

TELUS Community Ambassadors: A large pool of current, former and retired employees who are passionate about volunteering in the communities where they live, work and serve.

TELUS International: Our international operations in the Philippines, United States, United Kingdom, Barbados, Jamaica, St. Lucia, Guatemala, El Salvador, Romania and Bulgaria.

TELUS leadership values: The TELUS team works together to deliver future friendly services and our values guide the way we work. They are: we embrace change and initiate opportunity; we have a passion for growth; we believe in spirited teamwork; we have the courage to innovate

VDSL2 (very high bit-rate digital subscriber line 2): Fibre-to-the-node technology offering typical data download speeds of five to 25 Mbps, which enables four simultaneous video streams into a home. These rates can be increased further by bonding multiple lines together.

vertical integration: The ownership or control by one entity of both programming services (such as conventional television stations, or pay and specialty services) and distribution services (such as cable systems or direct-to-home (DTH) satellite services). Vertical integration also includes ownership or control by one entity of both programming undertakings and production companies.

Wi-Fi (wireless fidelity): The commercial name for networking technology that allows any user with a Wi-Fi-enabled device to connect to a wireless access point or hotspot in high-traffic public locations.