

putting



first

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A close-up photograph of a large green leaf, showing a central midrib and several secondary veins that curve outwards. The leaf is a vibrant green color, and the veins are a slightly lighter shade, creating a rhythmic pattern. The background is a solid, bright green, which makes the leaf stand out.

Sustainability at TELUS

Sustainability at TELUS

Message from our CEO

Our customers are helping us make a meaningful difference in our communities.

The TELUS team is passionate about fostering greener and more sustainable communities across Canada as we strive to maintain our reputation as a globally leading corporate citizen. We believe there is a symbiotic relationship between our company, our team and the health of our communities, and that it is incumbent upon us to conduct business in a socially responsible manner whilst giving back to the communities where our customers and team members work, live and serve.

In this regard, we are progressing our sustainability goals by developing environmentally advanced workplaces, working to reduce our absolute energy consumption and greenhouse gases, participating in green initiatives, investing in the deployment of high-speed Internet service to citizens living in remote communities and continuing to dedicate our time and our funding to help those less fortunate. Moreover, we continue to conduct our business operations and strategies in alignment with universally accepted principles in human rights, labour, environment and anti-corruption practices, guided by the [United Nations Global Compact](#). Notably, this commitment adds an additional dimension of accountability that exemplifies our dedication to corporate social responsibility.

Importantly, in 2012 we conducted a materiality assessment of the many corporate social responsibility issues we face and manage to identify the most critical initiatives for TELUS and our Corporate Social Responsibility (CSR) stakeholders. As a result, we established nine material issues and 24 focused targets for 2013, allowing us to significantly condense our CSR report and improve the reader's experience.

Putting our customers first in our hearts, minds and actions

Our unwavering focus to put customers first in our culture, investment priorities and operational decision-making continues to differentiate us from the competition. We are progressing our client focused agenda across every aspect of our business – from our network expansions to our system improvements to our enhanced product and service offerings. Indeed, our team members are rallying together to take our valued customers' thoughtful



Darren Entwistle with the Chairs of our TELUS Community Boards – Nini Baird, Vancouver, Mel Cooper, Victoria and Nancy Greene Raine, Thompson Okanagan. In 2012, our 11 TELUS Community Boards in Canada and three international boards contributed \$5.6 million to 500 grassroots charitable projects like Jeneece Place, founded by youth philanthropist Jeneece Edroff.



feedback to heart and implement improvements for their benefit. In 2012, we realized a number of noteworthy achievements in this regard, including:

- Making wireless ownership clear and simple, being the first major carrier in Canada to eliminate activation fees for new and renewing clients and improving our smartphone repair process by establishing online wireless repair tracking
- Delivering almost 84,000 learning sessions for our customers through the TELUS Learning Centre™
- Offering innovative features such as Multi-view, Smart Remote and Optik™ on the Go for our Optik TV clients and launching our mytelus smartphone app to provide mobility customers with the increased convenience of monitoring their usage, modifying their features and paying their invoices from the palm of their hand
- Introducing the Business Freedom™ Guarantee, providing our small and medium business clients with high-speed 4G wireless backup in the event of a service interruption amongst other features.

Building on the momentum created across our company with the creation of our [Customer Declaration](#) – our promise to our valued customers – we enlisted the help of team members across the company to develop our Customers First commitments which complement our longstanding TELUS values and further support our journey in this regard. Our commitments represent what we need to do in honouring the expectations we set with clients and our values represent how we conduct ourselves, individually and collectively, while endeavouring to delight our customers:

- We take ownership of every customer experience by embracing change and initiating opportunity
- Through spirited teamwork, we work as a team to deliver on our promises
- We learn from customer feedback and take action to get better, every day because we have the courage to innovate
- We are friendly, helpful and thoughtful, and we have a passion for growth.

Collectively, the TELUS team is making meaningful progress on our goal to become the most recommended company in the markets we serve, as measured by our customers' likelihood to recommend our products, services and people. By the end of 2012, we had improved our likelihood to recommend scores across all segments of our business. Notably, in our small and medium business clients sector, our likelihood to recommend result elevated by an impressive 16 percentage points over the year.

Another indication that we are on the right path relates to our progress in reducing customer complaints. Indeed, whilst the overall industry trend reflected a 35 per cent increase in customer complaints last year, TELUS



achieved a notable 13 per cent reduction as measured by the Commissioner for Complaints for Telecommunications Services.

The TELUS team received meaningful third party recognition for our customer service excellence in 2012. TELUS was selected by Harris/Decima as the top Mobile Phone Service Provider for its Equitrend Brand of the Year award, and our Koodo Mobile brand was chosen by J.D. Power and Associates as the [Top Service Provider in Canada](#) for both 2012 and 2013.

We have also reached an important milestone in respect of social media by increasing our Twitter reach to more than 12,000 followers for [@telussupport](#) by the end of 2012, becoming the first verified telecom Twitter support channel in Canada. Our TELUS chat service also expanded to include our mobility clients, supporting over 100,000 chat sessions monthly and averaging a 90 per cent quality rating from our customers. Moreover, in December we launched our [TELUS blog](#) where our team members share their thoughts on topics we are passionate about, including putting customers first, community giving and our globally recognized corporate culture.

Recognizing and rewarding a high-performance team that is a global leader in engagement

Our tremendous success in the market is a result of our outstanding team, which I firmly believe is the best amongst telecom companies globally. This is why recognizing, rewarding and celebrating our team members for a job well done and career milestones are key components of our human resource practices. Notably, our Bravo recognition program continues to be a cornerstone of our culture, having been recognized as the best recognition program globally in 2011 by the U.S. based Recognition Professionals International.

Additionally, our Customers First Champions program, introduced in late 2011, has resulted in more than 270 of our team members being nominated by their peers for consistently delighting our customers with extraordinary customer service experiences. These remarkable team members have been rewarded for their exemplary performance and were honoured at our annual gala event in early 2013.

Developing our team members is also a key focus for TELUS, and in 2012 we spent \$19 million on learning and development programs to foster the growth of our team whilst supporting their individual career goals. Our programs have received global recognition by the American Society for Training and Development (ASTD) who awarded TELUS with their [2012 BEST Award](#). Notably, we are one of just three organizations worldwide and the only Canadian company to have received seven or more ASTD BEST awards.

TELUS is widely recognized as an employer of choice for top talent in Canada. Through our Work Styles program we are continuing to listen to our

Our Bravo
recognition program
continues to be a
cornerstone
of our culture



team members and support their work-life balance. Notably, 47 per cent of our eligible team members regularly work from home or on a mobile basis, which is up by 12 points over 2011, reducing our impact on the environment and enabling team members, who have earned this privilege through their consistent high performance, to better balance their responsibilities at work and home. Additionally, nearly one quarter of all team members participate in our Healthy Living program which offers onsite fitness classes, wellness clinics, nutrition webinars and an extensive wellness video library to help team members maintain their mental and physical wellbeing. Our health and wellness initiatives were ranked number one by the [Workplace and Health Benefits Awards 2012](#) from Benefits Canada.

Our commitment to providing a healthy and inspiring workplace and team member experience has fostered tremendous engagement amongst the TELUS team. In 2012, our overall engagement score rose by an incredible 10 points to 80 per cent, as measured by our third-party surveyor, Aon Hewitt, which ranked TELUS as number one in Canada and amongst the top one per cent globally for a company of our size. This built on the exceptional thirteen point increase we realized in 2011. Additionally, our winning culture has been recognized by Waterstone Human Capital as one of the Top 10 Most Admired Corporate Cultures for six years, earning TELUS a spot as one of only six organizations in their exclusive Canada's 10 Hall of Fame. In 2012, TELUS was also honoured as having one of the Top Ten Human Resource teams worldwide at the Global HR Leadership Summit and Mediacorp Canada named TELUS as one of [Canada's Top Diversity Employers](#) for the fifth consecutive year.

Exemplifying our philosophy to give where we live to help make the future a little friendlier for Canadians in need

TELUS believes that in order to do well in business, we must do 'good' in the communities where we work, live and serve, and as such, we continue to be guided by our deeply rooted philosophy – We give where we live®. Indeed, differentiating ourselves in the hearts and minds of consumers as a socially responsible company is key as our fellow citizens become more aware of their power to help create healthier communities by choosing to do business with companies who share their values.

Since 2000, our team members and retirees have generously donated more than \$300 million and volunteered almost five million hours with their hearts and hands to create stronger, healthier and more sustainable communities. Notably, our team members and retirees gave deeply once again in 2012 through our [Team TELUS Cares](#) Program by:

- Volunteering in 400 activities for our seventh annual [TELUS Day of Giving](#)® that included cleaning local parks and beaches and serving



meals to those in need. In 2012, a record 12,500 team members, retirees and their friends and family members participated across Canada

- Recording 570,000 hours of volunteer service through our Dollars for Doers program by coaching community sports teams, visiting seniors centres and participating in other grassroots activities
- Raising \$6.8 million through our Team TELUS Charitable Giving program to be distributed to registered Canadian charities and not-for-profit organizations. Funds donated by team members, retirees and retail dealers were matched by TELUS.

In 2012, 400 outstanding retirees and team members joined our [TELUS Community Ambassadors](#)[®] program. Throughout the year, our 3,000 Community Ambassadors in 21 clubs across Canada donated more than \$330,000 to causes in their local communities, and created and distributed 67,000 care items for seniors, underprivileged children undergoing surgery and at-risk mothers to support them in their time of need. Since 2006, our Community Ambassadors have distributed more than 343,000 care items and raised a remarkable \$2.1 million for causes close to their hearts.

Our 11 [TELUS Community Boards](#) in Canada also continue to make a difference in communities from coast-to-coast, and in 2012 alone, allocated \$5.3 million in support of over 460 grassroots community projects. Since 2005, our Canadian TELUS Community Boards and our three international community boards have contributed more than \$35 million to 2,800 charitable initiatives that have positively impacted the lives of more than two million youth.

In 2012, we strengthened our focus on funding programs that support and encourage youth to become leaders in giving back. Expanding our long-standing partnership with the national non-profit organization, Free The Children, we have become a five-year national event sponsor of [We Day](#), a series of annual youth empowerment events that unite young people with world-renowned speakers and performers. We have supported We Day since its inception and contributed more than \$3 million to Free The Children initiatives since 2007.

Additionally, earlier this year, we announced a new collaboration with Free The Children, called [Give Where You Live](#) – an educational curriculum that will launch in 40 high schools across British Columbia in 2013 and expand across Canada in the coming years to engage, educate and empower youth to take action for causes they are passionate about in their communities.

TELUS continues to leverage our cause marketing campaigns to raise awareness and funding for important programs and initiatives, and many customers helped us give back through our [Phones for Good](#)[®] and [TV for Good](#)[®] campaigns. In select markets, TELUS donates \$25 to a local charity based on the sale of each smartphone or Optik TV™ activation. In 2012, we contributed \$3.8 million to community projects and together with the support of

TELUS continues to leverage our cause marketing campaigns to raise awareness and funding



our customers, we have contributed more than \$9.5 million through these campaigns since 2009. Moreover, our fifth annual Pink campaign raised \$100,000 in support of innovative breast cancer research, early detection and treatment initiatives. Notably, since 2008, TELUS, with the support of caring individuals across Canada, has contributed more than \$5.3 million in support of Canadians affected by breast cancer.

These exceptional efforts by our team members, retirees and community board members, with the support of our loyal customers, earned TELUS recognition as 2012's Outstanding Corporation in Philanthropy by the [Quebec Chapter of the Association of Fundraising Professionals](#). TELUS was also selected as a recipient of an inaugural Prime Minister's Volunteer Award for leadership in improving the wellbeing of communities through volunteerism. These awards complement the U.S. based Association of Fundraising Professionals having named us the Most Outstanding Philanthropic Corporation globally in 2010, a first for a Canadian company. We are one of just 100 Canadian companies designated as an [Imagine Canada Caring Company](#), a title we have proudly held since 1995. In 2012, TELUS surpassed the one per cent Imagine requirement by giving more than 2.5 per cent of our pre-tax profits to charitable organizations.

Creating environmentally sustainable communities

TELUS and our team members are committed to leading by example in respect of creating environmentally sustainable communities. In this regard, we are working steadily toward our goal of reducing our energy consumption by 10 per cent and our greenhouse gas emissions by 25 per cent by 2020 as compared to our 2009 levels. Notably, in 2012, we successfully implemented over 100 initiatives resulting in an annualized energy waste reduction of 42.7 GWh, thereby avoiding almost 17,000 tonnes of greenhouse gas emissions – the equivalent to taking 3,500 cars off the road.

Through our innovative waste management program, we diverted over 8.2 million kilograms of material from landfills in 2012, including nearly 1.4 million kilograms of decommissioned telephone poles and over 430,000 kilograms of recycled, refurbished and repurposed e-waste. Moreover, leveraging and promoting our wireless device trade-in program, we worked alongside our customers to recycle more than 545,000 wireless devices last year, a considerable increase from the 236,000 devices we recycled in 2011.

Improving our performance in regards to paper reduction, responsible paper purchasing and team education efforts continues to be a priority for our organization. Last year, we exceeded our target and reduced our paper purchases by 15 per cent or 4.3 million sheets, compared to 2011. Since 1997, we have reduced paper purchases by 180 million sheets, the equivalent of approximately 12,000 trees.



Our 15 Green Teams, comprised of more than 100 energetic team member volunteers from across the organization, are the driving force behind many of our innovative sustainability practices and team member educational sessions. Their events, including Earth Hour, Earth Day, Environment Week and Bike to Work Week promote environmental sustainability in the workplace and inspire their fellow colleagues to embrace a lifestyle at work and at home that is healthy for them, their families and their communities.

Our technologically advanced, environmentally friendly buildings also reflect our company's strong commitment to sustainability in the communities where we operate. Notably, 2012 marked the opening of our Super Intelligent Internet Data Centre in Rimouski, Quebec and the beginning of construction of its twin facility in Kamloops, B.C., which are amongst the greenest and most energy efficient centres in the world. Our Rimouski facility is the first TELUS Internet data centre built to the LEED (Leadership in Energy and Environmental Design) Gold standard and is 80 per cent more energy-efficient than traditional data centres. Moreover, our data centre is setting a new standard for environmental excellence and efficiency, recently receiving international recognition as a finalist in Design Innovation for [Uptime Institutes' 2013 Green IT Awards](#).

Similarly, our TELUS Garden office and residential towers, currently under construction in downtown Vancouver, will meet and exceed LEED Platinum and Gold standards, respectively, whilst transforming an aging city block into a stunning architectural masterpiece with the most advanced technologies in the world. Importantly, we have partnered with FortisBC to design and operate a state-of-the-art [District Energy System](#) (DES) that will help reduce carbon dioxide emissions by one million kilograms per year by capturing and re-distributing low-grade heat from TELUS' equipment throughout TELUS Garden's new office and residential towers. The DES is a major element of TELUS Garden's sustainability strategy and contributes to the development's approximate 80 per cent reduction in energy demand from conventional sources. This development will complement our major office buildings in Toronto, Ottawa and Quebec which meet Platinum, Gold and Silver LEED standards respectively.

Our team's unwavering commitment to sustainability has earned TELUS global recognition, including acknowledgment as one of Corporate Knights' 2013 [Global 100 Most Sustainable Corporations](#) in the World for the third time and being named to the [Dow Jones Sustainability North America Index](#) for the 12th consecutive year in 2012, a feat unequalled by any North American telco or cableco. TELUS was also recognized for the second consecutive year as one of the [2013 Greenest Employers in Canada](#) by Mediacorp.

Investing for sustainability and having the courage to innovate for Canadians

To support the continued expansion of our wireless and wireline broadband networks as well as our enhanced product offerings, we invested a remarkable \$8.9 billion in operations and technology across Canada in 2012. Early in 2012, we brought the world's most advanced and fastest wireless technology to Canadians with the launch of our powerful and highly reliable 4G Long Term Evolution (LTE) network, which now reaches 100 communities and more than two thirds of all Canadians from coast-to-coast. Indeed, we are truly bridging the digital divide, enabling more than 99 per cent of Canadians to stay connected through our combined 4G LTE and HSPA networks. We also continue to experience tremendous growth of our revolutionary home entertainment experience, Optik TV, becoming one of the fastest growing TV providers in the world. As a result of our ongoing investments in the expansion and enhancement of our broadband networks, TELUS realized an increase of 385,000 total customer connections, growing to 13.1 million connections by the end of 2012. This represents a remarkable 120 per cent increase in client connections since our new strategic journey commenced in 2000.

TELUS recognizes that Canadians are adopting technology at increasingly younger ages, and that as a provider, it is incumbent upon us to partner with families to ensure their children are developing safe online habits. In this regard, TELUS introduced [TELUS WISE®](#) (Wise Internet and Smartphone Education) to our business customers for the benefit of their employees and their families. This industry-leading educational program on Internet and smartphone safety educates families about online criminal activity such as financial fraud and child predators, and teaches youth about cyber-bullying and its detrimental effects. Indeed, this program is another way in which we are putting our customers first by helping them protect what is most valuable to them – their family. We are looking forward to extending the availability of this program to our consumer clients this year.

The TELUS team continued its dedicated efforts to transform healthcare through technology innovation, and have created strong momentum in this critical industry. In 2012, TELUS acquired Wolf Medical Systems in Western Canada and KinLogix in Quebec, and in early 2013 we acquired the PS Suite EMR solution in Ontario. TELUS is now Canada's largest provider of electronic medical records, providing leading edge solutions to all major stakeholders in the health system, including 9,000 physicians across Canada, to help deliver better patient outcomes and drive the prevention of disease through the promotion of wellness. Notably, we have invested more than \$1 billion in the past five years, and today, we employ more than 1,500 team members dedicated to the healthcare side of our business.

TELUS WISE®
is another way
in which we
are putting our
customers first



The continued success we have earned in the market helped TELUS deliver a total shareholder return of 20 per cent in 2012, outperforming the Toronto Stock Exchange (TSX) and our global peers as measured by the MSCI Global Telecom Index by 13 percentage points. Notably, over the past four plus years to the end of April 2013, our total shareholder return of 198 per cent significantly outpaced our global peers by 117 percentage points as well as the TSX by 148 points. Moreover, since 2000, our company's total returns have outperformed our global peers by delivering a 233 per cent total shareholder return. Impressively, with 2000 as the starting point, we have surpassed the total shareholder return of the second-place incumbent telcos for the last nine of ten years by an average of 40 percentage points.

Building momentum for our collective future

I am truly grateful for the dedicated efforts of our TELUS team including our passionate retirees as well as our valued customers who enable TELUS to elevate our commitment to corporate social responsibility year after year. Indeed, with your support in 2013 and beyond, TELUS will continue to foster environmentally sustainable workplaces and healthy communities whilst delivering on our top priority to put our customers first and become the n recommended company in the markets we serve. I look forward to buildi on the momentum we have created in the marketplace for the benefit of customers, our team, our investors and the communities where we work and serve.

Thank you for your continued support.

Sincerely,

Darren Entwistle

Member of the TELUS Team

June 4, 2013



CSR Leadership

Sustainability at TELUS

You want us to be sustainable.

TELUS is committed to Corporate Social Responsibility (CSR) and achieving sustainable growth. Our triple-bottom-line approach balances economic growth with environmental and social goals. We are delivering on our future friendly® brand promise by putting customers first, and by being a company our customers want to connect to and do business with.

We follow the [Global Reporting Initiative](#) (GRI) definition of CSR, which is:

A firm's accountability to internal and external stakeholders for organizational performance towards the goal of sustainable development.

TELUS' commitment to integrate CSR considerations into our business ensures we can fulfill our commitments in both good and challenging economic times. In part, we do this by:

1. **Engaging** the TELUS team through community volunteerism and giving programs such as Team TELUS Cares, employee resource groups such as Connections, environmental programs, such as our TELUS Green Teams, and through the use of social media
2. **Integrating** key CSR metrics into the enterprise-wide strategic planning and reporting processes, including CEO and key executives' performance objectives
3. **Understanding** how our brand and reputation drives our customers' likelihood to recommend our products and services and by designing cause marketing campaigns that make a direct link between our business priorities and the well-being of our communities
4. **Leading** in CSR governance and disclosure through our CSR Leadership Team, consisting of senior leaders from across the business, our award-winning financial and sustainability disclosure and regular CSR updates to the Corporate Governance Committee of the TELUS Board of Directors.



Risk management

You want us to assess and manage risk.

TELUS defines business risk as the degree of threat 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 triple-bottom-line approach, TELUS uses an enterprise-wide risk and control assessment process that solicits and incorporates the expertise and insight of team members from all areas 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 the [2012 annual report](#). Information on financial liabilities is listed in the [consolidated financial statements](#) and notes section of the annual report.

Management approaches

You want to know how we report on our CSR business practices.

We have a robust approach to the adoption and refinement of CSR practices in our business. Please read below to review our management approaches that provide a deeper view of our CSR practices with respect to our material issues and align with our efforts to report in accordance to the Global Reporting Initiative.

Customers First

Putting YOU First

TELUS is committed to delivering on our brand promise – the future is friendly® – and putting our customers first is an integral part of honouring this commitment. In fact, Customers First is our number one corporate priority and this dedicated focus will help us on our journey to become the most recommended company in the markets we serve.

In 2011, we developed our customer declaration which lets our customers know that we are listening to them and using their feedback to improve.

Throughout 2012, we continued to learn from our customers and focused on implementing the changes that mattered most to them. We also recognize the important role that every one of our team members plays in our Customers First journey. We believe that great customer experiences start with a great team member experience, which is why a significant focus was placed on further developing our internal Customers First culture in 2012.

In 2012, we evolved our communications to share our focus on how we are listening to our customers at every touchpoint to make their TELUS experience even better.

Economic performance and impact

TELUS is focused on supporting sustainable economic growth for the benefit of our investors, customers, team members, 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, while delivering long-term positive financial and operating results for our investors.

We contribute to the economy by:

- Making purchase decisions that benefit Canadians
- Providing employment and compensation to our team members
- Paying taxes to multiple levels of government
- Paying dividends and interest to our investors

Great customer
experiences
start with a great
team member
experience



- 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.

Integrity

The TELUS team places great importance on maintaining a culture that encourages achievement of our business objectives in a manner consistent with our values. We value integrity in all we do, which means we expect our team members to act honestly in all dealings, comply with the laws and regulation governing our business and maintain an ethical work environment. We know that having a shared understanding and commitment to integrity sets the foundation for us to put our customers first.

To promote company-wide awareness of integrity issues, all team members are asked to read our policies and must complete our training programs. We also offer access to subject matter experts who can answer questions or take reports. These experts work as a virtual team across the corporation, both in Canada and internationally, to address concerns in the areas of ethics, privacy, security, respectful workplace as well as bribery and corruption.

Regulatory compliance

The complexity and intensity of regulation has increased over the years, making regulatory compliance a critical issue for organizations such as ours. Companies must now contend not only with internal, government and industry-specific regulations and policies, but also with regulatory requirements of networked partners, suppliers and customers. TELUS aims to meet and exceed compliance expectations in all areas.

To this end, we are involved in a wide variety of Canadian Radio-television and Telecommunications Commission (CRTC) regulatory proceedings advancing and defending TELUS' interests with the objectives of eliminating unnecessary sector-specific regulation and rationalizing and streamlining the regulation that remains. We also manage the tariffs for TELUS' regulated products and services and address complaints made by TELUS' customers to either the CRTC or to the Commissioner for Complaints for Telecommunications Services (CCTS).

Team member support

Our culture and values

At TELUS, our high-performing team is the foundation of our business, powering our success as a leading telecommunications company. We are dedicated to innovation and putting our customers first by helping people stay connected by phone, Internet and television services; leveraging technology to



tackle challenges facing our healthcare system; and helping businesses and organizations optimize their operations.

Our leadership culture is further supported by 10 Effective Leadership Techniques. These techniques ensure our leaders are focused on our team members' experience and are effectively nurturing, encouraging and enabling their teams to do their very best. We understand that as an engaged, collective team we are better positioned to deliver on our goals.

Supply chain sustainability

TELUS' procurement strategy aims to improve value for money for all external goods, products and services purchased while working to maintain or improve our service, quality and delivery for our customers. Additionally, we strive to ensure that our external business partner community reflects the values and corporate social responsibility standards that TELUS lives by.

At TELUS, we pursue strategic alliances with companies that complement our core skills and provide innovative next-generation solutions that put customers first. These alliances create partnerships with formalized long-term agreements, multiple cross-enterprise initiatives, very tight linkages to our strategic direction, supplier relationships beyond TELUS' core competencies and include shared risk and benefits to be realized.

Community Investment

Doing good in your community

Our community investment program is an important part of the promise we've been making for the last 12 years – the future is friendly®. To keep this promise, we assist the communities where we live, work and serve to be healthy, vibrant and ready for the future. This is exemplified in our philosophy to give where we live, and demonstrated through our community investment strategy to educate and empower youth, improve their quality of life and help them reach their full potential. We are creating a legacy of giving based on innovation, supporting youth through technology and through our programs that engage the TELUS team, retirees and the broader communities in which we operate. This is demonstrated by:

- Using our expertise in technology to help build stronger and healthier communities
- Creating long-term partnerships with organizations at the local and national level
- Providing grants to grassroots organizations in Canada and internationally
- Investing in our cause marketing programs – a platform that is mutually beneficial to the charities we support and to our business
- Our team members and retirees who directly support charities and community based organizations that have a direct impact on their local communities
- Financially supporting charities in a way that has impact to the community and is sustains our business.





Climate change

Global climate change has been identified by the scientific community as a social, environmental and economic risk facing our communities. The challenge that society, governments and businesses face is how to realize economic growth without increasing greenhouse gas (GHG) emissions. There is no standard solution to this challenge. At TELUS, we consider the physical risks of climate change in our business continuity planning process and are working toward improved management of environmental risk.

In 2010, we set energy and GHG reduction targets that would challenge our team. As expected, progressing toward our targets is proving to be a challenge as we try to keep pace with economic growth in a sustainable way.

Our climate change strategy targets:

- 10 per cent absolute energy reduction by 2020 over 2009 consumption
- 25 per cent GHG emission reduction by 2020 over 2009 levels.

Environmental management

Responsibility for managing TELUS' environmental footprint is shared by senior leaders from across TELUS who have specific areas of expertise such as Risk Management, Network Operations, Real Estate Operations, Supply Operations, Legal Compliance and Procurement, in addition to our environmental consultants. The Corporate Governance Committee of TELUS' Board of Directors receives quarterly reports in regards to TELUS' ongoing environmental risk management activities.

The Environment and Corporate Social Responsibility team is comprised of professionals from across Canada responsible for our environmental management systems and many of our corporate social responsibility programs. These programs are management's tools for setting policies, implementing programs, tracking performance, reducing environmental impacts and enhancing our stewardship activities.

The CSR leadership team provides executive-level oversight, guidance and strategic direction for sustainability matters at TELUS. Consistent with the TELUS goal of being one of Canada's leading corporate citizens, we aim to do this by reducing our impact on the environment, and providing solutions for others to do so as well. TELUS has an [Environmental policy](#) and is continuing to work toward full alignment to the ISO 14001:2004 standard.



Targets

2013 Targets

Material issue	Key Performance Indicator	2013 target	2012 result	2012 target
Customers First	Likelihood to recommend (L2R) Consumer	75%	72%	77%
	L2R ¹ SMB	75%	72%	65%
	L2R ¹ Enterprise ²	73%	70%	67.5%
	L2R TELUS Health	75%	72%	77%
	L2R TQ Business ³	67%	59%	55%
Economic performance and impact	Revenues	\$11.4B to \$11.6B 4-6%	\$10.92B 5%	\$10.7B to \$11.0B 3-6%
	EBITDA	\$3.95B to \$4.15B 2 to 8%	\$3.97B 5.1% \$3.86B ⁴	\$3.8B to \$4.0B 1 to 6%
	EPS	\$3.80 to \$4.20 3 to 14%	\$4.05 7.7% \$3.69 ⁴	\$3.75 to \$4.15 0 to 10%
	Capital Expenditures	Approx. \$1.95B	\$1.98B	Approx. 1.85B
Integrity index	Index	94	93 (baseline)	n/a
Regulatory compliance	TELUS complaints as a per cent of overall complaints to the CCTS	10%	11.17%	n/a
Team member support	Pulsecheck engagement (TELUS)	83%	80%	76%
	Pulsecheck engagement (TELUS International)	74%	71%	74%
	Safety – lost time accidents per 200,000 person-hours worked ⁵	0.77 LTA	0.78 LTA	0.77 LTA
Supply chain	Contracts integrated with Supplier Code of Conduct	100%	n/a	n/a
	Completed supplier risk assessments	100%	n/a	n/a
Community investment	Team TELUS Cares total volunteer hours	573,000	568,000	562,000
	Likelihood to recommend: 'TELUS makes a difference in my community'	40.4%	39.9%	39.3%
	TELUS Day of Giving [®] participation - Domestic	13,000	12,515	12,000
	TELUS Day of Giving participation - International	7,100	5,900	n/a
	Community investment awareness ⁶	53%	51%	44.5%
Climate change	Annualized energy reductions	40.5 GWh	n/a ⁷	n/a ⁷
Environmental management	Wireless devices recycled	400,000	545,872 ⁸	250,000
	Paper purchase reduction	10%	15%	10%

- 2012 SMB and Enterprise targets were revised mid-year based on survey methodology changes. Targets were previously reported as 45 per cent for SMB and 60 per cent for Enterprise.
- 2013 Enterprise employs a Customer Loyalty Index as a proxy for L2R.
- 2013 TQ Business target will begin to include the Atlantic Provinces.
- 2013 targets and comparative figures for 2012 EBITDA and EPS include the effects of applying the amended IAS 19 employee benefits accounting standard.
- 2012 target has been adjusted since our 2011 Corporate Social Responsibility Report from 0.74 to 0.77 based on the 2012 fourth quarter report to the HR and Compensation Committee of the Board of Directors which included revised numbers of closed accident claims.
- As measured by an Omni survey asking Canadians about their awareness of TELUS' various community investment initiatives. Per cent indicated is those who answer 'very aware' or 'somewhat aware'.
- TELUS remains committed to its climate change objectives as set out in our climate change strategy and have introduced a new metric for 2013.
- Amount inclusive of one time processing of recycling backlog and increased promotional activities in association with the launch of [TELUS' trade-in program](#).

We take a triple-bottom-line approach to business, balancing economic growth with a diligent focus on environmental and social goals. In previous reports, we have outlined a set of CSR priorities that summarized at-a-glance results intended to identify general highlights and strategic direction. This was complemented by a targets table that provided detailed metrics and results.

In alignment with our CSR materiality assessment conducted in 2012, we will be disclosing CSR targets for 2013 based on our material issues. Because we are transitioning from one approach to another with respect to targets, we will provide follow up on the 2012 priorities and targets disclosed in our 2011 CSR report.

Beginning in 2013, TELUS will measure CSR performance by disclosing targets aligned with material issues determined by our company and stakeholders. Here you will find nine material issues with 24 targets. Further discussion can be found within the relevant section in our report.



Review of 2012 priorities, targets and results

Meeting and exceeding our targets

✓✓ Exceeded target ✓ Met target ✗ Did not meet target — Not applicable

Issue	2012 CSR priority	2012 results
Economic growth	Realize TELUS' 2012 consolidated targets: revenue, operating earnings (EBITDA), EPS and capital expenditures, while maintaining compliance with long-term financial guidelines and policies	<p>✓ Achieved three out of four original 2012 consolidated targets</p> <p>✗ Consolidated capital expenditures exceeded target due to higher spending on expanding our broadband networks to support strong customer growth</p> <p>✓ TELUS maintained compliance with its long-term financial policies and guidelines, including two dividend increases</p>
	Certify under Section 404 of SOX on a continuous basis, conduct annual fraud risk assessment	<p>✓ Achieved SOX certification for 6th consecutive year. Completed fraud risk assessment for 5th consecutive year.</p>
	Continue to support ongoing Board oversight of key enterprise-wide risks	<p>✓ Results of annual risk and control assessment shared with the Board and risk oversight responsibilities were reviewed by the Board and allocated between the Board and its committees for each of the key enterprise risks</p>
Governance, integrity and transparency	Continue to drive CSR accountability across TELUS' strategic planning and performance management processes with a specific emphasis on bolstering innovation reporting	<p>✓ CSR integration into strategic planning processes continued. CSR report materiality assessment identified nine material topics categorized in terms of importance to TELUS and its stakeholders providing guidance for reporting and target setting in 2013</p>
	Continue to support ongoing Board oversight of key enterprise-wide risks	<p>✓ Results of annual risk and control assessment shared with the Board and risk oversight responsibilities were reviewed by the Board and allocated between the Board and its committees for each of the key enterprise risks</p>
	Continue to drive CSR accountability across TELUS' strategic planning and performance management processes with a specific emphasis on bolstering innovation reporting	<p>✓ CSR integration into strategic planning processes continued. CSR report materiality assessment identified nine material topics categorized in terms of importance to TELUS and its stakeholders providing guidance for reporting and target setting in 2013</p>
Community welfare	Create an even stronger bond with our clients in our neighbourhoods by advancing our global leadership in helping our fellow citizens in need, build stronger communities by exemplifying our philosophy "we give where we live®"	<p>✓ Commitment was advanced further by tailoring a number of programs, charitable giving and cause marketing campaigns to local community needs, addressing issues specific to that community, while improving our likelihood to recommend results to the question 'TELUS makes a difference in my community'</p>
	Maintain and enhance alignment between community investment strategy and execution with TELUS' strategic intent, business priorities and financial performance specifically in regards to putting customers first and advancing our Likelihood to Recommend score	<p>✓ Enhancement achieved by aligning CI key performance indicators such as charitable partnerships with business priorities and community needs, while increasing overall operational efficiency and our likelihood to recommend results for each customer segment</p>
	Continue to advertise and communicate TELUS' community investment and engagement strategy to enhance TELUS brand affiliation with our customers and to support our goal of becoming the most recommended company in the markets we serve	<p>✓ Through our consumer and community investment marketing campaigns we let our customers know that we are translating their feedback into action through efforts tied to fairness, more choice, a better experience, and stronger communities</p>
Customer	Increase the percentage of our consumer and small and medium business customers who would recommend us as a provider of home, mobility and business solutions by developing and implementing a framework for customer service excellence	<p>✓ For each of five customer segments, the per cent of customers who would recommend us increased, although two of five (Consumer, TELUS Health) did not reach targeted increase. During 2012, methodology adjustments were made to SMB and Enterprise frameworks to better reflect the customer experience</p>
Workplace well-being	Ratification of a new collective agreement between TELUS and The Syndicat des agents de maîtrise de TELUS	<p>✓ TELUS and the Syndicat des agents de maîtrise de TELUS (SAMT) successfully renegotiated a new five-year collective agreement in 2012, providing stability and predictability to both TELUS and its team members in Quebec. This agreement was ratified by 92% of the team members</p>
	Continue to strengthen engagement score with programs such as work processes, career opportunities, performance development and compensation	<p>✓ Overall engagement, as measured by our Pulsecheck survey increased by 10% to 80% for TELUS domestic and increased by 4% to 71% for TELUS International reflecting our achievement in driving improvements in the areas of work processes, career opportunities, performance development and compensation. Our domestic increase in employee engagement gives us the highest engagement score in Canada for any organization with 15,000 or more employees and puts us in the top one per cent globally according to our independent surveyor Aon Hewitt.</p>
	Continue offering a wide range of wellness programs and increase Active Living program participation	<p>✓ Increased online wellness programs and increased Active Living program participation</p>
	Continue to increase engagement by encouraging participation in the TELUS Leadership Philosophy	<p>✓ Increased engagement results in the areas of learning opportunities and career development due to continued increases in formal, informal and social learning opportunities</p>
Environmental sustainability	Climate change metric included in CEO CSR objective for 2012	<p>✓ Climate change metrics were included in the CSR index of the CEO PPO for 2012</p>
	Execute on EMS plan and align halocarbon management with ISO 14001:2004 standard	<p>✓ Halocarbon management standard was created and aligned with ISO 14001:2004.</p>
	Complete an external EMS and Compliance Audit	<p>✓ External EMS and compliance audits for B.C. were completed in 2012</p>



Economic results

Performance measure	Original target for 2012 ¹		2012 results
Revenues (consolidated)	\$10.7 to \$11.0 billion	✓	\$10.92 billion
EBITDA ²	\$3.8 to \$4.0 billion	✓	\$3.97 billion
EPS – basic	\$3.75 to \$4.15	✓	\$4.05
Capital expenditures	Approx. \$1.85 billion	✗	\$1.98 billion
Wireless			
Revenue (external)	\$5.75 to \$5.9 billion	✓	\$5.845 billion
EBITDA ²	\$2.3 to \$2.4 billion	✓✓	\$2.467 billion
Wireline			
Revenue (external)	\$4.95 to \$5.1 billion	✓	\$5.076 billion
EBITDA ²	\$1.5 to \$1.6 billion	✓	\$1.505 billion
Net debt to EBITDA (excluding restructuring costs)	1.5 to 2 times	✓	1.6 times
Unutilized liquidity	Maintain a minimum of \$1 billion	✓	\$1.9 billion

1 The original 2012 economic targets were announced December 16, 2011.

2 Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP measure.

Customer results

Performance measure	2012 target		2012 results ¹
Likelihood to Recommend	Consumer – 77%	✗	Consumer – 72%
	Small and Medium Business (SMB) ¹ – 65%	✓	SMB – 72%
	Enterprise ¹ – 67.5%	✓	Enterprise – 70%
	TELUS Health – 77%	✗	TELUS Health – 72%
CRTC and CCTS complaints ²	2,623	✓	1,545 ²
CCTS complaints resolved or closed at pre-investigation stage	75%	✓	85%

1 2012 SMB and Enterprise targets were revised mid-year based on survey methodology changes. Targets were previously reported as 45 per cent for SMB and 60 per cent for Enterprise.

2 CCTS reporting period is from August 1, 2011 to July 31, 2012. There were 1,211 complaints to CCTS and 334 to CRTC.

Community investment results

Performance measure	2012 target		2012 results
Community	Establish two national partnerships, specific to social enterprises, to foster social and for-profit entrepreneurship	✓	TELUS engaged with several non-profit and academic social innovation organizations in the markets we serve to further social enterprise
	Maintain TELUS' Community Investment leadership by contributing more than 2% of our pre-tax profits to support Canadian charitable organizations, doubling requirements to achieve Imagine Canada Caring Company status	✓	TELUS achieved its status of an Imagine Canada Caring company by contributing 2.5% of our pre-tax profits
Team TELUS Cares programs	Engage 12,000 volunteers in TELUS Day of Giving®	✓	Engaged 12,515 volunteers in TELUS Day of Giving
	Record 562,000 volunteer hours	✓	Team TELUS Cares total volunteer hours were 568,000



Team performance results

Performance measure	2012 target ¹		2012 results
Safety – lost time accidents per 200,000 person-hours worked	Maintain our 0.77 ² ratio	X	0.78
Engagement (domestic)	76%	✓	80%
Engagement – TELUS International Philippines (new target)	74%	X	65%
Engagement – TELUS International Central America (new target)	69%	✓	77%
Average Canadian voluntary turnover	8.2%	✓	7.3%
Team member recognition spend	\$8.53 million	✓	\$8.8 million
Investment in learning	\$23.1 million	X	\$19.0 million
Return on Learning ³	71%	✓	74%
Wellness reach rate	75% of team members nationally have access to face-to-face wellness programs	✓	80%

1 Unless indicated, data presented is for TELUS domestic team members tracked in primary Human Resources Management system.

2 2012 target has been adjusted since our 2011 Corporate Social Responsibility Report from 0.74 to 0.77 based on the 2012 fourth quarter report to the HR and Compensation Committee of the Board of Directors which included revised numbers of closed accident claims.

3 Return on Learning indicates the impact that formal, informal and/or social education has had on team member performance.

Environmental results

Performance measure	2012 target		2012 results
Environmental management system (EMS)	Execute on our plan and align the halocarbon management with the ISO 14001:2004 standard	✓	Halocarbon management standard was created and aligned with ISO 14001:2004
CO ₂ e emissions	2.5% emission reduction over 2009	X	0.6% above 2009 emission
Energy reduction targets	1% reduction in energy consumption (scope 1 and 2 domestic)	X	0.2% increase over 2011 energy consumption (scope 1 and 2 domestic)
Paper consumption	10% reduction	✓✓	15% reduction
Wireless device recycling	Recycle 250,000 wireless devices	✓✓	Recycled 545,872 wireless devices
	Develop e-waste plan for Canadian operations	X	E-waste plan was initiated but not completed
Water consumption	Begin developing a water management strategy	✓	We are now able to report water consumption at our owned properties and have included TELUS International Philippines
Environmental site assessments	Complete 1,750 assessments (50 by Environment team members)	✓	Completed 1,792 assessments (50 by Environment team members)
Spills and releases	Develop new methodology for 0 Category A spills	✓	Implemented new methodology and had 0 Category A spills
Fuel system upgrades ¹	15 fuel system upgrades	X	9 fuel system upgrades
Contaminated sites	Investigate 20 sites and complete 2 sites	✓✓	Investigated 34 sites Completed 4 sites

1 Includes both upgrades and removals.



Governance and disclosure

You want accountability. We aim for corporate governance leadership.

At TELUS, we believe strong corporate governance is necessary to provide a solid foundation for CSR leadership. This foundation includes considerations such as:

- Ethical conduct, ethical standards and expectation-setting by leaders
- Having an independent and effective Board that oversees management
- Accountability to investors and other stakeholders
- Effective internal controls and transparent disclosure of strategic objectives and results that facilitate accountability
- External and internal assurance
- Executive compensation that rewards performance and responsible risk taking.

We take a proactive approach to corporate reporting and governance; often surpassing legal requirements. Our voluntary and best practices include:

- Having a majority voting policy for the election of directors
- Having the Chief Compliance Officer report to the Audit Committee on a quarterly basis
- Continuously improving enterprise risk governance by:
 - Including Board members in our internal risk assessment survey
 - Assessing perceptions of risk resiliency, appetite and tolerance, and integrating risk management into key decision processes
 - Evaluating correlations between key risks such as those that impact the customer experience
- Securing independent verification of select information in the annual TELUS corporate social responsibility report
- Publicly disclosing, on a voluntary basis, our corporate disclosure policy, insider trading policy and entire Board policy manual, including all of the Board committees' terms of reference.

In 2012, we implemented further initiatives to enhance our track record of excellence in corporate governance. Some examples included:

- Obtaining strong approval from shareholders for our proposal to exchange non-voting shares into common shares, so as to enhance the liquidity and marketability of TELUS shares and provide full voting rights to all TELUS shareholders
- Helping to ensure the objectivity, independence and availability of all Board members, and to formalize the Company's expectations of directors, the Board adopted policies that:
 - Limit the number of public boards, other than TELUS' Board, of which directors can be members
 - Limit interlocking board memberships to two, meaning that no more than two TELUS directors can sit on the same outside board

- Limit the number of directors currently serving as CEOs who can be members of our Compensation Committee
- Limit the ability of our CEO to sit on the board of a public company whose CEO sits on our Board
- Enhancing our long-standing best practices with respect to executive compensation as disclosed in our [information circular](#).

At the base of our governance foundation is TELUS' strategic intent. This growth strategy is supported by [six strategic imperatives](#). These imperatives guide our actions in meeting our operational and financial goals and position TELUS for future growth and success. To execute this strategy, we have a customer-focused organizational structure and a set of core values:



We embrace change
& initiate opportunity

We have a passion
for growth

We believe in
sprited teamwork

We have the
courage to innovate

Each year, we also set [corporate priorities](#) to advance our national growth strategy.

CSR leadership team

Overall responsibility for our CSR performance resides with the [Executive Leadership Team](#). In 2006, a CSR leadership team representing all TELUS business units was established and this team of 20 senior leaders continues to foster a culture of sustainability. The team meets at least every quarter to review progress against CSR objectives and assess new or ongoing CSR initiatives. The team's focus is on further entrenching CSR practices, measures and objectives throughout our company. We provide progress reviews each quarter to the Corporate Governance Committee of [TELUS' Board of Directors](#). In addition, we provide periodic updates to the Audit Committee on CSR reporting progress, typically in the first quarter of each year.

TELUS' Executive Leadership Team and business unit vice-presidents are responsible for the approval of the overall strategic direction of our CSR programs. Our annual CSR report discloses our performance and commitments for the future. Furthermore, it is a catalyst for soliciting stakeholder feedback on our programs and performance.

For more information on corporate governance at TELUS, including a review of Board members and committees, visit telus.com/governance.

About this report



About this report

Reporting parameters and what's new

You want us to continually enhance CSR reporting. We deliver.

Every year, we enhance our CSR practices and how we report on them.

We focus on:

- Our CSR reporting process (how we build the report)
- Content (what we put in the report)
- Media (how we share the report).

Our report is web-based and is compatible for viewing with most mobile devices. This year, after a stakeholder consultation and survey process, we have aligned our report and targets to material issues, linked to existing TELUS online references and have furthered efforts to improve the ease of use by stakeholders through adaptations to the layout, navigation and search functionality of our website.


Our report can be viewed on mobile devices to reflect the increasing trend of stakeholders relying on mobile options to access information. We also are disclosing more information about our sustainability practices on material issues, highlighting our focus on putting customers first. We are including more data from our international operations and have increased the scope of our climate change disclosure. We declare our report at a GRI-G3 A+ level and have asked Deloitte LLP to confirm our rating.

We continued to have all report contributors provide a statement as to the reasonable accuracy and veracity of the material provided. We believe this is a leading global practice in CSR reporting and is in addition to the executive review and sign-off process we have used for many years.

Information contained in this 2012 report covers the period from January 1, 2012 to December 31, 2012, unless otherwise stated. The material includes TELUS' operations across Canada, as well as TELUS International. As our TELUS International call-centre facilities expand, we will ensure results are integrated with our key performance indicators. Also contained in this report



are 2012 targets and results and 2013 targets for key performance indicators in alignment with material issues.

We use the following symbol  to highlight information reviewed by an independent registered chartered accounting firm, Deloitte LLP.

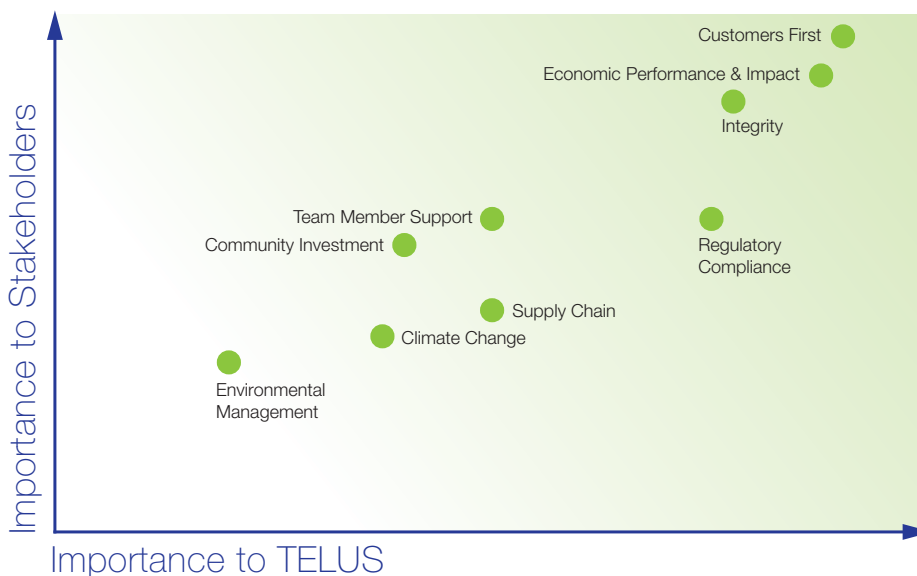
We are always seeking ways to improve our report and welcome your feedback and suggestions. Please send any questions or comments to sustainability@telus.com.

Material issues

You want us to report on what matters to you.

In 2012, TELUS acted upon our belief that it is increasingly important to review the scope of our CSR report, to ensure it is relevant to stakeholders and enables us to identify and integrate emerging issues into strategy development. As disclosed in our 2011 report, we held a CSR materiality workshop facilitated by the Sustainability and Climate Change practice of Deloitte LLP. The purpose of this session was to gain consensus amongst participants on TELUS' key stakeholders and material issues by applying a structured, evidential process for assessing materiality to guide future years' report content and strategy.

The output of this process was a materiality matrix classifying issues in terms of importance to both TELUS and our key stakeholders. Subsequent analysis, benchmarking and stakeholder engagement (including surveys through social media) resulted in the following materiality index:



We believe that streamlined CSR reporting, focussed on our performance with respect to material issues, better serves all of our stakeholders, increases employee engagement, spurs innovation, builds momentum for sustainability initiatives, fosters enhanced governance and increases accountability. Shortening and focussing our CSR report also makes it more relevant and reader friendly.

In this report, we will focus our disclosure on our nine material topics, and align our CSR targets to these issues. We will convey our performance and strategy for each issue in such a way that our stakeholders understand where TELUS is on our sustainability journey.

We will continue to engage our stakeholders and refine our reporting to ensure we are focussing on issues that matter to TELUS, its customers and other stakeholders.

Stakeholder engagement

Customer input matters

Stakeholder engagement is an important part of our business improvement process. In 2012, we focused on improving our customer experience with the goal of becoming the most recommended company in the markets we serve. For 2013 our number one corporate priority is once again to deliver on our future friendly® brand promise by putting customers first. Every interaction our team members have with our customers is an opportunity to listen, gather feedback and ensure our products and services are delivering superior value.

We measure our customer experience using our Likelihood to Recommend (L2R) framework. This framework is supported by four pillars:

- Products and services
- Contact experience
- Brand and reputation
- Pricing and transparency.

Every quarter, Canadian consumers are surveyed on whether they would recommend their telecommunications provider to friends or family members. TELUS also regularly asks our business customers in the small and medium business, enterprise (large organizations) and health sectors how likely they are to refer TELUS' products and services to their colleagues or other businesses. Responses are used to determine our L2R scores, which provide a tangible measure of how we are tracking to our goal of becoming the most

Every interaction our team members have with our customers is an opportunity to listen, gather feedback and ensure our products and services are delivering superior value.



recommended company across all of our markets. We share these results with our team members, which helps us identify further opportunities and actions that can benefit the customer experience.

We communicate with our customers each day through various social media tools. To inspire conversations and decisions that help TELUS grow, we monitor and engage with customers directly through Facebook, Twitter, YouTube and LinkedIn in both English and French (Facebook, Twitter and YouTube).

For more information, visit the Customers First section of this report.

Team members tell us what matters.

We believe engagement is about strengthening the spirit and capturing the minds of team members in a way that contributes to our overall business performance. An engaged team is realized when team members truly believe in and are proud of their company and see a strong connection between their daily contributions and our overall success.

We build more productive workplaces and create stronger connections with our customers and communities by leveraging our core value – passion for growth. We do this by:

- Soliciting suggestions for improvement and measuring the impact of past programs through our annual Pulsecheck survey and a survey of senior leaders on human resources practices
- Hosting team member forums that encourage collaboration on topics such as leadership and engagement
- Working with union leaders from the Telecommunications Workers Union (TWU), Syndicat Québécois des employés de TELUS (SQET) and the Syndicat des agents de maîtrise de TELUS (SAMT) unions through the Consultative Forum
- Engaging union representatives on topics such as diversity and health and safety
- Offering business process improvement programs to leverage the knowledge and passion of our team
- Providing social media tools such as wikis, blogs, webinars and video sharing, enabling team members to more effectively collaborate throughout our organization.



We listen to stakeholders

In 2012, we engaged many of our stakeholders to help us determine the material issues for this report. Throughout this CSR Report, you will find specific examples of their engagement and influence in our operations. The following groups have been identified as TELUS stakeholders:

- Customers
- Shareholders
- Debt holders
- Federal, provincial and municipal governments
- Internal stakeholders – team members, business unit leaders and executive leaders
- TELUS alumni/retirees
- TELUS Community Board members
- Community partners
- Suppliers and strategic partners
- Aboriginal Peoples and their communities
- TELUS Community Ambassadors®
- Non-governmental organizations
- Academic organizations
- Investment companies with socially responsible mandates
- Credit rating agencies and sustainability indices
- Peer organizations
- TELUS enterprise risk assessment participants.

In 2013, we plan to host additional stakeholder engagement sessions to better understand the issues that are important to them and TELUS.



Assurance Report

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' 2012 Corporate Social Responsibility Report on Sustainability (the Report) for the year ended December 31, 2012. 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 A+ level of conformance with the GRI 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) G3 Sustainability Reporting Guidelines (2006 version). The GRI G3 definitions can be found at 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) G3 Sustainability Reporting Guidelines (2006 version). 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

Based on our work described in the Scope of Our Work section above, except for the matters 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
June 3, 2013



Appendix A– Selected performance indicators reviewed

Selected performance indicators reviewed

The following selected performance indicators were included in our review of TELUS' Corporate Social Responsibility Report for the year ended December 31, 2012.

GRI ref	Performance indicator	Coverage	2012 Value
EC1	Community investment	Company-wide	\$ 43,974,889
EN1	Paper consumption	Canada	24.6 million sheets
EN3	Total energy use – Direct sources	Company-wide	374,390 kWh (000s)
EN4	Total energy use – Indirect sources	Company-wide	929,869 kWh (000s)
EN8	Total water withdrawal by source - Canada	Canada	465,691 m ³
EN8	Total water withdrawal by source - International	Company-wide	86,505 m ³
EN16	Total direct greenhouse gas emissions	Company-wide	81,927 tonnes CO ₂ e
EN16	Total indirect greenhouse gas emissions	Company-wide	304,643 tonnes CO ₂ e
EN17	Total direct and indirect greenhouse gas emissions by weight	Company-wide	4,517 tonnes CO ₂ e
EN23	Number of reportable spills and releases	Canada	43
EN23	Number of non-reportable spills and releases	Canada	147
EN23	Estimate total volume of spills and releases	Canada	Liquids: 672 litres Gases: 2105 kg
EN26	Number of completed environmental site assessments and inspections	Canada	By Environmental Advisors: 50 By field staff: 1742
EN26	Number of fuel system upgrades	Canada	9
EN26	Number of active and closed remediation sites	Canada	34
HR4	Number of human rights cases opened and closed	Canada	Carried over from previous year:24 New cases opened: 6 Cases closed: 24 Cases still in progress: 6
LA1	Total workforce – By region	Company-wide	British Columbia: 8,206 Alberta: 6,255 Ontario: 7,594 Quebec: 5, 539 Other: 490 International: 13,994 Total: 42,078
LA1	Total workforce – By employment type	Company-wide	Regular (Canada): 27,417 Temporary (Canada): 667 Regular (International): 13,964 Temporary (International): 30 Total: 42,078 Silent Generation: (C) 29 (Intl) 5 Baby Boomers: (C) 7,595 (Intl) 323 Generation X: (C) 10,846 (Intl) 2,567 Millennials: (C) 9,614 (Intl) 11,099 Total: 42,078
LA2	Voluntary employee turnover rate	Canada	7.3%
LA4	Unionization – Percent of workforce unionized	Company-wide	TELUS domestic: 45% TELUS International:0%
LA7	Lost time accident rate	Canada	0.78
LA7	Absenteeism rate	Canada	6.7
LA10	Learning investment expenditures	Canada	\$19,000,000



GRI ref	Performance indicator	Coverage	2012 Value
LA13	Workforce demographics – Gender and minorities as a percent of TELUS workforce	Canada	Women: 37.5% Visible minorities: 15% Persons with disability: 2.7% Aboriginal: 1.4%
n/a	Employee recognition expenditures	Canada	\$8,800,000
n/a	Employee engagement – Percentage of employees expressing job satisfaction	Company-wide	Domestic: 80% TELUS International Central America: 77% TELUS International Philippines: 65%
SO3	Percent of employees completing ethics training	Company-wide	100%
SO4	Number of inquiries and complaints made to TELUS Ethics Office relating to the company's ethics policy	Company-wide	412
SO4	Number of concerns determined to be breaches of ethics policy	Company-wide	112

United Nations Global Compact

UN Global Compact – Reporting

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 report in line with its principles. We became a signatory of the UN Global Compact (UNGC) in 2010 and continued our support throughout 2012.

In 2012, TELUS was invited to become a core member of an advisory group developing a local UNGC Canada Chapter. In early 2013, we made a financial contribution to support the establishment of this chapter.

Human rights

UN Global Compact (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 [Ethics policy](#) and reflected in our respectful workplace, employment equity and diversity practices.

The [TELUS Ethics policy](#) ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct by all team members, including officers and members of the TELUS Board of Directors, wherever we conduct business. The Ethics policy, which is updated and published annually, formalizes our commitment to safeguard internationally proclaimed human rights. Further details are provided for team members in our Respectful Workplace policy.

In addition to complying with these two policies, [our operations](#) follow local legislation that protects human rights in all jurisdictions where we operate.

Each year, TELUS requires its team members and contractors to complete an online training course that outlines key aspects of the ethics, respectful workplace, security and privacy policies. Entitled Integrity 2012, the course was completed by all team members and over 92 per cent of contractors. TELUS has also implemented specific training based upon its Respectful Workplace policy.





Furthermore, TELUS ensures appropriate management control processes are in place to monitor company practices.

- Collective agreements set out the steps of grievance and arbitration processes available to team members
- Internal complaints about respectful workplace practices are investigated and addressed by the Respectful Workplace office, which reports quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors
- The TELUS EthicsLine provides an opportunity to anonymously and confidentially ask questions, request support or make a good faith report about a real or perceived violation of the Ethics policy, government law or regulation, questionable business practice or accounting/auditing matter. All reports to the EthicsLine are addressed by the Ethics office, which reports quarterly to both the Human Resources and Compensation Committee and to the Audit Committee of TELUS' Board of Directors.

In 2012, TELUS also instituted a [Supplier Code of Conduct](#) (SCOC) that sets out social and environmental practices that TELUS 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
- Ensure 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 creating a positive, professional and safe working environment and is a cornerstone of our 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 these issues.

Each year, key points from TELUS' Respectful Workplace policy are covered in the mandatory Integrity training course. In addition, all newly hired employees are provided training on the policy. Our overriding goals are to help team members understand the law and what is considered acceptable behaviour





at work, as well as the protections and processes available to them should an inappropriate workplace issue arise.

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

Labour standards

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

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

TELUS team members across Canada are represented by four different unions: the Telecommunications Workers Union (TWU), the Syndicat Québécois des employés de TELUS (SQET), the Syndicat des agents de maîtrise de TELUS (SAMT) and the B.C. Government and Services Employees' Union (BCGEU).

TELUS and the SAMT successfully renegotiated a new collective agreement in 2012, covering approximately 620 professional and supervisory team members in Quebec. The new agreement, which was ratified by approximately 92 per cent of the team members voting, successfully balances the needs of TELUS, our team members and our customers. The agreement came into effect on December 9, 2012 and expires on December 31, 2017, thus providing stability and predictability to both TELUS and its team members in Quebec.

TELUS and the TWU are signatories to a collective agreement which was ratified by frontline team members in June 2011. The collective bargaining agreement, which covers approximately 11,000 team members across Canada, expires on December 31, 2015. Highlights of the agreement include improved hours of work and scheduling provisions for frontline customer experience team members, improved ability to re-engage retired team members and provisions to enable continued participation in TELUS' At Home Agent and Work Styles programs.

The SQET contract, covering approximately 910 trades, clerical and operator services team members in TELUS' operations in Quebec, expires on December 31, 2014.

TELUS Sourcing Solutions Inc. has one contract in British Columbia with the BCGEU, covering approximately 60 team members, which expired April 30, 2013.





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

TELUS does not use or support forced labour at any of our operations. The TELUS Ethics policy also states that all team members have the right to a safe and violence-free workplace and violence in the workplace is considered a criminal issue. TELUS has a Violence Prevention in the Workplace Investigation and Reporting Policy. The TELUS 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. The TELUS Supplier Code of Conduct does not allow the use of child labour in our supply chain.

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

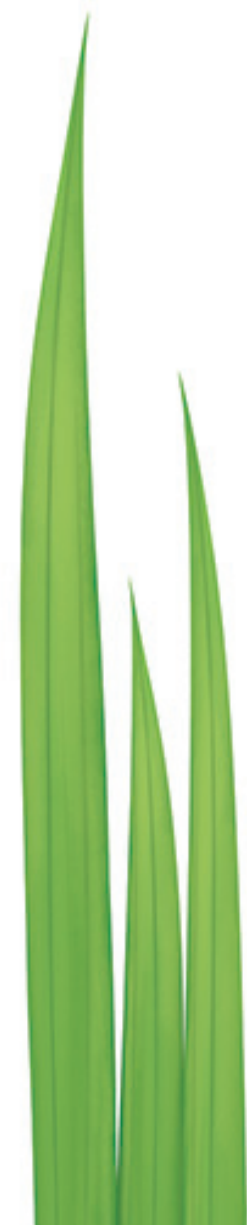
The TELUS Ethics policy states that every team member has the right to a workplace that is free from discrimination and harassment. The TELUS team places great importance on maintaining a culture that encourages the achievement of our business objectives in a manner consistent with our values. To promote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

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 TELUS who have specific areas of expertise such as Risk Management, Network Operations, Real Estate Operations, Supply Operations, Procurement as well as our environmental consultants. The Corporate Governance Committee of TELUS' Board of Directors receives quarterly reports in regards to TELUS' ongoing environmental risk management activities, a responsibility previously held by our Audit Committee of the TELUS Board of Directors.

The Environment and Corporate Social Responsibility team, which is located within the Risk Management department of the Finance business unit, is comprised of professionals from across Canada responsible for TELUS environmental programs, including our environmental management system. The [Environmental policy](#) explains TELUS' commitment to environmental responsibility. TELUS has had a formal environmental management system (EMS) since the mid-1990s. Our current goal, set in 2009, is to align our EMS programs with ISO 14001:2004 by 2014. In 2012, we continued to implement





our plan and created a new halocarbon management standard and initiated work on a fuel management standard.

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 corporate responsibility program. Our disclosure now aligns to the Global Reporting Initiative A+ level and in 2012 we were named to the Dow Jones Sustainability North American Index and the Carbon Disclosure Canada 200 Leader Index. The Environmental Management section of this report details all initiatives that promote greater environmental responsibility.

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

TELUS has a host of environmentally friendly technology offerings both internally and externally. Internal technologies not only serve our sustainability efforts and help meet our own goals, they benefit society as a whole in that they reduce resource use and greenhouse gas (GHG) emissions. In 2012, we invested in innovative energy reduction projects such as:

- 100 initiatives resulting in an annualized 42.7 GWh worth of energy waste reductions. By doing so, we avoided almost 17,000 tonnes of GHG, which is the equivalent to removing 3,500 cars off the road and the electricity of 2,500 homes
- A strategic venture investment in [Vigilent](#), a Silicon Valley company that sells energy-saving solutions for buildings and data centres
- Built and opened the Rimouski Data Centre and started building the Kamloops Data Centre. Both are among the most technologically advanced and energy efficient facilities of their kind, bringing sustainable Internet data use to our customers
- TELUS' [video and telephone conferencing technologies](#) provide customers and team members with an environmentally friendly alternative to travel.

Anti-corruption

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

The [TELUS Ethics policy](#) states that the Company does not support any form of dishonesty, including bribery, kick-backs and extortion, either directly or indirectly through an agent or third party. Our 2012 policy update included a note that local customs do not provide an exception to this requirement.






Global Reporting Initiative (GRI) Guidelines

GRI Guidelines

This report has been prepared using the Global Reporting Initiative (GRI-G3) Guidelines. The index below lists where you can find information related to each GRI criterion – either in the report or in the [TELUS 2012 annual report](#). Combined, these reports form TELUS' reporting package of economic, social and environmental performance.

The 2012 Corporate Social Responsibility (CSR) reporting period consists of the 2012 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 2012 CSR 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.

For this report, TELUS is self declaring at a Level A+ checked, based on the assessment of our report content against the criteria in the GRI application levels. Deloitte has provided limited assurance of indicators symbolized throughout the report with .



TELUS supports the UN Global Compact and its 10 principles covering human rights, labour, environment and anti-corruption. The Communications of Progress section our Corporate Social Responsibility Report cover TELUS' progress in 2012 in these areas and we reference the UNGC Principles in the GRI table.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 – 4.13, 4.16 – 4.17	Report Externally Assured	Same as requirement for Level B	
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) Reporting on the Indicator or b) Explaining the reason for its omission	

*Sector supplement in final version



Profile

	Description	Page	UNGC Principle
1.1	Statement from CEO	5-13	Statement of support
1.2	Statement of key impacts, risks and opportunities	5-13, 28	Principle 7, 8, 9

Organizational Profile

	Description	Page	UNGC Principle
2.1	Name of reporting organization	2	
2.2	Major services	about.telus.com/community/english/investor_relations/contacts about.telus.com/community/english/news_centre/company_overview/telus_at_a_glance	
2.3	Operational structure-main division, operating companies	about.telus.com/community/english/investor_relations/investor_information/who_we_are about.telus.com/community/english/investor_relations/contacts	
2.4	Location of headquarters	about.telus.com/community/english/investor_relations/contacts	
2.5	Countries in which TELUS operates	2 telusinternational.com/about/locations/	
2.6	Nature of ownership	about.telus.com/community/english/investor_relations/investor_information/who_we_are	
2.7	Markets served	91 about.telus.com/serviceprovider/products/ about.telus.com/serviceprovider/serving_your_sector/ about.telus.com/serviceprovider/building_capabilities/	
2.8	Scale of reporting organization	68, 98	
2.9	Significant changes – openings, closings, structure	5-13	
2.10	Awards received in the reporting period	48	

Reporting parameters

	Description	Page	UNGC Principle
3.1	Reporting period	27	
3.2	Date of most recent previous report	The 2011 Report was published June 2012	
3.3	Reporting cycle	Annual	
3.4	Contact point for questions	27	
3.5	Process for defining report content	20, 28, 41	
3.6	Boundary of report	27	
3.7	Limitations on scope of report	27	
3.8	Basis for reporting on ventures that can affect comparability from period to period	No applicable to our scope of reporting	
3.9	Decision to apply or not apply GRI principles	41	
3.10	Explanations for restated information from previous reports	Any restatements are clearly stated within the report	
3.11	Significant changes in measurement methods	Throughout the report if significant	
3.12	Table identifying the location of the Standard Disclosures in the report	41	
3.13	Policy and current practice with regard to seeking external assurance for the report.	32	

Governance, commitments, and engagement

	Description	Page	UNGC Principle
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	about.telus.com/community/english/investor_relations/corporate_governance/board_members_%26_committees	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Chair of Board of Directors is not an executive officer on TELUS Board of Directors	



	Description	Page	UNGC Principle
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	about.telus.com/community/english/investor_relations/corporate_team/board_of_directors	
4.4	Mechanism for stakeholders to provide direction	28, 29 about.telus.com/community/english/investor_relations/corporate_governance/contacts	
4.5	Linkages between executive compensation and achievement of organizational goals	about.telus.com/investors/annualreport2012/files/pdf/en/ic.pdf Information Circular page 54	
4.6	Process for governance body to ensure conflict of interest avoided	24	
4.7	Process for ensuring required expertise of Board members	about.telus.com/community/english/investor_relations/corporate_governance/board_members_%26_committees	
4.8	Mission and value statements, codes of conduct, policies relevant to economic, social and environmental performance	80, 16, 24	
4.9	Process of governance body for overseeing the organization's management of economic, social and environmental performance and status of implementations	24 about.telus.com/community/english/investor_relations/corporate_governance/board_members_%26_committees	
4.10	Process for evaluating the highest governance body performance with respect to economic, social and environmental performance	governance	
4.11	Discussion on whether and how the precautionary principle is addressed	15	Principle 7
4.12	Externally developed economic, social and environmental charters or principles to which the organization prescribes or endorses	36, 41	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic	36, 77, 121	
4.14	Stakeholders engaged by the organization	29	Principle 10
4.15	Basis for identification and selection of stakeholders	29 TELUS understands our stakeholder group as we have numerous feedback mechanisms. We are also active in benchmarking our industry where telecommunication stakeholders are widely agreed upon.	Principle 10
4.16	Approaches to stakeholder engagement, including frequency of engagement by types and by stakeholder group	29	Principle 10
4.17	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting	51, 28	Principle 10

Economic performance indicators

	Core/ Add	Description	Page	UNGC Principle
Management Approach				
		Economic	66	
Economic Performance				
EC1	core	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	68, 121, 66, 71	
EC2	core	Financial implications and other risks and opportunities for the organization's activities due to climate change	132	Principle 7
EC3	core	Coverage of the organization's defined benefit plan obligations	68, 101	
EC4	core	Significant financial assistance received from government	123 Government assistance is included in the Consolidated Statements of Income and Other Comprehensive Income as Other operating income.	
Market Presence				
EC5	add	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation	101	
EC6	core	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation	71	
EC7	core	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations	99	



Core/ Add	Description	Page	UNGC Principle
Indirect Economic Impacts			
EC8	core Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind and pro bono engagement	5-13, 76, 77, 52-53, 136	
EC9	add Understanding and describing significant indirect economic impacts, including the extent of impacts	18, 121	

Social performance indicators

Core/ Add	Description	Page	UNGC Principle
Management Approach			
	Community Investment	16, 121	
	Team Members	16, 97	
	Human Rights	16, 117, 97, 36	Principles 1, 2, 6
Employment			
LA1	core Total workforce by employment type, employment contract, and region	100	
LA2	core Total number and rate of employee turnover by age group, gender, and region	114 Voluntary turnover. TELUS does not break down by gender/age group.	
LA3	add Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	102	
Labour/Management Relations			
LA4	core Percentage of employees covered by collective bargaining agreements	96	Principles 1, 3
LA5	core Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	TELUS does not include this in our disclosure but this information is covered in collective agreements	Principle 3
Occupational Health and Safety			
LA6	add Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	TELUS does not report this statistic. For information on our Health and Safety statistics, please see 113	Principle 1
LA7	core Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	113 TELUS have tailored their formula as follows: Totals missed days over the period [defined as (Non-Occupational hours + Occupational hours absence hours) / 7.5 hours] divided by totals FTE headcount [defined as (Available hours + Overtime hours) / 1950].	Principle 1
LA8	core Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	103 TELUS also has in-house counseling for team members dealing with life events	Principle 1
LA9	add Health and safety topics covered in formal agreements with trade unions	TELUS does not deem this to be significantly material	
Training and Education			
LA10	core Average hours of training per year per employee by employee category	105, 106	
LA11	add Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	105, 106	
LA12	add Percentage of employees receiving regular performance and career development reviews	108	
Diversity and Equal Opportunity			
LA13	core Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	98	Principles 1, 6
LA14	core Ratio of basic salary of men to women by employee category	101 TELUS discloses compensation but we do not report on ratio of men to women by employee category	
Social Performance Human Rights			
HR1	core Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	116 In 2011 TELUS made it mandatory for all new contracts to agree to our Supplier Code of Conduct which has human rights covered.	Principles 1, 2, 3, 4, 5, 6



Core/ Add	Description	Page	UNGC Principle
HR2	core Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	116 In 2011 TELUS made it mandatory for all new contracts to agree to our Supplier Code of Conduct which has human rights covered. In 2013 we launched our Supplier Risk Assessment screening and that is currently ongoing.	Principles 1, 2, 3, 4, 5, 6
HR3	add Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	80	Principles 1, 2, 3, 4, 5, 6
Non-Discrimination			
HR4	core Total number of incidents of discrimination and actions taken	81, 84	
Freedom of Association and Collective Bargaining			
HR5	core Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	All TELUS team members have the right to freedom of association and collective bargaining and is covered in our UNGC commitment Principle 3	Principles 1, 2, 3
Child Labor			
HR6	core Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	TELUS does not have operations using child labour and this covered in our UNGC commitments	Principle 5
Forced and Compulsory Labor			
HR7	core Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	TELUS does not have or allow forced or compulsory labour	Principle 4
Security Practices			
HR8	add Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		Principle 1, 2
Indigenous Rights			
HR9	core Total number of incidents of violations involving rights of indigenous people and actions taken	84 TELUS has no incidents/actions of violations involving indigenous people	
Social Performance: Society			
Community			
SO1	core Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	51, 77, 71, 121	
Corruption			
SO2	core Percentage and total number of business units analyzed for risks related to corruption		Principle 10
SO3	core Percentage of employees trained in organization's anti-corruption policies and procedures	79	Principle 10
SO4	core Actions taken in response to incidents of corruption	81	Principle 10
Public Policy			
SO5	core Public policy positions and participation in public policy development and lobbying	87	Principle 1-10
SO6	add Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	TELUS does not deem this to be significantly material	
Anti-Competitive Behavior			
SO7	add Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	This is covered in TELUS' Annual Report Section 10.9 Litigation and Legal	
Compliance			
SO8	core Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	142, 87 This is covered in TELUS' Annual Report Section 10.9 Litigation and Legal but TELUS not disclose financial values as it is confidential. Amount of legal actions not disclosed as deemed confidential	



Core/ Add	Description	Page	UNGC Principle
Social Performance: Product Responsibility			
Customer Health and Safety			
PR1	core Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	TELUS does not have mechanism in place nor have we assessed or reported on lifecycle stages or health and safety of our products. However, our products and services are approved by all legal/governing bodies relevant to the product or service that we provide	Principle 1 to 10
PR2	add Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	165	
Products and Service Labeling			
PR3	core Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	TELUS does not have mechanism in place nor have we assessed or reported on lifecycle stages or health and safety of our products. However, our products and services are approved by all legal/governing bodies relevant to the product or service that we provide	
PR4	add Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	142 This is covered in TELUS' Annual Report Section 10.9 Litigation and Legal	
PR5	add Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	54, 56	
Marketing Communications			
PR6	core Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	24, 118	
PR7	add Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		
Customer Privacy			
PR8	add Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	81	
Compliance			
PR9	core Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	This is covered in TELUS' Annual Report Section 10.9 Litigation and Legal	

Environmental performance indicators

Core/ Add	Description	Page	UNGC Principle
Management Approach			
	Environment	16	Principle 7
	Supply chain	16	Principle 1,7,8,9
Materials			
EN1	core Materials used by weight or volume	142 Other than our paper purchase, this metric is not material to our business operations as we are not a manufacturer, thus it is not reported on	
EN2	core Percentage of materials used that are recycled input materials	This metric is not material to our business operations as we are not a manufacturer. However, TELUS switched office paper to 50 per cent PCR in 2012 and is targeting 100% or Tree Free Paper in 2014	
Energy			
EN3	core Direct energy consumption by primary energy source	133	Principle 7, 8
EN4	core Indirect energy consumption by primary source	133	Principle 7, 8
EN5	add Energy saved due to conservation and efficiency improvements	132	Principle 7, 8
EN6	add Initiatives to provide energy-efficient or renewable energy based products and services, and reduction in energy requirements as a result of these initiatives	TELUS does not currently take part in renewable energy project as our concentration is on inhouse reductions	Principle 7, 8, 9



Core/ Add	Description	Page	UNGC Principle
EN7	add Initiatives to reduce indirect energy consumption and reductions achieved	132, 104	Principle 7, 8
Water			
EN8	core Total water withdrawal by source	143	
EN9	add Water sources significantly affected by withdrawal of water	TELUS does not deem this to be significantly material.	
EN10	add Percentage and total volume of water recycled and reused	TELUS does not measure this	
Biodiversity			
EN11	core Land owned, leased, managed in biodiversity rich habitats	TELUS does not deem this to be significantly material.	
EN12	add Significant impacts on biodiversity	TELUS does not deem this to be significantly material	
EN13	add Habitats protected and restored	TELUS does not deem this to be significantly material	
EN14	add Strategies, current actions and future plans for managing impacts on biodiversity	TELUS does not deem this to be significantly material	
EN15	add Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	TELUS does not deem this to be significantly material	
Emissions, Effluents and Waste			
EN16	core Total direct and indirect GHG emissions by weight	134	Principle 7, 8
EN17	core Other relevant indirect GHG emissions by weight	135	Principle 7, 8
EN18	add Initiatives to reduce GHG emissions and reductions achieved	132	Principle 7, 8, 9
EN19	core Emissions of ozone depleting substances by weight	135 Part of tonnes of CO ₂ e calculations	Principle 7, 8
EN20	core NO, SO and other significant air emissions by type and weight	134 Part of tonnes of CO ₂ e calculations	Principle 7, 8
EN21	core Total water discharge by quality and destination	TELUS does not report on this as it not material to our operations.	
EN22	core Total weight of waste by type and disposal method	114	Principle 7, 8
EN23	core Total number and volume of significant spills	145	Principle 8
EN24	add Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex and percentage of transported waste shipped internationally	TELUS does not deem this to be significantly material	
EN25	add Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	TELUS does not deem this to be significantly material	
Products and Services			
EN26	core Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	132-148	Principles 7,8,9
EN27	core Percent of products sold and their packaging materials that are reclaimed by category	TELUS does not have a system in place to track this	
Compliance			
EN28	core Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	148	Principle 8
Transport			
EN29	add Significant environmental impacts of transporting other goods and materials used for the organization's operations and transporting members of the workforce	TELUS does not deem this to be significantly material	
Overall			
EN30	add Total environmental protection expenditures and investments by type	119	





Sustainability awards

We are leaders in sustainability reporting

In 2012, TELUS received significant external recognition for our accomplishments and commitment to CSR:

Corporate Knights Global 100 Most Sustainable Corporations in the World

TELUS was honoured as one of [2013's Global 100 Most Sustainable Corporations in the World by Corporate Knights](#) at the World Economic Forum in Davos, Switzerland. TELUS was selected for our commitment to being a leading corporate citizen. This is the third time we have won the Global 100 award.



Dow Jones Sustainability Index (DJSI) North American Index Leader

In 2012, TELUS was named a DJSI World or North American Index leader in the Fixed Line Telecom sector for the 12th consecutive time. The DJSI follows a best-in-class approach, including companies across all industries that outperform their peers in numerous sustainability metrics. [The RobecoSAM](#) group (an investment firm focused exclusively on sustainability investing) invites the world's 2,500 largest companies (by free-float market capitalization) from 58 industry sectors, to report annually on their sustainability performance.



Carbon Disclosure Project Leadership Index

TELUS is included in this year's Carbon Disclosure Leadership Index by the [Carbon Disclosure Project](#) (CDP). CDP works to transform the way the world does business to prevent dangerous climate change and protect our natural resources.



Canadian Institute of Chartered Accountants (CICA) 2012 Corporate Reporting Awards

In 2012, TELUS earned Honourable Mention for Excellence in Sustainable Development Reporting (second across all industry sectors in Canada).



JANTZI Social Index 50 Most Socially Responsible Corporations

[Sustainalytics](#) is a leading global provider of environmental, social and governance research and analysis, with nearly 20 years of experience in the responsible investment and socially responsible investment markets. TELUS continues to be listed on this index.



FTSE4Good Index

For the seventh time, TELUS is a member of the FTSE4Good Index Series. The Index Series objectively measures the performance of companies that meet globally recognized corporate responsibility standards. Transparent management and criteria make [FTSE4Good](#) a valuable tool for consultants, asset owners, fund managers, investment banks, stock exchanges and brokers when assessing or creating responsible investment products.



Tree Canada Ultimate Award

TELUS is a recognized sponsor for having contributed more than \$1.6 million to Tree Canada since 1998. Since our partnership with Tree Canada began, TELUS has assisted in the planting of more than 411,000 trees. In 2012, TELUS provided \$264,067 to Tree Canada for its 2013/2014 programs as part of our shared vision of growing better places to live in. We also planted 78,467 trees in five regions across Canada.



Other awards

- TELUS named one of Canada's Greenest Employers in association with Canada's Top 100 Employers award
- TELUS added to the NASDAQ OMX CRD Global Sustainability Index. The index is comprised of the top 100 companies listed on a U.S. stock exchange that are taking a leadership role in sustainability performance reporting. The index is managed by the NASDAQ OMX Group, Inc., the world's largest exchange company and CRD Analytics, a leading provider of independent sustainability investment analytics
- TELUS included in Sustainalytics/McLean's top 50 most socially responsible organizations in Canada
- TELUS is ranked 14th out of 300 on ReportWatch's 2012 Annual Report on Annual Reports, which includes a review of the CSR report.

Additionally, TELUS reports to the highest level of transparency in our CSR report, meeting the standard set by the [Global Reporting Initiative](#). Our disclosure is best-in-class and verified by an external auditor. In our report, we disclose that our Canadian and international operations met the [10 principles](#) of the [United Nations Global Compact](#), in regards to human rights, labour, environment and anti-corruption.

Customers First



Customers First

Putting YOU First

TELUS is committed to delivering on our brand promise – the future is friendly® – and putting our customers first is an integral part of honouring this commitment. In fact, Customers First is our number one corporate priority and this dedicated focus will help us on our journey to become the most recommended company in the markets we serve.

In 2011, we developed our customer declaration which lets our customers know that we are listening to them and using their feedback to improve.

Throughout 2012, we continued to learn from our customers and focused on implementing the changes that mattered most to them. We also recognize the important role that every one of our team members plays in our Customers First journey. We believe that great customer experiences start with a great team member experience, which is why a significant focus was placed on further developing our internal Customers First culture in 2012.

We continued to learn from our customers and focused on implementing the changes that mattered most to them

We're hanging on your every word

In 2012, we evolved our [communications](#) to share our focus on how we are listening to our customers at every touchpoint to make their TELUS experience even better. Following are examples of changes TELUS made in 2012.

Fairness — making our products and policies easier to understand

- TELUS became the first major carrier in Canada to eliminate activation fees for new and renewing mobility customers
- Customers can now view a [data use dashboard](#) that provides a clear and simple way for mobility customers to track their data, messaging and voice usage



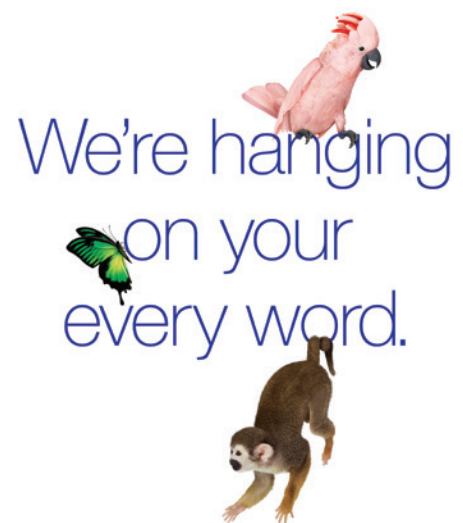
- Introducing a suite of unlimited talk and text plans, as well as data sharing plans that enable customers to share their plan allocations between subscribers and devices.

We have also improved our communication and customer service by:

- Enhancing [Clear and Simple billing](#) by changing the term Prorata to Partial Month billing and providing a video that explains [what a first bill might look like](#)
- Improving install and repair appointment confirmation communications to ensure customers are aware of their appointment details
- Offering free one-to-one sessions at the TELUS Learning Centre, where customers can learn the full scope of what their smartphones offer.

More choice — offering customers options to connect with us

- We have expanded our online chat customer service platform to include mobility clients, and now serve over 100,000 customers monthly
- [@TELUSsupport](#) became the first verified telecom Twitter support channel in Canada and serves over 2,400 customers monthly
- The introduction of our [TELUS My Account](#) application allows our Mobility customers to monitor their voice, text and data usage, check and pay their bills and add and remove features – all from the convenience of their iPhone Android or BlackBerry smartphones
- Significant updates to our [TELUSQuebec.com](#) website provided our French-speaking customers improved search functionality and technical support information, as well as an online chat function, to help them better understand our product and service information
- The launch of our [Génération INC.](#) mobile application in Quebec helps nurture a dialogue with Quebec entrepreneurs and provides opportunities to support their evolving business needs.



Better experience — making our applications and services more customer friendly

In 2012, we enhanced our Optik TV™ offering by introducing:

- Optik Smart Remote: a mobile application that transforms iPhones, iPads and iPods into the ultimate TV companion
- Optik Multi-view TV: an application that gives our customers the ability to watch up to four shows at once
- [maCommunauté](#) channel: Optik TV™ subscribers in the Lower St. Lawrence, Gaspé, Beauce, Quebec City and North Shore regions of Quebec now have access to local and original programming.



Our Mobility offering has been improved through our introduction of:

- A [TELUS Trade-in Program](#) that allows customers to receive a non-transferable, in-store credit for trading in their old device to use toward the purchase of a new device or accessory. This program supports device recycling initiatives that includes a component where every phone received – even if it no longer has a monetary value – results in a \$3 donation to [Tree Canada](#)
- [Device Repair Tracking](#), an in-store and web portal application that allows customers to track in real time, the status of their device repair.

We broadened wireless coverage by:

- Expanding our network coverage to an additional 100 communities
- Continuing to invest in our state-of-the-art 4G LTE network in conjunction with our HSPA+ service. Our network now connects 97 per cent of Canadians wirelessly.

Our business markets

In 2012, our small and medium business teams continued their commitment to focus on customer experience as demonstrated by:

- Enhancing our [Business Anywhere](#) offering by redesigning our processes to reduce order processing times and increasing fulfillment capacity while maintaining service levels
- Deploying new Interim Connectivity Solutions for our customers to keep them connected during service outages
- Refining internal processes, resulting in improved order accuracy, faster order cycle times and better support for our technicians who provision these orders
- A more transparent wireless device repair process
- Streamlining the TELUS Talks Business online social platform to allow for improved capabilities that allow businesses to learn and network with each other.

Our Enterprise teams understand that our customers' needs are evolving with the consumerization of information technology, changing work styles and changing customer expectations with respect to data management, security and access. We remain focused on improving the customer experience as demonstrated by:

- Process improvements that have resulted in more efficient order fulfillment and less time to order completion
- Process improvements that have resulted in more effective pre-sale, implementation and service engagements with our customers, allowing for better collaboration and cost-savings
- Ensuring we follow up with our customers who provide feedback to demonstrate what we've learned from them and how we are improving.

Customer experience

Great customer experiences start with a great team member experience.

Every day, thousands of our team members interact directly with our customers and every team member – no matter what their role – supports our customers in some way. In 2012, team member inputs have led to the development of process improvements and positive customer experiences that have been documented through our customers first programs. Having an engaged team that is passionate about putting our customers first is key to helping TELUS become the most recommended company in the markets we serve.

Customers First Commitments

In late 2011, TELUS made a public declaration to customers letting them know about our renewed focus on putting them first. With this gesture, we made a promise to focus on the things that are most important to them.

To ensure our customer declaration resonates in the hearts and minds of our team, team members from all levels of the organization and from all business units across the country submitted over 1,000 suggestions of how we can personally follow through on our promise to our clients, culminating in the creation of our [Customers First commitments](#):

- We take ownership of every customer experience
- We work as a team to deliver on our promises
- We learn from customer feedback and take action to get better, every day
- We are friendly, helpful and thoughtful.

Alongside our enduring TELUS leadership values, these commitments are helping guide our actions and interactions with our valued clients and have become another important element of our performance culture. Our commitments are what we will do and our values are how we will accomplish them.

Closer to the Customer

As part of our commitment to put customers first, TELUS brings together senior leaders and frontline team members to create a greater awareness and understanding of the experiences our customers have when they interact with us. The intent of the Closer to the Customer (C2C) program is to provide those who are not in frontline roles an opportunity to put themselves in our customers' shoes and factor what they learn into daily decision-making.

Our commitments
are what we will
do and our values
are how we will
accomplish them.



In 2012, the C2C program was expanded to include all leaders and management professionals. C2C events continued to generate great momentum and make a real difference to our business – with many team members taking key lessons back to their teams on how they can positively impact our customer's likelihood to recommend our products, services and people. We held three successful events with more than 3,600 participants from across the organization, representing a 25 per cent increase in participation over 2011.

In 2013, the focus is to create a standardized annual event program that will result in participation of more than 5,000 team members. This will lead to greater opportunities to improve team member and customer experiences.

Customers First Champions

Reinforcing positive behaviours is an important part of driving toward the delivery of the best customer service in our industry. Our Customers First Champions (CFC) program recognizes team members who consistently deliver an exceptional experience. Since its inception in September 2011, 271 customer-facing team members have been named Customers First Champions. These champions have demonstrated the highest level of professionalism and dedication in delivering exceptional customer experiences, becoming role models for their colleagues along the way. The first gala recognition event was held in Vancouver in March 2013.

Process improvement

You expect us to solve our business problems.

In 2008, the TELUS leadership team worked in partnership with a team from [INSEAD](#) to review how the fair process collaborative methodology could be integrated into the TELUS culture. Fair process has been used extensively to solve business challenges and thereby drive increased team member engagement in the area of work processes. The Fair Process model has been embedded into our TELUS Leadership Philosophy, which is also comprised of our TELUS values, our effective leadership techniques and our business ownership culture.

To engage our team members in the fair process approach, our process improvement teams set out to develop, refine, educate and integrate a methodology to improve our work processes. Own.it is TELUS' problem-solving methodology that engages frontline team members in brainstorming activities regarding business challenges to help drive rapid resolution through 90-day initiatives to improve customer experiences. Own.it targets have been embedded across the organization, including metrics to ensure these events are customer impacting and results are tracked corporately



The 2012 Pulsecheck results indicate that Own.it and other work process improvements are making a difference for team member engagement. Teams that are identifying and resolving obstacles are more engaged and feel that their contributions are valuable.

Since inception in 2009, through the execution of 227 Own.it events, business benefits of \$35.7 million have been realized, with additional benefits expected through ongoing projects and initiatives. The problem-solving sessions engaged more than 2,850 team members and led to the implementation of process improvements in support of strengthening our customers' likelihood to recommend our products, services and people.

The use of Own.it at TELUS has received international profile, being recognized at the Global Process Excellence Awards for the past three years.

Likelihood to Recommend

The metric we use to gauge how we are doing on our Customers First journey is whether or not customers would recommend TELUS' products, services and people to their friends, family and colleagues.

We are always looking to better understand what is important to our customers and extend the accountability for our customer satisfaction results across our organization. Customer insight is gathered through various surveys conducted multiple times during the year. These surveys focus on several dimensions of the customer experience with respect to our entire product set across all customer segments. We have established our Likelihood to Recommend (L2R) framework to measure our performance. We are striving to consistently deliver customer service excellence. Our goal is to become the most recommended company in the markets we serve.

The results of our surveys are shared across the organization. Survey insights are used to educate team members on how critical every decision and action made within our organization is to delivering on our brand promise. By understanding what is important to customers we can make tangible changes that enhance customer experience and further differentiate TELUS from the competition. Each business unit reviews the results, sets priorities and collaboratively drives improvements to better meet our customer commitments.

Consumer market

At the end of 2012, 72 per cent of our consumer customers told us they were likely to recommend TELUS as a provider of home phone, Internet, TV





and wireless services. This is an increase of two per cent from 2011 and our highest L2R score since we have been using this framework, however, it did not meet our target for 2012.

Small and medium business market

In 2011, TELUS' Small and Medium Business (SMB) teams adopted L2R as their primary measure of understanding how likely business clients are to refer TELUS' products and services to other businesses. In the second quarter of 2012, SMB expanded its survey to engage a larger customer base more frequently. Our 2012 results show that 72 per cent of our SMB clients and customers would recommend TELUS to their colleagues or other businesses. This is an impressive 16 basis point improvement over 2011 results, and exceeded the target.

Enterprise market

Our Enterprise teams use a Customer Loyalty Index to measure customer loyalty. In 2012, our result was 70 per cent, an increase of eight per cent from 2011. This result makes us the leader in this market segment and exceeded our target. In 2012, the Enterprise team also expanded the scope of its survey using four questions that provide insightful data on the quality of our customer relationships and customers' willingness to continue to work with and even expand their work with us.

TELUS Quebec market

In 2012, our L2R result showed 59 per cent of Enterprise and SMB customers served by TELUS Business Solutions in Quebec (TQ Business) would recommend our solutions to colleagues and organizations in their respective industries. This is up seven per cent from 2011.

TELUS Health market

TELUS Health conducts an annual survey to measure the overall strength and health of our customer relationships. Aggregated 2012 results for Enterprise and SMB clients served by TELUS Health indicated that 72 per cent of our customers would recommend our solutions to colleagues and organizations in their respective industries. This result missed our target yet was up two per cent from 2011 despite 2012 being a year in which we welcomed many new customers.



2012 results and 2013 targets

To become the most recommended company in the markets we serve, the following targets have been set for 2013.

	Consumer	SMB ¹	Enterprise ¹	TELUS Health	TQ Business ²
2011 result	70%	56%	62%	70%	52%
2012 target	77%	65%	67.5%	77%	55%
2012 result	72%	72%	70%	72%	59%
2013 target	75%	75%	73%	75%	67%

1 SMB and Enterprise targets were revised mid-year based on survey methodology changes. Targets were previously reported as 45 per cent for SMB and 60 per cent for Enterprise. 2011 results have also been adjusted accordingly from 38 per cent for SMB and 55 per cent for Enterprise for comparison purposes.

2 2013 TQ Business target will begin to include the Atlantic Provinces.

Commissioner of Complaints for Telecommunications Services

Consumer and small business customers who are unable to resolve their issues relating to local, long distance, wireless and Internet-based products through established TELUS escalation processes may submit their complaint to the independent Commissioner of Complaints for Telecommunications Services (CCTS). The CCTS reporting period is from August to July and thus spans two of TELUS' calendar-year fiscal periods.

In the 2011 to 2012 reporting cycle:

- TELUS customer complaints were down nearly 13 per cent compared to the previous year, even though the overall number of complaints across the industry was up 35 per cent
- Complaints filed against TELUS dropped to 11 per cent of the total complaints filed, compared to 17 per cent during the previous reporting period
- Consumer awareness increased as TELUS provided information about the CCTS in our published directories, websites and on four monthly billing statements per year
- CCTS continues to be in the media spotlight, which has increased awareness of the organization as a dispute resolution option for consumers.

We attribute our improvement and reduction in the number of TELUS specific complaints to our Customers First focus and a targeted commitment to process improvement with respect to customer escalation resolution and analysis.



CCTS complaints summary

	TELUS 2009-2010	Total ¹ 2009-2010	TELUS 2010-2011	Total ¹ 2010-2011	TELUS 2011-2012	Total ¹ 2011-2012
Complaints accepted	657	3,747	1,387	8,007	1,211	10,838
TELUS Percentage of total	18%		17%		11%	
Pre-investigation						
Resolved	435	2,297	1,149	5,203	967	7,103
Closed	40	225	48	228	65	459
Percentage resolved or closed at pre-investigation stage	72%		86%		85%	
Investigations						
Resolved	77	663	162	1,535	164	2,523
Closed	28	312	71	646	45	555
Recommendations ²						
Recommendations issued	2	25	4	60	4	27
Recommendations rejected	0	4	0	10	0	0
Decisions						
Decisions issued	0	4	0	10	0	11
Decisions accepted	0	4	0	2	0	5
Decisions rejected	0	0	0	8	0	4

1 All participating service providers.

2 Recommendations: the complaint was fully investigated. Often, the service provider has not made an offer to informally resolve the complaint or the offer is not found to be reasonable and fair in light of the specific circumstances of the complainant. As such, CCTS will make a recommendation requesting that the service provider take specific actions to resolve the matter.

Complaints filed against TELUS dropped to 11 per cent of total complaints filed as a result of our commitment to put customers first.

Products and services

Leading telecommunication companies focus on how products and services can support their customers' sustainability goals. At TELUS, we recognize the importance of offering integrated solutions that anticipate the evolving needs of our customers. Our innovative technology solutions such as video conferencing, online collaboration and cloud computing can help customers meet their own targets in energy cost reductions, travel substitution and fuel efficiency.

TELUS Health

At TELUS Health, we know that Canadian healthcare, as it operates today, is not sustainable. About 50 per cent of all provincial budgets go to healthcare and improvements are still needed to deliver increased patient satisfaction; an enhanced experience; increased patient safety; improved clinical access; and decreased costs.

At TELUS Health we have identified five key issues where health information and TELUS communications technology can make a positive difference:

- Chronic disease management
- Medication errors and non-compliance

Our innovative technology solutions can help customers meet their own targets in energy cost reductions, travel substitution and fuel efficiency.



- Long wait times, poor access to care and lack of care continuity
- Lack of focus on prevention and patient self-management
- The need for performance improvement.

Read further on the [innovative solutions we offer to address these key health issues](#).

Learn more about [TELUS Health](#).

Many of our innovative solutions have not only benefitted Canadians and our healthcare system, they have a positive impact on our environment. A few examples follow.

Paperless claims

TELUS Health continues to invest in our [eClaims](#) solution, which enables over 13,000 extended healthcare providers to submit claims on behalf of patients through an online portal designed to support point-of-service processing. In collaboration with Desjardins Financial Security, Great-West Life, Standard Life and Sun Life Financial, the TELUS Health eClaims Portal is growing in adoption each month.

In 2013, TELUS Health will continue to extend the eClaim solution's reach by adding other specialized care providers, partnering with more Canadian insurers and exploring additional opportunities to help reduce paper consumption and improve efficiency in health claims processing.

You value our health system. We are working to make it even better.

In 2012, TELUS Health took significant steps in its national strategy to accelerate the adoption of our [Electronic Medical Records](#) (EMR) solution. We acquired [KinLogix](#), the largest provider in the province of Quebec, and Wolf Medical Systems, the leading provider of EMR solutions in Western Canada. Early in 2013, TELUS also announced the acquisition of PS Suite EMR in Ontario from MD Practice Software LP, a member of the MD Physician Services Group and a subsidiary of the Canadian Medical Association. With this acquisition, TELUS Health became Canada's largest electronic medical record (EMR) provider as well as the leading EMR provider in Ontario. These cloud-based solutions enable integration of patient records, improved efficiency for physicians as they manage critical patient data and better health outcomes for patients. This technology solution supports TELUS' efforts to reduce the environmental impacts for customers through reduced paper use and decreased emissions from travel.

TELUS Health views these acquisitions as essential building blocks in our strategy to accelerate the integration of health records and contribute to the evolution of Canada's health system.



We collaborate to support chronic disease management

In 2012, TELUS collaborated with Sanofi Canada to launch [STARsystem](#), a web-based diabetes support platform that provides free customized educational and health management tools for people living with diabetes. Users of this solution have access to simple, user-friendly tools that offer customized and up-to-date content through a personalized dashboard. This platform also helps reduce the need for commuting and travel for many patients, thus reducing their carbon footprint.

The STARsystem platform received the Digital Innovation Award for its creative application of technology at the eMarketing Awards Ceremony in 2012.

This unique collaboration reflects TELUS Health's vision of making a difference in the Canadian health care system by supporting chronic disease management programs with leading tools and technology. To learn more, [watch now on telus.com](#).

Internet and smartphone safety

TELUS recognizes that Canadians are adopting technology at increasingly younger ages, so we have partnered with families to ensure their children are developing safe online habits. In 2012, TELUS introduced [TELUS WISE®](#) (Wise Internet and Smartphone Education) to both our team members and business customers for the benefit of their employees and families. This industry-leading educational program on Internet and smartphone safety educates families about online criminal activity such as financial fraud and child predators and teaches youth about cyber-bullying and its detrimental effects. We plan to extend the availability of this program to our consumer clients in 2013.

Moving forward, TELUS will continue to focus on developing innovative solutions that benefit Canadians. Included in this strategy will be communication and stakeholder engagement to raise awareness on how our solutions aid sustainability objectives.

Connecting with customers through social media

In 2012, we used social media to raise greater awareness about our corporate social responsibility (CSR). Our social media supporters helped us celebrate Earth Day, the world's largest environmental event and Canada's [World Wildlife Fund](#).

- For every Facebook “like,” Twitter retweet, Google Plus share and Buzz reshare, we donated \$3 to [Tree Canada](#), achieving our goal of \$10,000 in the first three days of our campaign
- For every person who liked, retweeted and shared our World Wildlife Fund Canada message about species and conservation efforts on Facebook, [Twitter](#), Google Plus and Buzz, we donated \$3 raising almost \$20,000.

We also used social media to engage our stakeholders in a survey to gain a further understanding of topics that are important to them. We used Twitter and Facebook to encourage participation and received more than 800 responses. Results were analyzed to help us define topics for this report.

Additionally, to increase engagement with our community and raise awareness of our CSR report, we launched a TELUS CSR report treasure hunt. We used Twitter, Facebook and Google Plus to engage with 1,300 respondents who reviewed our report to discover our sustainability performance and strategy.

1,300

respondents who reviewed our report

Quick Facts

- 7,994 mentions of #TELUScsr
- 4.19 million potential Twitter impressions of #TELUScsr
- [@TELUSsupport](#) became the first verified telecom Twitter support channel in Canada and serves over 2,400 customers monthly
- Our new [TELUS blog](#) connects us to customers and stakeholders in a new social way, letting us share and discuss ideas we are passionate about – ideas such as our approach to corporate giving, how and why we're putting customers first, how we are giving where we live, our position on public policy and regulatory issues, and our corporate culture.

7,994

mentions of #TELUScsr

In 2013, we will continue to use social media as a means to connect with our customers.

TELUS International

In addition to serving our domestic customers, TELUS International is a global business process outsourcing (BPO) provider delivering contact centre and information technology outsourcing services across a range of industries. TELUS International represents some of the world's largest and most unique brands, including a pre-eminent search engine, the largest developer and publisher of social games, and a leader in downloadable and rentable filmed entertainment.

Our Vision

“At TELUS International, we enable customer experience innovation through spirited teamwork, agile thinking and a caring culture that puts customers first.”

Enabling customer experience innovation: We engage with partners and customers who place a strategic priority on customer experience – whether creating brand new customer experiences or implementing leading-edge business models.

Spirited teamwork: We have a culture of collaboration, effective communication and a respect for diversity. Our goal is to create a true partnership with our customers, ensuring sufficient executive engagement, best practice sharing and a collaborative pursuit of shared business goals.

Agile thinking: We pursue growth opportunities with our partners with a focus on flexible service delivery and a process intelligence culture including having 70 per cent of our managers six-sigma certified.

Caring culture: Our caring culture describes one of the things we most value most, which is our commitment to invest in our people, their development and welfare, and the communities in which we live, work and serve. Fundamental to this culture is the belief that engaged team members deliver exceptional customer experiences.

Our caring culture has its roots in corporate social responsibility programs such as the TELUS Days of Giving (when team members around the world donate their time and energy to building schools and homes) and TELUS International Community Boards in the Philippines, El Salvador and Guatemala, which each donate \$100,000 annually to local charities. Our philosophy – we give where we live® – is about TELUS International and our team members making a difference. We know that coming together as a team to help our local communities fosters a sense of team spirit and pride and raises team member engagement.



We encourage and enable our employees to give their best, professionally and personally. We believe that creating a winning corporate culture is the secret to attracting and retaining a great team, creating an engaged workforce and ultimately, providing a great customer experience. We invest in jobs that are well-paying, well-meaning, interesting and exciting for our team members. We offer a host of training, language and development programs, including TELUS International University, which allows team members to complete a Bachelors or post-secondary onsite at heavily subsidized costs.

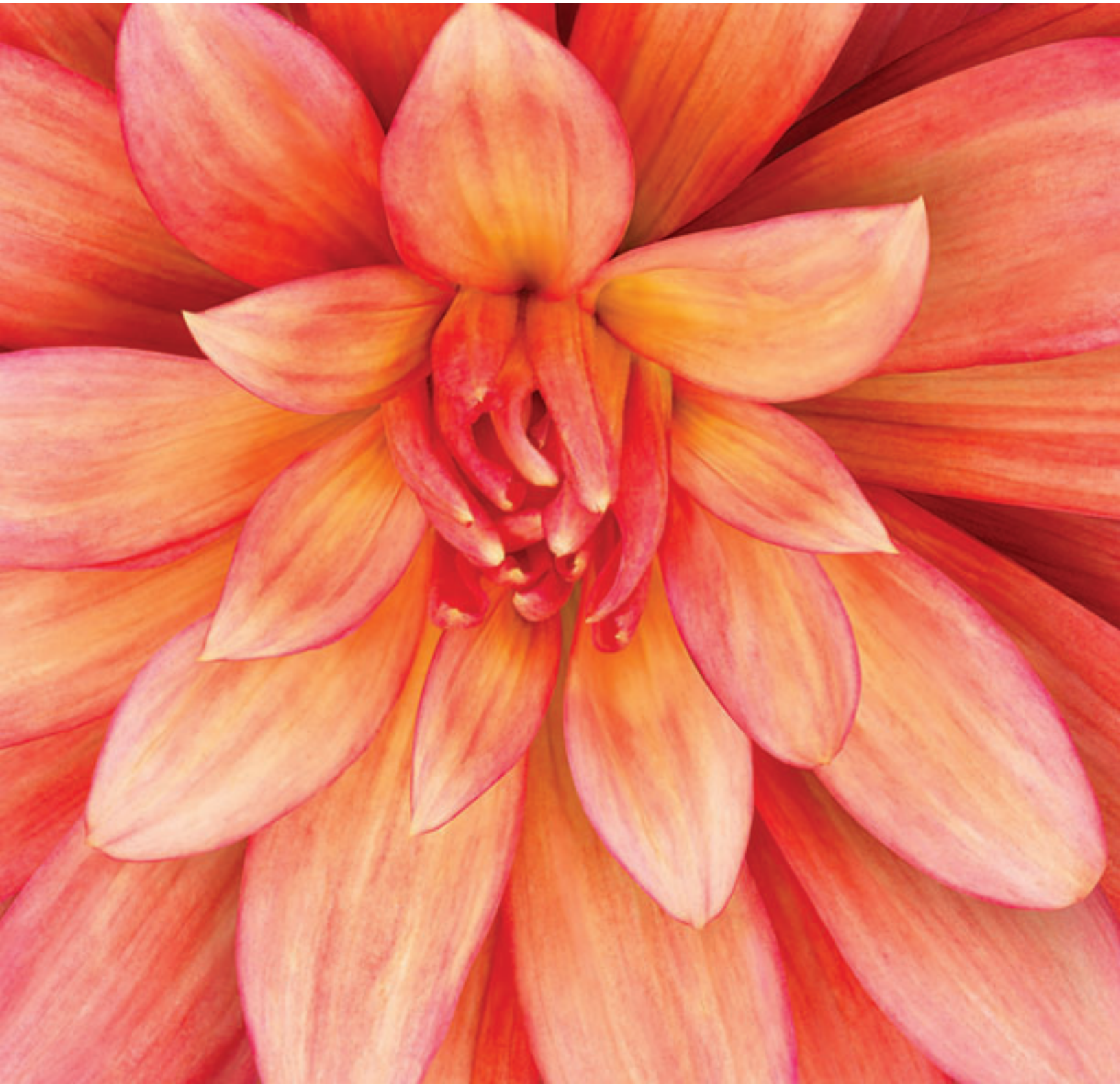
Customers First: Our fundamental goal is to emulate and maintain our customer's unique culture, and to train, nurture and motivate our team members to deliver the best possible customer experience. Our added value is the culture, processes and people that are aligned to the primary goal of making sure our customer's customers remain our foremost priority.

The evidence of our success in engaging our team members to deliver a Customers First experience is our industry-leading attrition rates. As we continue to invest in our people, their education and welfare, and the communities in which we live, work and serve, our efforts are rewarded with the loyalty and engagement of our team members around the world.

To learn more about [TELUS International](#), visit our [TELUSInt YouTube channel](#).



Economic performance and impact





Economic performance and impact

Contributing to our economy

TELUS is focused on supporting sustainable economic growth for the benefit of our investors, customers, team members, 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, while delivering long-term positive financial and operating results for our investors.

We contribute to the economy by:

- Making purchase decisions that benefit Canadians
- Providing employment and compensation to our team members
- Paying taxes to multiple levels of government
- Paying dividends and interest to our investors
- 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.

TELUS pursues an active research and development program to meet market demand for faster and more comprehensive telecommunications and entertainment services for consumers. We monitor technology developments globally to be able to offer the best to our customers.

For a discussion of the economic and industry environment in which we operate, visit section nine of our [2012 annual report – General Outlook](#), for trends and expectations for the telecommunications industry.



Connecting with investors

TELUS makes regular disclosure to current and potential investors and the general public through communications mechanisms such as:

- News releases, management's discussion and analysis, financial statements, related regulatory filings and quarterly investor conference calls and webcasts
- Regular [news releases](#) around corporate and marketing developments
- Our annual report disclosure package, which includes the annual report, information circular, corporate social responsibility (CSR) report and annual information form
- Shareholder meetings
- Holding meetings with shareholder advocacy groups (such as the Canadian Coalition for Good Governance) to discuss executive compensation or governance issues.

TELUS held two shareholder meetings in 2012. With two dissident proxy contests in 2012 related to the proposed exchange of TELUS non-voting shares into common shares, extraordinary initiatives were made to communicate with shareholders. This included engaging a proxy solicitation firm, sending numerous letters and undertaking multiple phone call-out programs to both large and small shareholders.

TELUS also engages 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. For certain investor meetings and to reduce travel expenses and time, we use Cisco Telepresence, a high-definition video-conference service, between TELUS locations across Canada. This supports our overall efforts to reduce our carbon footprint.

Investor relations activities

Conferences and meetings	2012	2011
Conference calls with webcast:		
Quarterly earnings calls and targets call	4	5
Shareholder meetings	2	1
Investor conference presentations and tours	7	7
Investor meetings	137	167

Financial and operating highlights

Results

You want results, we deliver.

Our wireless and wireline broadband investments continued to drive enhanced financial and operating performance in 2012. These investments strengthened our competitive position and helped attract new customers and retain existing ones. Strong financial and operating performance in 2012 once again supported superior returns to our investors, in terms of share price appreciation and increased dividends, as well as our ability to better respond to the needs of our other stakeholders in the communities where we live, work and serve.

Consolidated revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) both increased by five per cent in 2012 to \$10.9 billion and \$4.0 billion, respectively. This growth reflects increasing customer connections, higher wireless average monthly revenue per subscriber unit (ARPU) and growing wireline data revenues. Consistent execution of our growth strategy, focused on wireless and data, is reflected in the total of wireless revenues and wireline data revenues, which increased to 80 per cent of consolidated revenues in 2012 (77 per cent in 2011).

5% increase
in consolidated income and EBITDA

Free cash flow

Free cash flow increased by 34 per cent to \$1.3 billion in 2012 due to growth in EBITDA and reduced voluntary defined benefit pension plan contributions, as well as decreases in restructuring, interest and share-based compensation payments, partially offset by higher capital expenditures. Increased free cash flow and prospects for continued earnings growth have allowed us to increase our dividend by over 10 per cent in 2012.

Read further on our [2012 performance highlights](#).

For 2013, consolidated revenues and EBITDA should benefit from continued strong execution in wireless and data services. Basic earnings per share (EPS) is targeted to be up to 14 per cent higher due to EBITDA growth. Capital expenditures are targeted to remain at approximately \$1.95 billion, excluding purchases of spectrum licences such as, but not limited to, the cost for 700 MHz spectrum in a national auction anticipated in the fourth quarter of 2013.



Economic value distributed

(\$ millions)	2012	2011	2010
Goods and services purchased	4,820	4,726	4,236
Employee benefits expense, excluding employee defined benefit plans expenses	2,139	1,925	1,915
Employer contributions to defined benefit plans	173	298	140
Capital expenditures	1,981	1,847	1,721
Interest paid	337	378	479
Income taxes (inclusive of investment tax credits) paid, net	150	150	311
Dividends declared for the holders of Common Shares and Non-Voting Shares	794	715	642
Total	10,394	10,050	9,492

As an outcome of our 2013 targets, free cash flow before dividends and potential wireless spectrum purchase costs are calculated to be in the range of \$1.2 to \$1.4 billion in 2013, which is comparable to \$1.3 billion in 2012. Strong growth in EBITDA is being offset by higher cash taxes in the range of \$390 to \$440 million (\$150 million in 2012). Cash taxes are moving higher due to rising taxable income, and we do not anticipate major positive adjustments in 2013 as were attained in past years, such as resolutions of prior years' tax issues. Our best estimate of defined benefit pension plan funding is estimated to be up slightly in 2013, at approximately \$195 million. TELUS has consistently maintained a strong pension funding position that is among the best in corporate Canada.

We have a solid track record of attaining challenging public targets set each year. In the past 13 years, we have met or exceeded 77 per cent of our 56 consolidated financial targets, including three out of four in each of the past three years. Capital expenditures in 2012 exceeded the target due to greater than planned expenditures to sustain and grow our networks and investments to support customer growth.

Read further about our [2013 targets and a longer-term view](#) of our financial performance.

Growing with you

Wireless

External wireless revenues increased by \$383 million or seven per cent in 2012 due to subscriber and ARPU growth. ARPU increased by 2.2 per cent mainly due to growth in roaming and data usage. These results reflect increased adoption of smartphones and growth in mobile Internet connection devices and tablets, enabled by our national 4G LTE and HSPA+ networks. At December 31, 2012, smartphone subscribers represented 66 per cent of the postpaid subscriber base, a 13 point increase compared to 53 per cent a



year earlier. Wireless EBITDA increased by 13 per cent to \$2.5 billion in 2012, reflecting strong data revenue growth and overall expense management. The wireless EBITDA margin increased to approximately 42 per cent in 2012 from 40 per cent in 2011.

Gross subscriber wireless additions decreased by 8.5 per cent in 2012, with higher-value postpaid gross additions down 8.7 per cent. This can be attributed to slower wireless market growth and heightened competitive intensity. Net subscriber additions were down by 10 per cent, however, higher-value postpaid net additions decreased by only 2.6 per cent despite the 8.7 per cent decline in postpaid gross additions. This can be attributed to the success of our Customers First initiative and our low postpaid churn rate of 1.09 per cent, as well as to the prior year loss of a federal government wireless service contract to an established national competitor. Notably, our ARPU increased by 2.2 per cent reflecting an increased proportion of higher-value smartphone users.

Wireline

External wireline revenues increased by 2.9 per cent to \$5.1 billion in 2012, primarily due to a 12 per cent increase in data revenues, which was partially offset by declining legacy voice and other revenues. Growth in data revenue was driven by Optik TV™ and TELUS high-speed Internet services, as well as rising management workplace revenues. Wireline EBITDA decreased 5.5 per cent to \$1.5 billion in 2012, and the wireline EBITDA margin declined to approximately 29 per cent in 2012 from 31 per cent in 2011, as growth in data services and equipment sales did not fully offset declines in higher-margin legacy services.

Our TELUS TV subscriber base increased by a strong 33 per cent to 678,000, and our high-speed Internet subscriber base increased by 6.8 per cent to 1.3 million at the end of 2012. Total network access lines (NALs) decreased by 5.2 per cent to 3.4 million at year-end due to the ongoing impact of competitive dynamics and technological substitution in legacy communications services.





Supporting Canadians

Purchasing goods and services

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 2012, we spent approximately \$7.6 billion in total vendor payments (including goods and services tax and provincial sales tax), which represented 69 per cent of consolidated revenues. Approximately 91 per cent or \$6.9 billion of total vendor payments went to Canadian companies or multi-national companies with locations in Canada.

For more information, see the discussion about our supply chain management.

Vendor payments by location

(\$ in millions)	2012	2011	2010
Vendors with locations in Canada	6,927	6,848	6,318
Non-Canadian vendors	649	781	745
Total vendor payments	7,576	7,629	7,063

Paying taxes

Over the past eight years, TELUS has remitted taxes of approximately \$10 billion to federal, provincial and international governments, which in turn, support services for Canadians in those jurisdictions in which TELUS operates.

In 2012, TELUS remitted \$1.48 billion to many levels of government. This included a net payment of \$150 million in federal, provincial and international corporate income taxes and \$192 million in payroll, property tax, provincial corporation capital taxes and sales taxes on goods and services used by TELUS, net of Quebec provincial tax credits, and goods and services taxes (GST), harmonized sales taxes (HST), Quebec sales taxes (QST) and international value-added taxes (VAT) and other forms of indirect tax credits for goods and services acquired by TELUS in the operation of its business. In addition, TELUS collected in excess of \$1.1 billion in sales taxes from our customers, which was remitted to federal, provincial and international government agencies.

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 TELUS Ethics Policy, outlines the principles underlying and guiding the roles of team members, their

responsibilities, personal conduct, the method of conducting business in relation to tax law and the approaches to working relationships with external taxing authorities and external advisors. The Tax Policy recognizes our requirement to comply with tax laws in the context of the rights that TELUS has, as a taxpayer, in the various jurisdictions in which we operate. The Tax Policy also recognizes the Strategic Intent of our tax management for the purpose of maximizing TELUS cash flow and shareholder value, which in turn is dependent on TELUS' role as either a taxpayer or when TELUS acts as an agent on behalf of various government entities (for example, billing, collecting and administering GST, HST, PST etc. and/or remitting payroll and payroll related taxes).

Accordingly in the Tax Policy, TELUS' philosophy regarding the payment of tax is considered in three major categories, as follows:

- For income, capital and tax on certain sales or products and services acquired by the company, TELUS pays tax that is legally due and observes the provisions of the relevant law and related jurisprudence. There are many areas where the tax law and related jurisprudence is not clear and different interpretations are possible. When this occurs, TELUS will take reasonable positions that may or may not be the same as those of taxing authorities. TELUS will not take any position that clearly falls outside of the relevant governing legislation and prevailing jurisprudence.
- For payroll and indirect tax (i.e. commodity tax), including GST, HST, QST and other forms of VAT, where TELUS collects tax from employees and customers and remits them to the government as de facto agent, TELUS, in general, endeavors to apply a standard of what a reasonable prudent person should do to comply with the legislation and interpretations.
- In the case of property taxes, TELUS recognizes the importance of its role in contributing to the public infrastructure and service in the municipalities in which it operates, and accordingly supports paying a fair share of property taxes for the taxable real property and operating plant that it owns and maintains. At the same time, in order to safeguard its assets, TELUS will appeal amounts that appear to be excessive on a relative basis.

In accordance with the Tax Policy, all exchanges of goods, property and services between companies within the TELUS group of companies ("the Group") are conducted for fair market values consideration. Transfer pricing between the companies in the Group is based on comparable terms and commercial nature of the transactions.

Based on the assumption of the continuation of the rate of TELUS earnings, the existing legal entity structure, and no substantive changes to tax regulations, we expect net cash income tax payments in 2013 to increase from \$150 million to approximately \$390 million to \$440 million. Given TELUS'



external financial guidance, this should result in the estimated total taxes remitted for 2013 to increase to approximately \$1.7 billion to \$1.8 billion.

The Province of British Columbia, after a referendum vote, is reverting back to the inferior GST/PST tax collection system from the HST system effective April 1, 2013.

Total federal, provincial and international taxes remitted

(\$ in millions)	2012	2011	2010
Federal and provincial corporate income tax paid	139.0	150.4	308.4
International corporate income tax paid	11.0	0.1	2.9
Total income tax payments	150.0	150.5	311.3
Other tax payments ¹			
Canadian Federal Government	627.4	641.9	448.3
British Columbia ²	44.0	44.6	54.8
Alberta	27.7	26.9	26.8
Saskatchewan	0.1	0.1	0.1
Manitoba	0.5	1.0	0.7
Ontario	12.0	6.3	21.9
Quebec	129.7	105.8	97.7
Maritime provinces	0.1	0.1	0.2
International	6.2	6.4	8.0
Total other tax payments	847.7	833.1	658.5
Sales tax collected			
Canadian Goods and Services Tax and Harmonized Sales Tax ²	943.4	899.7	657.7
British Columbia ²	0.0	0.0	58.2
Saskatchewan	3.4	2.7	1.8
Manitoba	4.9	4.4	4.7
Ontario	0.0	0.0	57.2
Quebec	179.4	143.1	118.5
Maritime provinces	1.7	1.3	1.1
International	3.4	5.8	7.5
Total sales taxes collected	1,136.2	1,057.0	906.7
Sub total	2,133.9	2,040.6	1,876.5
Quebec tax credits claimed and received	(6.8)	(13.6)	(13.3)
(GST, HST and QST) ITC and ITR's claimed and received	(646.6)	(644.1)	(447.2)
International indirect tax credits claimed and received ³	(2.5)	(2.9)	(4.2)
Net federal and provincial taxes remitted	1,478.0	1,380.0	1,411.8

1 Includes payroll, property and business taxes, provincial corporation capital taxes, sales taxes and GST/HST/QST on goods and services acquired or used by TELUS.

2 B.C. will revert back to the PST/GST regime effective April 1, 2013 replacing the HST that was implemented effective July 1, 2010.

3 Includes value-added taxes from various international jurisdictions.

Paying dividends and interest

TELUS rewards investors by paying dividends to shareholders and interest to debt holders.

In 2012, TELUS declared \$794 million in dividends to our equity investors. This represents \$2.44 per share, 10.7 per cent higher than in 2011. TELUS announced two dividend increases, in February and November, taking the annualized dividend to a record high of \$2.56. From 2004 to the end of 2012, TELUS increased its dividend 11 times and returned \$4.8 billion to shareholders, or more than \$23 per share when including share repurchases that occurred from 2004 to 2008.

TELUS has recently increased by 10 points our long-term dividend payout ratio guideline of 65 to 75 per cent of prospective sustainable net earnings. In May 2011, we announced our intention to target two dividend increases per year to 2013 in the range of approximately 10 per cent annually. These guidelines provide investors with greater clarity and a framework to assess the potential for future dividend increases. Planned increases align with our dividend growth model and demonstrate confidence in the outlook for the company's operational performance, earnings and cash flow.

Over the past three years, TELUS led its telco peers in total return to shareholders of 121 per cent including dividends and capital appreciation. Since 2000, TELUS' total shareholder return of 196 per cent has led that achieved by incumbent telecommunications companies globally.

TELUS has a solid long-term track record of prudent financial policies that is reflected in the strong investment grade credit ratings (BBB+/A–, stable trend) that we currently hold. For eight consecutive years, we have achieved our long-term financial policy objective on net debt to EBITDA (excluding restructuring costs) of 1.5 to 2.0 times.

In 2012, TELUS declared
\$794 million
 in dividends to our equity investors.

Dividends and interest paid to equity and debt holders

	2012	2011	2010
Dividend declared per Common Share and Non-Voting Share	\$2.44	\$2.205	\$2.00
Dividend payout ratio ¹	63%	62%	64%
Dividends declared for the holders of Common Shares and Non-Voting Shares (millions)	\$794	\$715	\$642
Interest on long-term debt (millions)	\$338	\$374	\$442
Loss on redemption of long-term debt (millions)	-	-	\$52
Interest on short-term obligations and other (millions)	\$12	\$11	\$29

¹ The annualized fourth quarter dividend declared per share divided by basic earnings per share for the year.



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 subsequent upgrade of our nationwide next generation high-speed packet access plus (HSPA+) wireless network capable of supporting manufacturer-rated peak wireless data download speeds of up to 42 megabits per second. TELUS HSPA+ network now covers 97 per cent of all Canadians. In 2012, we successfully launched our [4G long-term evolution](#) (LTE) network in major urban centres across the country, providing Canadians with the fastest wireless technology available in the world today. TELUS' LTE network already covers more than two-thirds of all Canadians and we continue to expand, including planned rural deployment of LTE subject to our ability to acquire 700 MHz spectrum in the regulated auction expected in November 2013.

TELUS continues to expand our wireline broadband network, significantly enhancing the performance and customer reach of our high-speed Internet and IP-based TV services. Based on ADSL2+ and VDSL2 technology, our wireline broadband network now covers more than 2.4 million households in British Columbia, Alberta and Eastern Quebec. These investments have given more Canadians access to fast, high speed Internet connectivity and innovative IP-delivered services such as our premium differentiated Optik TV™ and Optik Internet™. We are further enhancing the speed and capabilities of our wireline broadband networks with VDSL2 bonding technology, which doubles existing speeds up to 50 Mbps.

Since 2000, TELUS has made capital investments of close to \$25 billion in technology, significantly enhancing the connectivity of Canadians.



Innovation

Research and Development

TELUS invested an estimated \$170 million in research and development (R&D) in 2012, compared with \$183 million in 2011 and \$124 million in 2010.

Estimated investment in research and development

(\$ millions)	2012	2011	2010
Research and development	170	183	124

This consisted of primarily capital expenditures involving ongoing investment in advanced network and systems to support LTE 4G and increased wireless capacity. TELUS also invested in broadband expansion and upgrades to support its IP-based Optik TV™ and increasing demands for higher speed Internet services.

After developing new service concepts, we continuously test and trial these emerging services and technologies on our evolving network. Furthermore, state-of-the-art conceptual design work and in-depth studies were undertaken to support the launch of advanced, green Intelligent Internet Data Centres (IDCs) that are over 80 per cent more energy efficient than traditional IDCs, while providing TELUS clients with maximum reliability and security. The first centre opened in Rimouski, Q.C. in 2012, with Kamloops, B.C. scheduled to open mid-2013.

TELUS participates in global professional associations, dedicated to advancing research and technological innovation for the benefit of humanity. Our financial commitment to the membership of such associations also contributes to developing the standards and solutions that are creating the future of the information and communications technologies.

TELUS subsidizes more than a dozen postsecondary academic research institutions, primarily in Canada. We partner with professors, students and postdoctoral fellows to find the most advanced technology innovations that will provide the highest possible quality of services to Canadians. In doing so, TELUS is helping to train the world's next generation of engineers and technicians.

TELUS subsidizes
 more
 than a
 dozen
 postsecondary academic
 research institutions



Strategic investments

In 2012, TELUS capital expenditures were \$1.98 billion or 18 per cent of total operating revenues.

We invested \$711 million in our wireless networks, principally to expand our urban 4G LTE network as well as expansion of coverage and capacity of our 4G HSPA+ network. We invested \$1.27 billion in our advanced wireline broadband network to continue expanding its speed, reach and capabilities. We also made both wireless and wireline broadband investments in two new state-of-the-art intelligent Internet data centres in Quebec and B.C.

Capital expenditures by region

(\$ millions)	2012	2011	2010
British Columbia	707	723	670
Alberta	649	640	673
Saskatchewan	2	–	–
Manitoba	11	20	14
Ontario	229	172	116
Quebec	355	271	236
Atlantic Canada	2	4	–
Outside Canada	26	17	12
Total capital expenditures	1,981	1,847	1,721

Capital expenditures in 2013 are anticipated to be similar to 2012 at approximately \$1.95 billion. TELUS plans to continue wireless capacity upgrades and ongoing deployment of the new LTE wireless network. TELUS intends to continue to invest in broadband infrastructure expansion and upgrades supporting Optik TV™ and Internet subscriber growth, faster broadband speeds, and enhanced coverage and capabilities. We also plan to complete construction of our new Internet data centre in Kamloops B.C.

Integrity



Integrity

You expect integrity

The TELUS team places great importance on maintaining a culture that encourages achievement of our business objectives in a manner consistent with our values. We value integrity in all we do, which means we expect our team members to act honestly in all dealings, comply with the laws and regulation governing our business and maintain an ethical work environment. We know that having a shared understanding and commitment to integrity sets the foundation for us to put our customers first.

To promote company-wide awareness of integrity issues, all team members are asked to read our policies and must complete our training programs. We also offer access to subject matter experts who can answer questions or take reports. These experts work as a virtual team across the corporation, both in Canada and internationally, to address concerns in the areas of ethics, privacy, security, respectful workplace as well as bribery and corruption.

Integrity sets
the foundation
for us to put our
customers first.

Integrity index

To measure our performance, we have developed an integrity index that will gauge our team member's awareness and understanding of this subject area, the integrity of our senior managers and the effectiveness of our Integrity training program. The index uses results from our Integrity training course, internal team member surveys, external surveys of our customers and reported breaches of our policies to assess:

- How well team members understand and comply with our codes of conduct
- The extent to which our senior managers behave with integrity
- How successful our training on integrity is.

The results are combined to create an index with a percentage score. In 2012, we established a baseline score of 93 per cent and aim to improve this score in 2013 to 94.



Integrity training

To promote company-wide awareness of integrity issues all team members must annually complete our online Integrity training as a condition of employment. In 2012, ^A all TELUS team members completed this course, as did 92 per cent of contractors with access to our information systems. The TELUS Integrity course is refreshed every year to address new and emerging issues in regards to ethics, privacy, security, respect and bribery and corruption.

Additionally, in 2012, we introduced several courses to further guide our frontline team members with respect to integrity issues. In 2013, we are expanding this program to address issues specific to the integrity risks our frontline members face.

Ethics

The [TELUS Ethics policy](#) ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct by all team members, including officers and members of the TELUS Board of Directors. The policy is updated and communicated annually, to team members and housed on TELUS' internal and external websites.

TELUS EthicsLine

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

In 2012, 412 calls were received by the EthicsLine seeking advice on ethical situations or making complaints. The increase in the number of calls over 2011 is believed to be the result of improved awareness across the company. Each complaint was investigated, resolved appropriately and reported to the Human Resources and Compensation Committee, and the Audit Committee of [TELUS' Board of Directors](#).

Calls received by the Ethics Office

Type	2012	2011	2010
Requests for advice	114	87	75
Ethical complaints	298	178	229
Total calls	^A 412	265	304

^A Assured



Breaches of ethics and discipline

The Ethics office concluded that in 2012 there had been ^A112 breaches of the Ethics policy, compared with 65 in 2011 and 96 in 2010. The most frequent violations in 2012 were related to breaches of company policies. None involved fraud by team members who had a significant role in internal controls over financial reporting. Corrective action was taken for each of the breaches with some of the breaches resulting in discipline of more than one team member.

In 2012, the increase in breaches and team members disciplined resulted in increased education on ethics to certain team member groups in late 2012 and this will continue into 2013. Encouragingly, the number of breaches involving our team members with five years or less service, decreased to 50 per cent, from 56 per cent of the breaches in 2011 and from 81 per cent in 2010. This is a result of efforts to ensure our newest team members are clear on TELUS' expectations in this area.

Discipline for breaches of ethics

Corrective action	2012	2011	2010
Letter in employment file	48	7	9
Employment suspended	30	18	33
Employment terminated	100	44	66
Team member resigned	5	4	5
Total team members disciplined	183	73	113

^A Assured

Privacy

TELUS is committed to respecting the privacy of our customers and team members and has a long-standing policy of protecting privacy in all of our business operations. To provide customers, contractors and team members with quick and easy access to key information about TELUS' privacy practices, TELUS follows the international standard of using multi-layered notices:

- The [Privacy Facts Statement](#) allows customers and team members to understand TELUS' privacy policies at a glance
- [Our Privacy Commitment to You](#) brochure provides more details on the collection, disclosure, and protection of personal information, as well as customer and team member choices
- The [Privacy Code](#) provides specific details about TELUS' privacy practices and our comprehensive privacy policy; our code also includes the Ten Principles of the Canadian Standards Association (CSA) Model Code for the Protection of Personal Information

^A Assured



- The team member version of the Privacy Facts Statement, Our Privacy Commitment to You brochure and the Privacy Code and are available on TELUS' intranet systems.

We have internal controls to support our privacy policy, including a Chief Compliance and Privacy Officer who is responsible for oversight of the policy. For privacy matters that involve countries other than Canada, we engage privacy lawyers in those countries with local expertise. To meet European Union Directive requirements for our international operations, TELUS obtained [Safe Harbor Certification](#) in 2012.

Educating the TELUS team

TELUS employs a number of mechanisms to ensure effective implementation of our privacy policy:

- We maintain a toll free number and email address (1-800-567-0000 or privacy@telus.com) for customers to contact regarding privacy issues. This call centre is staffed by specially-trained representatives who also respond to customer access requests for their personal information
- Our annual Enterprise Risk and Control Assessment survey includes questions relating to privacy that may identify any emerging risks
- We use a Privacy Impact Assessment, which must be completed for projects involving the collection, use or disclosure of personal information. This is reviewed and approved by the TELUS Compliance and Privacy Office
- Our Compliance and Privacy Office is engaged in international expansion activities to ensure that foreign privacy standards and requirements are satisfied
- TELUS has a Privacy Breach Notification process embedded into its processes and training modules, which is reviewed annually.

An Integrity Working Group supports the application of our Ethics and Privacy policies and reports to Senior Management and the Human Resources and Compensation Committee and the Audit Committee of the [TELUS Board of Directors](#).

In addition to references to privacy in our Ethics policy and the privacy practices outlined above, the TELUS Chief Security office has policies that provide guidance and controls to help us manage security:

- **Policies governing our information technology:** TELUS' Chief Security Office policies govern the management of information technology assets and resources, enterprise networks, telecommunications networks and other physical assets deployed by TELUS in the delivery of safe and secure products and services to its customers





- **Internal audits:** through our Internal Audit program we review information technology and data protection issues when they are identified as high risk through our annual Enterprise Risk and Control Assessment Survey
- **Security development methods and governance controls:** security is a core foundation in both the design and the associated governance processes that result in designs being approved
- **Vulnerability Management Program:** this includes both a vulnerability assessment and a security threat assessment. Daily vulnerability assessments of all computers connected to the TELUS Enterprise Network are conducted to identify any vulnerability found with existing infrastructure that would result in security exposures. The security threat assessment reviews emerging security threats and risks. Security Analysis partners with operational owners through this process to reduce risk
- **Intrusion prevention systems:** systems that monitor our network for malicious traffic and will drop the traffic based on certain rule sets that are applied
- **Mobile encryption:** protects data at rest on laptops to mitigate data leakage risks from the loss or theft of portable devices. File level encryption has been active on TELUS laptops since March 2009
- **Good for Enterprise security solution:** this provides security and manageability of non-BlackBerry smartphone and tablets. The solution encompasses a suite of powerful mobile device management tools that bring military-grade security, data loss prevention, and collaboration features for information technology security and control. Enterprise data are ensured to be secured both over the air and on smart devices.

In 2011, TELUS successfully obtained Payment Card Industry certification and earned re-certification in 2012. This strengthens our ability to protect our customer's credit card data.

Privacy complaints

In 2012, TELUS received one complaint to the Office of the Privacy Commissioner (OPC). TELUS has one employee complaint that is outstanding and still before the OPC awaiting resolution. The complaint was investigated by Human Resources, with the guidance of the TELUS Compliance and Privacy Office, and a formal response was provided to the OPC. The OPC will provide their findings upon completion of their formal investigation.

Privacy Complaints

	2012	2011	2010
Total complaints received	1	3	1
Complaint finding - Well founded, well founded & resolved	0	3	0
Complaint finding - Not well founded, resolved or settled/discontinued	0	0	1
Complaint investigation in progress	1	0	0



Respectful workplace

Respect is an essential element of our values and culture at TELUS. Our focus on respect in the workplace is an indication of our commitment to creating a positive, professional and safe working environment.





Our overriding goals are to help team members understand legislation relevant to what is considered acceptable behaviour in the workplace, as well as the protections and processes available to them should an inappropriate workplace issue arise. Annually, key points from our Respectful Workplace policy are covered in the mandatory Integrity training course.

As we expand our operations beyond Canada, the TELUS Respectful Workplace policy and training is implemented within each international operation, just as it is within domestic acquisitions.

Analysis of complaints filed by team members with the Canadian Human Rights Commission (CHRC) is an indicator we use to determine if there are any internal practices that are causing concern and require attention. These complaints provide an objective process for examining the appropriateness of practices as business and societal priorities evolve.

Complaints may be referred back to the internal TELUS resolution process, a resolution may be reached with the complainant through the CHRC, or it may be dismissed. Year-over-year, the main reason for complaints continues to be issues related to disability, which is consistent with national reporting of CHRC complaints from other federally regulated entities. In 2012, a review of the new complaints received in 2011 was completed to identify possible causes of the increase, and no specific trends were identified.

CHRC Complaints

	2012	2011	2010
New	 6	24	11
Closed	 24	10	14
In progress at year end	 6	 24	10

 Assured

Closed CHRC Complaints

	2012	2011	2010
Referred to TELUS internal resolution process	6	6	6
Resolution reached	7	3	6
Dismissed	11	1	2

Anti-bribery and corruption

We continue to strengthen anti-bribery and corruption procedures across all regions where TELUS operates. In 2012, a risk-based review was presented to the Audit Committee. This review highlighted current anti-bribery and corruption compliance controls and presented a framework for a specific anti-bribery and corruption compliance program. This framework meets the requirements laid out in legislation from Canada (including proposed changes), the United States, and the United Kingdom and is composed of five main sections:

- **Senior management involvement and support:** specific senior leaders across the enterprise have been identified as responsible and accountable for ensuring that the anti-bribery and corruption compliance program is effectively implemented and consistently monitored; senior executives have set the tone to create a culture where bribery is unacceptable and this high-level commitment is reinforced by managers at all levels of the company
- **Corporate compliance policies and procedures:** several TELUS policies contain clear direction and guidelines regarding bribery and corruption including the [TELUS Ethics policy](#), the Code of Conduct for Business and Government Sales Activities and the [Supplier Code of Conduct](#). In 2013, a specific anti-bribery and corruption policy will be created to provide further clarity and guidance for TELUS team members and contractors
- **Training and education:** our annual Integrity training contains highlights of our zero tolerance approach to bribery and corruption and further training will be provided through the Business and Government Sales Code of Conduct training, as well as a specific Anti-Bribery and Corruption training program, both set for launch in 2013
- **Monitoring, auditing, and reporting mechanisms:** anti-bribery and corruption primes will be identified for many areas of the organization and will be tasked with ensuring the ongoing effectiveness of the compliance program. Future audits will be conducted and regular reports will continue to be provided to the TELUS Board of Directors
- **Incentives and consistent disciplinary procedures:** specific objectives will be created in 2013 for team members responsible for implementing and monitoring the compliance program and performance will be assessed.

Regulatory compliance



Regulatory compliance

The complexity and intensity of regulation has increased over the years, making regulatory compliance a critical issue for organizations such as ours. Companies must now contend not only with internal, government and industry-specific regulations and policies, but also with regulatory requirements of networked partners, suppliers and customers. TELUS aims to meet and exceed compliance expectations in all areas.

To this end, we are involved in a wide variety of Canadian Radio-television and Telecommunications Commission (CRTC) regulatory proceedings advancing and defending TELUS' interests with the objectives of eliminating unnecessary sector-specific regulation and rationalizing and streamlining the regulation that remains. We also manage the tariffs for TELUS' regulated products and services and address complaints made by TELUS' customers to either the CRTC or to the Commissioner for Complaints for Telecommunications Services (CCTS).

CRTC and public policy

We have a team dedicated to advancing the interests of TELUS and its customers in the regulatory arena before the CRTC and in policy and legal advocacy before the federal government and the courts. This is accomplished by initiating or responding to proceedings at the CRTC, petitions to the Federal Cabinet, consultations with Industry Canada, the Competition Bureau and other federal departments.

Our commitment to action in public policy.

TELUS engages in public policy debates pertaining to our core operations and in the context of our role as a major employer and investor in communities across Canada. As a federally regulated organization, TELUS largely focuses its public policy activities on matters overseen by the CRTC and the federal government. Details of TELUS' federal lobbying activities, including which team members are engaged, which government departments and officials are lobbied, and the subject matter of the lobbying, are fully disclosed and registered monthly with the [Office of the Commissioner of Lobbying of Canada](#).

TELUS also engages in provincial public policy debates and lobbying, primarily in British Columbia, Alberta, Ontario and Quebec.



As noted in the [TELUS Ethics policy](#), TELUS will occasionally provide contributions to a political party, campaign or candidate in Canada, as a means of supporting the democratic process, but only where legally permitted, and not to secure favours or preferential treatment. We do not permit political contributions in countries other than Canada, and federal law does not permit corporate contributions to federal political parties, constituency associations or candidates in Canada.

In 2012, TELUS contributed a total of \$97,507 to political parties, campaigns and candidates in Canada, in accordance with provincial and municipal limits. Details of provincial contributions are available on each province's elections agency website.

Government relations

The TELUS Government Relations team works with federal, provincial and municipal governments across Canada as well as related external stakeholders, to support TELUS' policy and strategic business objectives. Broad areas of focus include:

- Explaining TELUS' interests in key regulatory proceedings
- Advancing public-policy priorities for the benefit of our customers and citizens
- Promoting our company's solutions and capabilities in support of public-sector business opportunities
- Communicating TELUS' initiatives and investments on behalf of our customers, communities and partners.

TELUS actively supported a number of policy and business priorities at the provincial and municipal level in 2012. These included:

Fair 700 MHz spectrum-auction rules

TELUS worked to raise awareness of the importance of accessing adequate spectrum in the November 2013, 700 MHz spectrum auction to meet our customers' needs and secure their support with Industry Canada for fair auction rules. In some rural areas of our incumbent provinces of B.C. and Alberta, TELUS is the only wireless provider that has invested to provide network service to citizens. Fair access to the 700 MHz spectrum will allow TELUS to continue providing the best service possible to these communities.

Legislation to protect wireless customers

Several provinces have implemented or are considering legislation to protect consumer interests by regulating wireless contract terms and services,



including Manitoba, Ontario, Quebec, and Nova Scotia. TELUS supports these efforts, yet strongly believes that a national code is necessary to ensure that all Canadians have access to the same protections regardless of where they live, and to reduce unnecessary compliance costs associated with multiple regulatory regimes. To this end, TELUS worked with governments in Manitoba, Ontario and Nova Scotia to urge harmonization of regulatory measures, and successfully petitioned the CRTC to initiate a public proceeding on adoption of a national wireless code.

Measures to combat metal theft

Theft of our copper wires and infrastructure, driven by the market for stolen metal, is a severe problem for TELUS customers in B.C. and Alberta. Theft disrupts service and threatens public safety, including loss of access to 911 for emergency calls. In 2011 alone, TELUS suffered 348 incidents in B.C. and 40 in Alberta, costing over \$19 million in repair and replacement costs. To combat this problem, TELUS worked with the Government of B.C. to enact new legislation to regulate the sale of metal to metal dealers and recyclers. Since taking effect in July 2012, TELUS' incidents of metal theft in B.C. immediately fell from a rate of one per day to just one per month. Alberta is considering similar legislation.

Equitable 911 wireless levies

To date, five provinces have implemented 911 levies on wireless customers to help fund local 911 services: Saskatchewan, Quebec, Nova Scotia, New Brunswick, and Prince Edward Island. TELUS has accommodated these measures to fund 911 services, as more than 50 per cent of emergency calls are now made from wireless devices. However, municipalities in B.C. and Alberta have considered introducing municipal 911 levies, which TELUS believes are challenging to implement and unfair to customers, as this approach would create a complex patchwork of different levies across each province. Accordingly, TELUS has urged provincial governments to implement provincial levies instead, and Alberta has announced its intent to adopt such a measure.

Building our wireless network in collaboration with local government

Wireless carriers across Canada face significant challenges in meeting exponential growth in consumer demand for bandwidth. TELUS is committed to working closely with local governments to facilitate the provision of wireless infrastructure that supports economic development and job creation, while at the same time addressing concerns regarding design. In 2012, TELUS led an industry effort working with the City of Vancouver to establish mutually agreed-upon design guidelines for antennas built on private property. The City has also adopted a protocol for the use of antennas on City-owned poles and lamp



standards, reducing the need for more intrusive wireless infrastructure and contributing to municipal revenues through lease payments. We are working in conjunction with the Canadian Wireless Telecommunications Association toward similar protocols with other municipalities.

Sparking new thinking around wireless infrastructure

TELUS has worked with municipalities to develop innovative solutions to facilitate the expansion of our wireless network. For example, construction will begin in 2013 on one of the world's first pilot projects combining low-profile wireless sites with electric vehicle charging stations. In partnership with the City of Vancouver, TELUS will invest \$1 million to build three sites at no cost to taxpayers that will both enhance wireless capacity and enable electric vehicles to recharge.

TELUS also worked closely with the City of Vancouver in 2012 to launch the first North American trial of 4G microcell technology in the downtown core, showcased to an international audience of wireless industry leaders at the 2012 Global Mobile Broadband Forum. The micro antennas are affixed to City-owned lamp-standards and significantly improve high-speed street-level 4G service for customers travelling along busy downtown streets.

Aboriginal relations

TELUS works diligently to ensure that it engages with First Nations, Aboriginal organizations as well as provincial and federal agencies when negotiating and pursuing agreements with respect to land use and access, utility rights in treaty and self-governance arrangements, co-existence and accommodation settlements.

This relationship building is important to ensure we are able to expand our network to serve our customers and ensure the rights of Aboriginals are in focus while using lands throughout Canada where Aboriginal or First Nation rights exist.

Network expansion

To meet the objectives of the [Telecommunications Act](#), the CRTC has approved [terms of service](#) for TELUS. The obligation requires TELUS to provide telephone service to existing customers, new customers requesting service where it has facilities, and new customers requesting service beyond





the limits of TELUS' facilities subject to the terms and conditions associated with such service extensions set out in TELUS' [TELUS' General Tariff](#).

TELUS continues to expand its network to meet customer requirements and continues to upgrade its network to provide new and improved services. TELUS' recent network expansion initiatives have resulted in 2.4 million households and nearly 97 per cent of Canadians covered by our advanced wireline and wireless networks, respectively. Since 2000, TELUS has made capital investments of close to \$25 billion in technology, significantly enhancing the connectivity of Canadians.

Serving remote communities

Local telephone service extension programs, such as TELUS' Service Improvement Programs, continue to be deployed to serve remote communities. Through its Deferral Account initiative, TELUS is extending broadband service to 159 rural and remote communities in B.C., Alberta and Quebec (98 communities in B.C., 50 communities in Alberta and 11 communities in Quebec). The Deferral Account initiative began in 2010 and is planned to be completed in 2014. By the end of 2012, broadband service was available in 96 Deferral Account communities, an increase of 49 communities over 2011.

TELUS has secured a 10-year \$1 billion strategic telecommunications [agreement](#) with the Government of B.C., the largest deal in the history of our Company. As part of this 2011 agreement, TELUS continues to extend advanced wireline and wireless communications infrastructure into both urban and rural B.C. communities. The agreement with the Government of B.C. provides the following rural benefits:

- Maintaining Internet gateways and points of presence in 119 central offices throughout the province
- Continuing to offer affordable wholesale Internet access for regional and local service providers
- Increasing Internet speeds tenfold in many areas throughout the province
- Working toward increasing Internet connectivity from approximately 93 per cent to approximately 97 per cent of the population through various programs and commitments in conjunction with the Deferral Account program managed by TELUS
- Connecting up to 450 schools with high-speed fibre optic cables over 10 years
- Over a five-year period, extending wireless coverage along approximately 1,700 kilometres of primary and secondary highway segments, many of which are in mountainous terrain.



TELUS is committed to enhancing the coverage and capacity of its wireless network by building out 4G LTE technology extensively across rural Canada using 700 MHz wireless spectrum. This spectrum, in contrast to Advanced Wireless Services (AWS) spectrum, has superior propagation capabilities that make it effective and efficient in covering Canada's expansive rural geography. To support TELUS' plans to expand 4G LTE wireless service to rural markets, it will be important for the federal government to provide an opportunity for TELUS to bid on and acquire 700 MHz spectrum in the planned November 2013 auction. While the urban launch of 4G over AWS spectrum is the first stage in the upgrade to LTE, any potential roll-out into rural Canada will be dependent on the expected Industry Canada spectrum auction of frequencies in the 700 MHz band in November 2013.

Affordability and accessibility

Section 7 of the [Telecommunications Act](#) outlines various Canadian telecommunications policy objectives, including policy objective 7(b) which is “to render reliable and affordable telecommunications services of high quality accessible to all Canadians in both urban and rural areas in all regions of Canada.”

Affordability

Given the competitive nature of the communications industry, most services offered by TELUS, including local telephone service, retail Internet access service, wireless service and television service, are no longer subject to price regulation by the CRTC as they are subject to market forces. For those services that are still subject to price regulation, most notably local telephone service in certain exchanges where there is not yet sufficient competition to forbear from regulation, section 27(1) of the Telecommunications Act requires that the rates charged by TELUS are just and reasonable.

Putting customers first is our Company's top priority and this focus is entirely consistent with our [strategic imperatives](#). We are looking to provide the best client experience in our industry as measured by our customers' likelihood to recommend our products, services and people. Our overall goal is to become the most recommended company in the markets we serve. TELUS continues to evolve our [Clear and Simple](#) philosophy as part of our commitment to make the wireless client experience friendlier. We have further enhanced our [Early Device Upgrade](#) program by enabling customers to purchase a new device at any time by only paying the remaining portion of their device discount. We also launched proactive data usage notifications for our clients, domestically and for when they travel internationally. TELUS also launched our new [Clear](#)



[and Simple international travel pricing](#), which includes significantly reduced international roaming rates.

Accessibility

TELUS is Canada's second largest telecommunications company with over 13.1M customer connections, including connections to 7.7 million wireless customers, 3.4 million local telephone subscribers, 1.4 million Internet subscribers and over 678,000 TELUS TV® subscribers at year end 2012.

As the incumbent provider of telephone service, TELUS wireline network reaches virtually every community in its serving territories. Broadband Internet access services are now available over the vast majority of TELUS' wireline network footprint in British Columbia, Alberta and Eastern Quebec. In 2012, TELUS expanded its broadband network to reach more than 2.4 million households in the top markets in B.C., Alberta and Eastern Quebec. TELUS also upgraded nearly three-quarters of our broadband footprint to VDSL2 technology, increasing bandwidth to up to 42 megabits per second (Mbps), and deployed fibre to the home in certain areas. Broadband Internet access is also now available to over 97 per cent of the Canadian population over TELUS Mobility HSPA+ and LTE networks.

Providing accessible services for disabled subscribers is a key area of focus for TELUS. We are pleased to make telecommunications and broadcasting services as accessible as possible for customers with disabilities. In 2009, the CRTC issued [Accessibility of telecommunications and broadcasting services, Broadcasting and Telecom Regulatory Policy CRTC 2009-430](#), which outlined eight separate requirements and policies for telecommunications service providers and broadcasting distribution requirements with respect to accessibility. TELUS has fulfilled each of its requirements as a telecommunications service provider and broadcasting distribution undertaking from the CRTC's 2009 policy. These include the implementation of an IP-relay service to make telecommunications services more accessible for deaf, hard of hearing and speech impaired customers, conducting consultations with advocacy groups to determine which wireless handsets could assist to serve persons with disabilities and participation in a described video working group to increase the awareness and accessibility of video services that enhance accessibility of broadcasting distribution services for persons who are blind or have visual impairments.

TELUS has also dedicated significant amounts from its Deferral Account to improve accessibility for persons with disabilities. For example, TELUS recently used Deferral Account funding to deploy a video relay services trial in various communities in Alberta and British Columbia. Video relay services allow the deaf to communicate using sign language, which are transmitted via a videophone to a sign language interpreter, who then translates the



conversation to a hearing person. TELUS' trial was the first of its kind in Canada. At the conclusion of this trial, TELUS submitted in March 2012 a comprehensive report to the CRTC, so that it could make determinations on whether video relay services could be implemented across the country. TELUS has also requested that the CRTC approve Deferral Account funding, so that the Company could implement projects to make its websites more accessible, based on the findings of an audit of TELUS' websites conducted by the Canadian Institute for the Blind. This request is still pending and awaiting determination by the CRTC.

The CRTC has [indicated](#) that it will be reviewing telecommunications accessibility issues, including video relay service and accessibility of mobile wireless handsets in the near future.

Read further about [accessibility at TELUS](#).

U.S. and international regulatory issues

TELUS is responsible for ensuring all of its non-Canadian operations comply with the regulatory laws and requirements in foreign jurisdictions. We are responsible for completing initial research into the general regulatory requirements, fees, and compliance obligations for doing business in foreign jurisdictions. We also collaborate internally to obtain and maintain required foreign authorizations. In addition, as required, we engage with outside counsel who assist with any guidance to ensure TELUS completes ongoing regulatory compliance obligations.



Impact of telecommunications services on Canadians

TELUS publishes a [blog](#) with respect to regulatory issues so that our customers understand the issues and how TELUS is acting on their behalf to support our objective of putting customers first. This is another example of how our team engages with stakeholders using social media to help us understand what is important to them and to inform them of our actions to benefit our customers, team members, investors and Canadian consumers.

TELUS makes customer's safety a key priority when it comes to telecommunications services. This includes education with respect to critical issues such as online child safety as well as preparing business continuity and disaster response plans for our operations and helping the communities we serve stay connected in the event of an emergency.

Learn more about [TELUS' plans for customer safety](#).



Team member support



Team member support

Our culture and values

We put you first

At TELUS, our high-performing team is the foundation of our business, powering our success as a leading telecommunications company. We are dedicated to innovation and putting our customers first by helping people stay connected by phone, Internet and television services; leveraging technology to tackle challenges facing our healthcare system; and helping businesses and organizations optimize their operations.

Our culture and ability to deliver on our brand promise – the future is friendly® – is anchored in our enduring TELUS values. We:

- Embrace change and initiate opportunity
- Have a passion for growth
- Believe in spirited teamwork
- Have the courage to innovate.

Our leadership culture is further supported by 10 Effective Leadership Techniques. These techniques ensure our leaders are focused on our team members' experience and are effectively nurturing, encouraging and enabling their teams to do their very best. We understand that as an engaged, collective team we are better positioned to deliver on our goals.

Our 2012 Pulsecheck engagement survey results showed a 10 percentage point increase in our team's engagement to 80 per cent. Independent survey administrator, [Aon Hewitt](#), ranked our results as industry leading in 2012 and confirmed that amongst all large employers – those with 15,000 or more employees – our engagement score is the highest in Canada and in the top one per cent globally.

We attribute part of our engagement success to our reliance on the TELUS values throughout the team member lifecycle. Our values are applied to:

- Hiring people who are a good fit with our culture
- Evaluating, recognizing and rewarding performance
- Strategically promoting team members.

As an engaged,
collective team
we are better
positioned
to deliver on
our goals.



Who we are

Our team strives to be a strong, collaborative network of diverse and skilled team members who collectively drive results and innovation to make a difference for our team and our communities.

Demographics by residence

Group ¹	Alberta	British Columbia	Ontario	Quebec	Other	Total
TELUS domestic ²	A 6,255	A 8,206	A 7,594	A 5,539	A 490	28,084
TELUS International ³	-	-	-	-	A 13,994	13,994
Total	6,255	8,206	7,594	5,539	14,484	A 42,078

1 As of December 31, 2012.

2 For Domestic, Other includes Manitoba (104), Saskatchewan (125), New Brunswick (86), Nova Scotia (124) and Newfoundland & Labrador (51).

3 For International, Other includes the regions of Asia Pacific: Australia (4), Philippines (5943); Europe: Bulgaria (620), Romania (221), United Kingdom (16); Central America and the Caribbean: Barbados (1), El Salvador (2659), Guatemala (4144), Jamaica (9), and Saint Lucia (2); and the United States (375).

A Assured

Demographics by team member type

Team member type ¹	Alberta	British Columbia	Ontario	Quebec	Other	Total
Regular (domestic) ²	6,170	7,914	7,526	5,324	483	A 27,417
Temporary (domestic) ³	85	292	68	215	7	A 667
Regular (International) ⁴	-	-	-	-	13,964	A 13,964
Temporary (International) ⁵	-	-	-	-	30	A 30
Total	6,255	8,206	7,594	5,539	14,484	A 42,078

1 As of December 31, 2012.

2 For Regular (Domestic), Other includes Manitoba (102), Saskatchewan (122), New Brunswick (85), Nova Scotia (123) and Newfoundland and Labrador (51).

3 For Temporary (Domestic), Other includes Manitoba (2), Saskatchewan (3), New Brunswick (1), Nova Scotia (1) and Newfoundland and Labrador (0).

4 For Regular (International), Other includes the regions of Asia Pacific: Australia (4), Philippines (5,943); Europe: Bulgaria (620), Romania (221), the United Kingdom (16); Central America and the Caribbean: Barbados (1), El Salvador (2,657), Guatemala (4,116), Jamaica (9), and Saint Lucia (2); and North America: the United States (375).

5 For Temporary (International), Other includes the regions of Central America: El Salvador (2) and Guatemala (28).

A Assured

Team members by generation

Group ¹	Silent generation (1925–1945)	Baby boomers (1946–1964)	Generation X (1965–1979)	Millennials (1980–2000)	Total
TELUS domestic	A 29	A 7,595	A 10,846	A 9,614	28,084
TELUS International	A 5	A 323	A 2,567	A 11,099	13,994
Total	34	7,918	13,413	20,713	A 42,078

1 As of December 31, 2012.

A Assured

Team members covered by a collective agreement

Group ¹	Team members covered by a collective agreement	Total team members	% covered by a collective agreement
TELUS domestic	12,579	28,084	A 45%
TELUS International	0	13,994	A 0%
Total	12,579	42,078	30%

1 As of December 31, 2012.

A Assured



Team members by union affiliation

Union	# of team members
Telecommunications Workers Union	10,987
Syndicat Québécois des Employés de TELUS	906
Syndicat des agents de maîtrise de TELUS	625
B.C. Government and Service Employees' Union	61
Total	12,579

Working at TELUS

Recruitment

TELUS' hiring processes focus on delivering a future friendly® candidate experience through a rigorous and standardized hiring process. We use various tools, resources and interviews to actively source and select qualified candidates that are the right fit for our culture and values.

We are committed to ensuring we draw from a diverse candidate pool that reflects our customers and the communities we serve. TELUS International's policy for senior roles is to hire candidates from within the local TELUS International team or candidates from the local market wherever we operate.

Welcome to TELUS

At TELUS, we believe that creating an engaging and impactful culture is the responsibility of all our 42,000 team members. We offer a variety of tools to help new team members easily integrate into the organization including a step-by-step guide, a wiki and an orientation session called Welcome to TELUS. Each of these tools provides a comprehensive overview of our history, strategy, tools, culture and performance expectations, including an introduction to the [TELUS values](#), TELUS Leadership Philosophy and our Customers First priority.

Diversity and inclusiveness

We believe that team members feel more engaged in a workplace that embraces them for who they are can result in improved business results and shareholder returns. Our diverse and inclusive culture helps our company make significant advancements in respect to customer experience and attracting and retaining the best talent. Indeed, diversity helps us to be a more authentic reflection of our customers and the communities where we live, work and serve.



In 2012, for the fourth consecutive year, TELUS was named one of [Canada's Best Diversity Employers](#) in an annual ranking that recognizes the nation's leaders in creating diverse and inclusive workplaces. For the second year in a row TELUS was named one of the [Best Employers for New Canadians](#) in an annual ranking that recognizes the nation's leaders in assisting recent immigrants making the transition to a new workplace. Learn why TELUS was selected in our 2012 TELUS Diversity and Inclusiveness Report.



To learn more about diversity and inclusiveness, watch [What Diversity and Inclusiveness Means to Us](#).

In Canada, TELUS is legislated by the federal Employment Equity Act. The purpose of this Act is to eliminate workplace barriers related to four designated groups – women, members of visible minorities, Aboriginal peoples and persons with disabilities. Our goal is to have a workforce that mirrors the diversity of Canada's workforce but also to nourish one that ensures equal opportunity for all.

Workforce profile of domestic team members¹

(%)	Canadian workforce availability ²	Canadian workforce representation for telecommunications ³	TELUS 2011 actual ⁴	TELUS 2010 actual ⁴	TELUS 2009 actual ⁴
Women	42.9	39.3	A 37.5	37.5	37.5
Members of visible minorities	21.1	18.1	A 15	16	16.2
Aboriginal peoples	1.7	1.4	A 1.4	1.6	1.6
Persons with disabilities	4.6	1.9	A 2.7	3.0	3.1

- 1 Based on data collected for reporting under the federal Employment Equity Act. Figures for 2012 for TELUS are not available until July 2013.
 - 2 Canadian workforce availability refers to the percentage of the designated group (i.e. women, members of visible minorities, Aboriginal peoples, and persons with disabilities) in the Canadian workforce who have the skills necessary to fill positions at TELUS. Based on 2006 Census data, this is the most current information available.
 - 3 Most recent data available. Canadian workforce actual representation for telecommunications carriers refers to the percentage of the designated group (i.e. women, members of visible minorities, Aboriginal peoples and persons with disabilities) who are employed in telecommunications in Canada, as reported in the 2010 federal Employment Equity Act annual report.
 - 4 TELUS actual refers to the percentage of the designated group (i.e. women, members of visible minorities, Aboriginal peoples and persons with disabilities) who are employed at TELUS, which are calculated based on the voluntary completion of a survey and may not be representative of the actual percentage of the TELUS workforce.
- A Assured

Two factors impact the overall representation of designated groups. These two factors are response rates to our employment equity survey and our continued focus on operational efficiency. We continue to partner with our recruitment team and our Diversity and Inclusiveness council to explore avenues that will assist in promoting the completion of our Employment Equity survey to positively impact our designated group representation rates.

Workforce profile of international team members

(%)	2012	2011	2010
Women	48.7	44.8	47.3
Men	51.3	55.2	52.7



We are pursuing initiatives and process improvements that further workplace inclusiveness. Our goals in 2013 are to:

- Increase membership and participation in all of our [Team Member Resource Groups](#)
- Launch two new Team Member Resource Groups
- Partner with various business units to further embed diversity and inclusiveness into our business practices
- Have a workforce that mirrors the diversity of Canada's workforce and a workplace that is inclusive of all team members
- Increase the importance of self-identification through our Employment Equity Survey for new team members.

Total rewards

At TELUS, team members benefit from a flexible and diverse rewards package that spans salary and profit sharing to flexible benefits, retirement and share purchase programs, as well as discounts on products and services. Team members value the traditional components of this package, as well as the more innovative elements such as access to a personal assistant, health and wellness programs, future friendly® workplaces and a life balance account.

Compensation

TELUS' compensation philosophy is to balance market-based pay with pay for performance. Team member compensation consists of a fixed (base salary) and a variable (performance bonus and/or sales incentive) component. High performers are targeted to be compensated above the median of the external competitive market of organizations where we compete for talent; placing them at or above the 75th percentile.

Terms and conditions (including wages) for all team members covered by a collective agreement are negotiated between the parties.

TELUS' average entry-level wage in Canada is above the median of minimum wages by 28 per cent. The base wages received by TELUS International Philippines team members are more than 35 per cent higher than the Philippines National Capital Region Minimum Wage and this range increases in line with team members' level of contact centre experience. TELUS International Philippines also provides supplementary income to team members who have certain technical and language skills and grants various allowances for meals and transportation. In Central America, a role as a call centre agent often pays twice what an administrative role at a bank would pay.

In 2013, we will continue to encourage team member feedback on our pay practices through our annual team member survey, benchmark against organizations where we compete for talent and manage our costs to ensure

Team members benefit from a flexible and diverse rewards package

TELUS' average entry-level wage in Canada is above the median of minimum wages by

28%



we provide a compensation package that recognizes high performance and high-potential team members.

Benefits

The needs of our team members and their families are unique and may change over time. We provide competitive, comprehensive and flexible benefits packages for most permanent team members. This allows team members to customize a plan to suit their diverse personal and family situations.

While benefits are not provided to temporary team members, most do receive a company contribution toward health and dental costs.

To ensure we consider the needs of our team we collect feedback from team members through surveys and information sessions. In 2013, we continue to encourage and support the health of our team through the promotion of healthy living options and by providing innovative, cost-effective plans. We continue to partner with TELUS Health by leveraging their innovation and technology and providing them with plan sponsor experience.

In 2012, the total cost of pay and benefits increased as a result of our annual compensation programs and a larger workforce.

Total pay and benefits

(\$ millions)	2012	2011	2010
Total pay and benefits ¹	\$2,474	\$2,258	\$2,205

1 After transition to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company's date of transition to IFRS-IASB was January 1, 2010, and its date of adoption was January 1, 2011.

Retirement and savings plans

TELUS is committed to helping team members save for their retirement and does so through a variety of methods. These include defined benefit or defined contribution pensions with matching options, the opportunity to participate in a voluntary group RRSP, as well as education sessions and materials supporting the importance of retirement planning.

Team members are also able to purchase TELUS shares through regular payroll deductions. This flexible savings plan allows team members 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). More than 20,000 team members participate in the Employee Share Purchase Plan, controlling almost eight million shares and ranking as our sixth largest common shareholder.



Wellness

A strong and healthy team is a crucial component to delivering the best products and services to our customers. Our wellness strategy supports a holistic approach to overall health and well-being of team members by investing in our Healthy Living programs and offerings for mind and body. Team members have access to online resources, facilities, practitioners, clinics and various programs to support them on their health journey.

In 2012, our wellness reach rate, which is the number of team members participating in wellness programs, was 80 per cent. This surpassed our 2011 wellness reach rate by nine per cent. This growth is largely due to an increased communication and focus on online programs and challenges, as well as community fitness centre discounts programs, in support of our team members working in a mobile capacity.

TELUS International offers team members access to health and wellness clinics, onsite fitness facilities including exercise classes and personal trainers, as well as flu and illness prevention programs. TELUS International Philippines also offers free over-the-counter medication and access twice a week to onsite doctors and medical professionals for team members and their families.

The Wellness team continues to educate and inform team members about how they can proactively manage their health and well-being with a continued focus on mental health. As we increase participation in our Work Styles program, we will continue to shift our program offerings to offsite and virtual options. As well, to increase engagement, we are using various communication methods including internal social media tools.

Flexible work

The diversity of jobs and positions within TELUS means there are a variety of working arrangements designed to enable our team members to deliver the best to our customers. Whether they work in one of our offices, on the road, in stores, call centres or other locations, flexible scheduling is available based on business operations.

Work Styles

Work Styles at TELUS is a corporate program designed to create value for team members and our company. It provides mobility and flexibility; allowing team members to work when and where they are most effective while achieving their personal work/life flexibility goals.

Program benefits include:

- Helping leaders and team members adopt a flexible work environment that enhances team member engagement and productivity
- Differentiating TELUS for both retention and attraction of top talent





- Supporting the reduction of floor space resulting in significant real estate cost savings
- Reducing our environmental impact from greenhouse gas emissions through fewer real estate holdings.

TELUS team member reduced emissions and savings

Participants ¹	Total km saved ²	Total hours saved ³	CO2 reduced (kg) ⁴
6,098	38,000,000	750,000	9,100

1 New for 2012 - assumes mobile team members work two days/week at home and at home workers five days/week.
 2 Kilometres (km) - average 44 km round trip (Environment Canada standard).
 3 Hours saved - based on one hour per day (Environment Canada standard).
 4 CO₂ reduced - based on average mid-size car fuel efficiency and Environment Canada emission factors.

As our workforce continues to evolve through our Work Styles program, we remain focused on the engagement of our all of our team members. We pay particular attention to ensuring that team members working in a mobile or at-home work style remain as engaged as those working in our offices. In 2012, team members working in a mobile capacity had a two per cent higher engagement score than resident workers.

In collaboration with our Enterprise sales team, we have shared the learning gained through our internal Work Styles program with our business customers – providing thought leadership in an ever changing work environment.

Work Styles adoption rate

(%)	2012	2011	2010
Team members in a mobile work style	47	35	n/a

By 2015, TELUS aims to have 70 per cent of team members located in our top 14 buildings working in a mobile or at-home capacity. Additionally, TELUS continues to share our journey and lessons with our customers to help them advance their own mobile work plans.

To learn more about our Work Styles program, watch [Workstyles at TELUS](#).



Performance development

We believe that our success in business is determined by our collective focus and alignment to our corporate priorities. We are guided by the firm belief that how we work is just as important as what we achieve. By way of example, half of our performance review is based on what we have accomplished; the other half is calculated with respect to how we work and have demonstrated the values while working to achieve our objectives.

All TELUS team members are involved in formal performance and career development conversations annually, and for many, several times each year. Our performance review forms the basis of the performance bonus for the year. Leaders are encouraged to meet with their team members on a regular, even monthly basis to assess performance and support development.

Effectively managing the performance of our team members positively impacts their overall engagement as it showcases TELUS' commitment to helping them be successful in their role and achieving corporate and individual goals. We believe the investment and commitment of our leaders on our team members' performance positively contributed to the significantly increased engagement of our team in 2012 and 2011.

Year-over-year performance results from Pulsecheck

(%)	2012	2011	2010
Team members that feel performance development helps them meet their goals – TELUS domestic	74	66	53
Team members that feel performance development helps them meet their goals – TELUS International	68	64	69

The goal for 2013 and beyond is to continue to support and guide leaders in providing meaningful performance development for team members through 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.





Learning and collaboration

Team members are encouraged to take charge of their professional and personal development. Through various learning and collaboration opportunities, team members can develop skills in their current role to position them for both lateral and promotional opportunities. Team members have access to leading-edge and traditional methods of learning to help them develop, share knowledge and build connections.

In 2012, we continued to invest in our learning and development programming to ensure that team members have the tools available to help them grow their career. Evidence that this support and commitment is felt by our team members is reflected in our improving Pulsecheck survey and return on learning results.

Year-over-year learning investment

(\$ millions)	2012	2011	2010
TELUS domestic	A 19.0	20.4	17.0

A Assured

Year-over-year learning and career development results from Pulsecheck

(%)	2012	2011	2010
Team members that are satisfied with the learning and development support they receive – TELUS domestic	76	70	59
Team members that are satisfied with the learning and development support they receive – TELUS International	76	73	76
Team members that are satisfied with the career development opportunities available to them – TELUS domestic	68	60	47
Team members that are satisfied with the career development opportunities available to them – TELUS International	64	59	63

Return on learning¹

(%)	2012	2011	2010
Team members that feel the learning opportunities helped their performance on the job	74	69	63

¹ Calculated through an online survey distributed to 8,000 random TELUS team members on a quarterly basis.

In 2012, the [American Society for Training and Development](#) designated TELUS as one of the top organizations worldwide for employee learning and development. TELUS is the only telecommunications company and the only company in Canada to have received this award seven times. As well, TELUS was recognized by [Brandon Hall](#) a leading organizational performance research organization, as a leader in innovation and received the Gold award for Best in Learning Strategy and Governance.



TELUS Leadership Philosophy

TELUS believes strongly in fostering a culture of leadership within our company. We see everyone as a leader and expect each team member to think, act and feel like a business owner. We also support team members in making and implementing decisions in a fair and collaborative manner.

In supporting our philosophy, we offer a variety of learning opportunities that help shape and define leadership at TELUS. This includes specialized leadership programs for high-potential team members, coaching and leadership courses for new leaders, and courses aimed at improving communication for all team members.

Our focus on developing and updating new TELUS Leadership Philosophy programs in 2012 will continue into 2013, with the re-launch of two core programs that focus on leaders and high-potential leaders.

To learn more about the TELUS Leadership Philosophy, watch [TELUS Leadership Values](#).

Leadership and frontline forums

Each year, we hold regional and international leadership forums where leaders engage in spirited discussions around how we can collectively create a team member experience that helps us deliver on our goal of putting customers first in every aspect of our business, while developing strategies specific to our regional areas. The focus in 2012 was on our Effective Leadership Techniques and this year we reached over 1,800 leaders through these forums.

We also launched the TELUS International Frontline Leadership Development program. This innovative learning opportunity allows top-performing frontline team members to learn new leadership skills, with the goal of moving into a management role in the future. Dozens of team members participated this year, 13 of whom moved into more senior roles.

Additionally, frontline forums are held across Canada, hosted by members of our executive team. These full-day sessions provide our frontline team members with the unique opportunity to ask our executive team questions on all aspects of our company, as well as make direct recommendations on how we can improve work processes and the customer experience.

The focus for leadership and frontline forums in 2013 will be to further strengthen the effectiveness of our leadership teams across TELUS, enhance personal leadership competencies and motivate leaders to perform at the highest level.



Collaborative learning platform

Our approach allows individuals to learn what they need to know, when they need to know it, regardless of location. TELUS offers formal, informal and social learning approaches:

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

Notably, more than half of learning at TELUS happens informally. For a detailed look at our approach to learning, see the [Learning and Collaboration infographic](#).

To learn more about our innovative and collaborative learning technologies, watch [Collaboration at TELUS with Social Media](#).

In 2012, TELUS International launched T-Learning to team members in the Philippines, Central America and the United States. This centralized learning management tool enables team members to develop skills consistently across the company and ensures collaborative work across regions and programs.

T-Life is an internal, online, social collaboration platform available in Central America and the United States. Team members can create their own profiles, add photos and videos, collaborate with their colleagues, swap shifts, read news or even buy and sell items.

In 2013, we will continue to expand the use of leading-edge technology in our learning offerings such as our virtual world environment, TELUS Collaboration House, gaming and mobile learning initiatives.

Career development

To support team members in developing and growing their careers, we have created a Career Development Portal. This portal has three main areas:

- Career paths – job profiles and possible career paths
- Learning paths – development and collaboration opportunities
- Career guidance – information on how to create meaningful action plans to grow one's career.

Our operations at TELUS International Philippines (TIP) and TELUS International Central America (TICA) provide educational opportunities for team members through an innovative TELUS International University (TIU) program that helps



team members earn Bachelor and Masters Degrees while working. TIU provides tuition assistance through a subsidized program. Students have access to state-of-the-art library centres in TELUS buildings and university professors onsite. TIP exceeded its target in 2012 by enrolling 327 team members in TIU and also expanded course offerings through new partners [STI College](#) and [Berlitz](#). TICA saw 30 people graduate from the Master of Business Administration program and 78 from Bachelors programs.

Recognition

We place significant emphasis on recognition within our organization, as it directly contributes to the engagement of our team members. We offer programs to recognize our diverse team member base for their contributions toward the advancement of our corporate strategy and priorities. We demonstrate our appreciation for our team by recognizing constructive behaviours in addition to outcomes.

Recognition continues to be a main driver of overall engagement at TELUS and we continue to utilize the feedback provided in our annual Pulsecheck survey to ensure that we are providing the types of recognition team members appreciate.

Recognition spend

(\$ in millions)	2012	2011	2010
Annual recognition spend - TELUS domestic	▲ 8.8	9.8	7.9

▲ Assured

Year-over-year recognition results from Pulsecheck

(%)	2012	2011	2010
Team members that feel they are appropriately recognized – TELUS domestic	73	67	55
Team members that feel they are appropriately recognized – TELUS International	63	58	66

Our primary method of recognizing team members, in addition to a heartfelt personal 'thank you', is our Bravo rewards program, a corporate recognition application built by us. Bravo is guided by our TELUS values and allows all team members to send and receive formal and informal recognition to a colleague in the form of e-cards, gifts, gift cards as well as points that can be redeemed for online catalogue items or directed to a charity of their choice through [CanadaHelps](#).

Through Bravo we also recognize team members every five years on their career milestones with a gift of points and a tree planted by Tree Canada. Since 2008, a total of 13,345 trees have been planted in Canada in celebration of team member career milestones.

Bravo!



Year-over-year Bravo recognition

	2012	2011	2010
Bravo e.cards sent (#)	32,653	34,155	28,961
Bravo points sent (#)	35,228,200	34,627,450	28,545,500
Value of points sent (\$ in millions)	\$5.3	\$5.2	\$4.3

In addition to Bravo, we have seven formal corporate award programs that reward team members who have lived our values and made significant contributions to our organization. In 2012, more than 900 individuals were recognized through these programs.

- Customers First Champions Award – recognizes customer-facing team members who consistently go above and beyond in delivering an exceptional customer experience
- Passion for Growth Award – recognizes team members for significant and measurable achievements impacting our business, our customers and our team
- Legends Award – recognizes team members who have made a significant contribution to our communities and to the success of our company over a period of 20 or more years
- Own.it awards – recognizes team members who demonstrate a commitment to collaboration and quality in order to deliver on our future friendly® brand promise
- Presidents Club awards – celebrates top performing sales team members who showcase a passion for growth and spirited teamwork
- CHLOE awards (Connections Honours Leaders of Excellence) – celebrates the achievements of women inside and outside the organization and men who are allies
- CEO Commemorative Coin – recognizes memorable accomplishments; coins are presented as a personal symbol of appreciation from the CEO.

In addition to Bravo, career milestones and our corporate award programs, there are numerous other recognition programs spanning teams across the company. Everything from formal recognition programs to simple notes of appreciation are intended to let team members know we are grateful for their unwavering support of our organization by living the TELUS values and putting customers first.

TELUS International offers a variety of formal recognition programs, as well as on-the-spot personal recognition, to reward team members who have provided exceptional customer service, exceeded sales targets, and exhibited team work and product mastery. Some highlights include:

- The Rock Hall of Fame is a peer recognition program where high-performing frontline agents receive an award, gift and public recognition
- VIP Heroes rewards the top 10 per cent of performers (as determined by specific metrics) with a month of “VIP” treatment including snacks and choice workstations.



In 2013, we are continuing to refine our existing programs, reference materials and communications and support team members and leaders in strengthening a culture of recognition throughout the organization. We continue to request feedback from stakeholders at all levels, setting targets and metrics that support our strategy, and providing training and support for leaders and team members.

Engagement

We recognize that our team members are the centre of our company and their experience within our organization is irrefutably tied to our business success. Our annual engagement survey, Pulsecheck, is an important tool to help us gather, review and address team member feedback. Team members are then involved in creating and implementing action plans to address our biggest areas of opportunity. As a result of our team's feedback, we have improved work processes, enhanced and introduced new recognition programs, increased transparency around our compensation strategy, strengthened our performance development process and increased communication around career development opportunities.

These improvements are resonating with our team members as evidenced by our increased engagement scores which exceeded our target by four per cent domestically and one per cent for TELUS International.

Year-over-year engagement results from Pulsecheck

(%)	2012	2011	2010 ¹
Overall engagement – TELUS domestic	▲ 80	70	57
Overall engagement – TELUS International	71 ²	67	74 ¹

1 2010 results are prior to Central America joining TELUS International.

2 2012 TELUS International results are combined (▲ 77% Central America, ▲ 65% Philippines) as we will report these results on a combined basis moving forward.

▲ Assured

The 2012 survey results include improvements in critical areas influencing engagement, referred to as engagement drivers.

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

(%)	2012 (n = 23,824)	2011 (n = 21,430)	2010 (n = 20,242)
Work processes	60	49	41
Career opportunities	68	60	47
Performance development	74	66	53
Compensation	47	39	30
Recognition	73	67	55

80%

Engagement



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

(%)	2012 (n = 8,378)	2011 (n = 8,481)	2010 ¹ (n = 4,841)
Work processes	62	58	66
Career opportunities	64	59	63
Performance development	68	64	69
Recognition	63	58	66

1 2010 results are prior to Central America joining TELUS International.

When analyzed further, our engagement scores show that team members regardless of role, work style, business unit or gender, are highly engaged.

Comparison of TELUS domestic engagement scores for various demographics

(%)	2012
Team members covered by a collective agreement	78
Management Professional team members	80
Resident (office) workers	80
Mobile workers	82
Men	80
Women	80
Highest business unit score	88
Lowest business unit score	78

As scores rise, the importance of maintaining a high level of engagement includes focusing on the drivers that have the highest potential to negatively affect engagement. Since 2011, corporate social responsibility has been a high impact driver for sustaining engagement.

In addition to Pulsecheck, we collect feedback from our team members at various stages of their career – as a new hire, after 100 days and as they exit the organization. We have aligned these three surveys with Pulsecheck to provide us with a view of team members’ experiences as they move through their career at TELUS. By measuring specific aspects of a team member’s experience we are able to identify opportunities for improvement.

Building on the momentum gained since 2011, we are continuing our emphasis on the critical areas influencing engagement – work process, career opportunities, performance development, compensation and recognition. We will focus on moving those in the nearly engaged category to the engaged category in both Canada and TELUS International; and on developing business unit specific action plans for each critical area. In Canada, our 2013 target for engagement is a three per cent increase to 83 per cent, while for TELUS International it is a three per cent increase to 74.

Team members regardless of role, work style, business unit or gender, are highly engaged.



Safety and absenteeism

We continually monitor the effectiveness of the safety management system at both the workplace and corporate levels and investigate all reported health and safety complaints and accidents to ensure emerging safety issues are addressed. Safety performance results are reported every quarter to the Human Resources and Compensation Committee of [TELUS' Board of Directors](#).

We train team members to identify and manage their workplace hazards and set performance targets for hazard control programs. We aim to ensure every team member is represented by a joint health and safety committee or a health and safety representative. We have more than 80 Health and Safety Committees and representatives across Canada. TELUS has had no work-related deaths in the past sixteen years.

Our target of 0.77 Lost Time Accidents (LTA) per 200,000 hours worked was missed. Our 2012 results increased by one per cent from 0.77 to 0.78 LTA per 200,000 hours worked. This result still compares favourably to the three-year (2009-2001) U.S. Telecommunications Industry Average of 1.1 LTA per 200,000 hours worked. Our goal for 2013 is to continue to reduce the number of accidents and injuries and maintain or better our past ratio of 0.77 LTA.

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

	2012	2011	2010
TELUS actual	0.78 ²	0.77 ³	0.89
TELUS annual target	0.77 ³	0.82	0.82

- 1 Data presented is for TELUS Canadian team members tracked in primary Human Resources Management system.
- 2 Data from TELUS' records as of April 16, 2013.
- 3 2011 score and 2012 target has been adjusted since our 2011 Corporate Social Responsibility Report from 0.74 to 0.77 based on the 2012 fourth quarter report to the HR and Compensation Committee of the Board of Directors which included revised numbers of closed accident claims.

Assured

In 2012, the TELUS absenteeism rate (which includes paid and unpaid time off work due to personal illness or work-related injury) again decreased to 6.7 days per full-time equivalent position. Our absenteeism rates are well below the 2011 average for Canadian organizations with more than 500 employees.

Absenteeism rates

Year	TELUS absenteeism per full-time employee	Average Canadian rates		
		For full-time employee ¹	For organizations with > 500 employees ¹	For unionized organizations ¹
2010	7.6	7.4	9.2	10.9
2011	7.2	7.7	9.3	11.3
2012	6.7	not available at time of publishing	not available at time of publishing	not available at time of publishing

1 Statistics Canada absenteeism rates.

Assured



In 2013, we will build on the positive momentum of our declining absenteeism rates by providing additional training on our attendance management process for all leaders. In addition, our continued focus on health and wellness will help team members and leaders proactively address absenteeism.

Voluntary turnover

Our voluntary turnover rate for all domestic team members was 7.3 per cent in 2012 compared to 8.6 per cent the previous year. We attribute this decrease to how engaged and connected team members are to our organization, values and culture.

Year-over-year voluntary turnover rate

(%)	2012	2011	2010
Voluntary turnover rate	▲ 7.3	8.6	7.6

▲ Assured

In 2013, we expect a similar voluntary turnover rate as 2012 due to continued competition for talent.



Supply chain sustainability





Supply chain sustainability

TELUS' procurement strategy aims to improve value for money for all external goods, products and services purchased while working to maintain or improve our service, quality and delivery for our customers. Additionally, we strive to ensure that our external business partner community reflects the values and corporate social responsibility standards that TELUS lives by.

Supplier code of conduct

Our business relies on thousands of suppliers of varying sizes from across Canada and around the world. Stakeholders expect that leading corporate citizens address supply chain sustainability. In early 2012, we implemented our [Supplier Code of Conduct](#) and [Supplier Diversity](#) programs to advance our commitment to adhere to environmental and social responsibility standards.

Our Supplier Code of Conduct is based upon generally accepted standards of ethical business conduct and draws upon internationally recognized standards. This code strengthens our adherence to the Ten Principles of the [United Nations Global Compact](#) which TELUS signed in 2010.

Our Supplier Diversity program aims to improve customer experience by taking proactive steps to provide equal access to a supply base that reflects the diversity of the communities in which we live, work and serve. We commit to providing thought leadership in the policy development and growth of supplier diversity in Canada through Board representation with the [Canadian Aboriginal and Minority Supplier Council](#) and [WEConnect](#).

Our internal procurement and supply chain management operations are directed by several guidelines, procedures and policies that govern the purchase of all external goods and services. Included are TELUS' procurement policy, our signing authority policy and [TELUS' Ethics Policy](#).

Responsible growth

You asked us to make our business better.

At TELUS, we pursue strategic alliances with companies that complement our core skills and provide innovative next-generation solutions that put customers first. These alliances create partnerships with formalized long-term agreements, multiple cross-enterprise initiatives, very tight linkages to our strategic direction, supplier relationships beyond TELUS' core competencies and include shared risk and benefits to be realized.

When rating potential alliances we examine five areas of focus:

- **Strategic fit:** is there alignment to our [strategy](#)?
- **Commercial fit:** can the alliance create sustainable financial value?
- **Technical fit:** can the products or services be easily defined in terms of scope and benefit?
- **Cultural fit:** can all parties agree to the collaboration/ decision-making process?
- **Contractual fit:** can all parties agree to legal terms and assignment of liability?

The benefits of being in a strategic alliance include one or more of the following:

- Ability to deliver technological advantages
- Access to new revenue
- Cost-effectiveness of solutions
- Operational efficiency
- Reciprocity of spend and new opportunities
- Participation in our reciprocal partner scorecard process.

Currently, TELUS has strategic alliances with companies such as Accenture, Avaya, Cisco, Microsoft and Ericsson. For details, read [Current Alliances](#).

Supply chain management

You asked us to buy responsibly.

TELUS is taking initiative to better understand the sustainability practices of our suppliers and ensuring we include sustainability criteria when making our purchasing decisions. In 2012, these criteria were reviewed and updated to ensure alignment with our corporate strategies and current industry best practice.



In 2013, we will continue to incorporate sustainability into our supply chain management. Our objective is to gain a better understanding of the risks within our supply chain and work with our external business partners to mitigate identified risks. In 2012, we began work on creating a risk assessment framework that includes establishing criteria to assess the level of risk our suppliers carry. In 2013, our target is to complete a risk assessment of our top 100 critical suppliers and follow up within 90 days with those identified as high risk. This follow up will include sharing risk mitigation expectations with our partners and identification of areas in which TELUS may be able to offer training to help remedy any identified risk.

Conflict materials

The [U.S. 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. We are a signatory of the UN Global Compact and, as such, are committed to preventing human rights abuses that could result from our operations.

New SEC reporting requirements for conflict minerals, mandated by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, come into effect for us with our 2013 annual report. We have participated in industry discussions on this matter and support the overall intent of Dodd-Frank Section 1502 to address human rights violations in these countries. We are assessing our obligations under this act and expect to comply with the regulations in a manner consistent with industry peers.

TELUS animal advertising code of conduct

TELUS believes the health and safety of animals is paramount and that they deserve to be treated with respect and care. Using nature and animals in our advertising makes it more friendly, likeable and approachable and has universal appeal across diverse audiences. Metaphors from nature and animals can make a complex story simple and memorable. Animal welfare is deeply important to TELUS and its team members. To that end, we have a comprehensive code of conduct that is followed any time we film or photograph animals.



The code of conduct explains that TELUS only does business with reputable owners, handlers and accredited zoos and sanctuaries when filming or photographing animals for its advertisements. Additionally, TELUS ensures expert animal caregivers are onsite. Furthermore, TELUS requires a professional animal advocacy representative to attend and oversee the ethical treatment of the animals at all times, as well as write and submit a report to ensure they were satisfied with all aspects of the advertising production.

The code of conduct contains policies for animal selection, pre-production and filming processes including consulting the [International Union for the Conservation of Nature and Natural Resources](#) status prior to considering any species.

TELUS actively supports charities working in the interest of animals and nature. Since 2000, we have donated more than \$5.9 million to support the important work of the [Society for the Prevention of Cruelty to Animals](#), [World Wildlife Fund](#), the [Nature Conservancy of Canada](#), [Humane Society](#) and [Tree Canada](#).



Community investment



Community investment

Doing good in your community

You think giving is important. We agree.

Our community investment program is an important part of the promise we've been making for the last 12 years – the future is friendly®. To keep this promise, we assist the communities where we live, work and serve to be healthy, vibrant and ready for the future. This is exemplified in our philosophy to give where we live, and demonstrated through our community investment strategy to educate and empower youth, improve their quality of life and help them reach their full potential. We are creating a legacy of giving based on innovation, supporting youth through technology and through our programs that engage the TELUS team, retirees and the broader communities in which we operate. This is demonstrated by:

- Using our expertise in technology to help build stronger and healthier communities
- Creating long-term partnerships with organizations at the local and national level
- Providing grants to grassroots organizations in Canada and internationally
- Investing in our cause marketing programs – a platform that is mutually beneficial to the charities we support and to our business
- Our team members and retirees who directly support charities and community-based organizations that have a direct impact on their local communities
- Financially supporting charities in a way that has impact to the community and sustains our business.

In 2012, we accomplished a great deal. We:

- Supported projects that focused on youth and showcased innovation
- Continued to advance our community investment strategy by offering our customers product and service options that resulted in a direct benefit to local charities
- Partnered with organizations committed to the advancement of medical research, disease prevention and quality healthcare for all Canadians
- Connected our team members and retirees with charities they are passionate about and that need resource assistance
- Increased the engagement of our team members and retirees through volunteer and giving programs



- Supported grassroots sports and their programs to promote healthy habits for youth
- Partnered with social enterprises to foster social and for-profit entrepreneurship
- Ran cause marketing campaigns – TV for Good® and Phones for Good® – that contributed \$3.8 million to 41 community projects.

You want to know more about how we give.

In support of our community investment philosophy, our team puts our technology, time and financial resources to work building healthy communities and creating opportunities for young people to achieve their potential and give back. In 2012, we launched a campaign – [Empowering a generation of opportunity](#) – as part of our ongoing efforts to tell this story. This effort resulted from customer feedback about the importance of making the link between our community investment initiatives and the positive outcomes they help to create. The campaign included:

- Television advertising
- A customized website
- Social media outreach
- Additional communications support for charities profiled in our campaign.



We ask our stakeholders for input.

To ensure we give back to the community in a meaningful way, we regularly engage in conversations with our charitable partners, customers and community members. We do this by reaching out through multiple social media platforms, including Twitter, Facebook, Instagram, YouTube, as well as more established means like mail, phone calls, our celebrations of giving and Community Boards. On an annual basis, we interact with more than 2,300 charities, thousands of team members and hundreds of thousands of people in the community through our community marketing and outreach programs.

In 2013, we plan to deliver on all our programs with an enhanced focus on youth. This is supported through our commitments to:

- **Arts and culture:** we help create the next generation of audiences and performing artists, and foster accessibility to the arts for all
- **Health and well-being:** we support youth healthcare, research, and disease prevention
- **Environment:** we promote a cleaner, healthier environment
- **Education:** we empower youth learning, development and literacy
- **Sports:** we encourage physical activity, high performance, recreation, and accessibility for all.



Measuring our giving

At TELUS, understanding the full impact of our community investment program is critical to managing our finite resources. We use the [London Benchmarking Group's](#) methodology to measure our impact. For 2012, our community investment program 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 TELUS Day of Giving® section).

TELUS total giving

(\$ millions)	2012	2011	2010
Philanthropic investment	6.80	7.83	7.08
Social investment	18.97	22.93	22.06
Commercial initiatives	14.78	11.89	5.97
Value of employee giving ¹	3.43	3.54	3.48
Total	A 43.98	46.19	38.59

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

A Assured

Imagine Canada

We have been designated an [Imagine Canada Caring Company](#) since 1995. As one of the more than 100 Canadian companies with this designation, we give more than one per cent of our pre-tax profits to charitable organizations each year. In 2012, TELUS surpassed this goal and contributed 2.5 per cent of our pre-tax profits to charitable organizations. For 2013, we aim to once again surpass our contribution of two per cent of pre-tax profits to charitable and not-for-profit organizations.





How we give

TELUS Community Boards

We provide local funds for local causes.

[TELUS Community Boards](#) put philanthropic decision-making in the hands of local leaders who know their communities and can best determine how to make a positive difference. 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 2012, the 11 TELUS Community Boards across Canada contributed \$5.3 million to local charities supporting 466 projects. Additionally, our three international Community Boards – in Guatemala, El Salvador and the Philippines – contributed \$300,000 to local charities supporting 40 community projects.

To ensure that decision-making resides with those who know our communities best, the majority of Board members are external to TELUS. At the end of 2012, 62 per cent of Board members were external representatives.

TELUS Community Board funding by focus areas in 2012

(\$ in millions)	Total	Per cent of total Funding
Arts & Culture	\$ 1.18	21%
Health & Well-being	\$ 1.87	33%
Education & Sport	\$ 2.59	46%
Total	\$ 5.64	100%

In 2013, TELUS plans to maintain our support for Community Boards to provide funding to charitable organizations that help educate and empower youth to improve their quality of life and reach their full potential.

Humanitarian relief

We are deeply committed to [lending a hand](#) to communities in crisis, at home and around the world. We provide aid to registered Canadian charities in a variety of ways, including matching TELUS team member donations, activating text-to-donate capabilities and providing gifts in kind such as mobile devices.

In 2012, TELUS supported Philippines disaster relief following Typhoon Saola with the launch of a text-to-donate campaign in partnership with the Canadian Red Cross. We also supported team members in the area with free transportation, temporary shelter, free meals for their families and pay advances to help with emergency expenses.

Rimouski
Thompson Okanagan
El Salvador
Toronto
Victoria
Ottawa
Atlantic Canada
Montreal
Calgary
Vancouver
Quebec City
Philippines
Guatemala

To increase our ability to mobilize when disaster strikes at home, TELUS has expanded our partnership with the Canadian Red Cross and will implement [Ready When the Time Comes](#) in 2013. Since 2007, TELUS, our team members and retirees have donated more than \$450,000 to support the Canadian Red Cross disaster relief efforts worldwide. Ready When the Time Comes will offer team members and retirees training to assist in emergency relief efforts should their services be needed at home. In 2013, TELUS will provide training opportunities to more than 1,000 team members in conjunction with our [TELUS Day of Giving](#)[®].



Strategic partnerships

TELUS enters into [partnerships](#) with a number of charitable and community organizations in the areas of health and well-being, environment, education, sport and arts and culture. In 2012, we supported the development of high-quality pediatric care, empowered a generation of opportunity and inspired creativity in youth. Here are a few examples of TELUS activities in 2012:

- [Free The Children](#): TELUS expanded its partnership with Free The Children through a five-year national co-title sponsorship of We Day, which is a series of events held across Canada to inspire youth to create change in their communities and around the world. More than 90,000 youth are expected to participate in We Day events in seven cities across Canada throughout the 2012–2013 school year
- Voices in the Park: a concert in Stanley Park, Vancouver, B.C. benefitting the [Sarah McLachlan School of Music](#)
- [TELUS Walk to Cure Diabetes](#): saw an increase in team member engagement and fundraising
- 100th Grey Cup in Toronto: the TELUS Fan Cup engaged CFL fans across the country
- Hosted the TELUS World Skins game in Halifax benefitting the [IWK Foundation](#)
- TELUS Science Centres: opening of new [TELUS Spark](#) science centre in Calgary
- [60 Minute Kids Club](#) is an initiative that TELUS offers free of charge to schools that provides coaching and resources to encourage children in kindergarten to grade six to be physically active for 60 minutes every day
- [Tree Canada](#): Since 1998, TELUS and Tree Canada have worked to plant a total of 411,067 trees across Canada. TELUS' accumulated support to Tree Canada since 1998 reached \$1,685,086 at the end of 2012. In 2012, TELUS provided \$264,067 to Tree Canada for its 2013/2014 programs as part of our shared vision of growing better places to live and a total of 78,467 trees were planted in five regions across Canada as a result of TELUS' support.

- **Motorcycle Ride for Dad:** more than 11,000 riders participated and raised more than \$1.7 million in the fight against prostate cancer. As a result of TELUS' support for these events in 2012, more than \$900,000 was awarded to fund prostate cancer research and \$600,000 to generate awareness for early detection of prostate cancer. TELUS will be the returning title sponsor for all Ride for Dad events across Canada in 2013.

Our goal in 2013 is to launch a new online application process for prospective sponsorship partners. We also aim to cultivate more enhanced partnerships related to:

- Our business
- Engaging team members
- Creating authentic, integrated customer experiences
- Elevating TELUS' future friendly® brand promise
- Empowering a generation of opportunity.

To learn more about TELUS' support of its partnerships, visit telus.com/sponsorship.

Give Where You Live

TELUS wants to help youth translate their passion and ideas into real change. That is another reason why we have partnered with [Free The Children](#) to create Give Where You Live, an exciting new educational program designed especially for youth. This program educates, encourages and empowers young Canadians to identify social issues and take action to create positive change in their local communities. The goal is to inspire middle and high school students to become leaders by making philanthropy an important part of their lives.

In 2013, each participating school is encouraged to identify causes in its community that students, classes or entire schools can support. Once groups have developed a strategy, they will have the opportunity to apply for a \$1,000 charitable grant from TELUS, to bring their initiative to life and experience what it feels like to give.

The Give Where You Live philanthropy curriculum, speaking tours and workshops will be delivered in 40 British Columbia secondary schools, with a goal of having 150,000 youth across Canada involved by 2016.

TELUS is committed to having a leadership position across Canada in empowering youth and creating opportunities for young adults to be further involved with their community. Give Where You Live is part of a larger strategy aimed at engaging future generations in philanthropy. In 2013, we plan to launch a digital platform, including online learning modules and mobile applications to further educate, inspire and engage Canadian youth.



Cause marketing

We continue to advance our community investment strategy by creating cause marketing opportunities for Canadians to support causes they believe in. We do this by offering our customers product and service purchase options that result in a direct benefit to local charities in their own backyards. These efforts further enhance our customer relationships by making a difference for causes that are close to our customers' hearts.

National cause marketing

Free The Children and We Day

TELUS and our team members believe the key to keeping our communities healthy is ensuring that the youth of today are educated and inspired to positively contribute to their communities in the future. TELUS, through a five-year partnership, supports [Free The Children](#) with an innovative integrated marketing campaign aimed at connecting with youth and supporting our co-title sponsorship of [We Day](#) across Canada.

Through this campaign, TELUS donated \$25 from the sale of every Samsung Galaxy SIII or Samsung Ace Q to Free The Children. Other initiatives to raise support included:

- Launched communications across all TELUS touchpoints including in-store, [online](#) and on TELUS-owned billboards
- Created buzz on social media through the Win Your Way to We Day contest and the \$20K Idea contest following We Day.

The success of the campaign saw TELUS donate \$750,000 to Free The Children in addition to our five-year partnership.

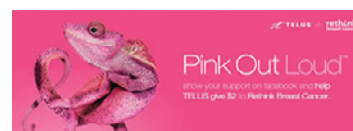
Pink Out Loud

TELUS has long been a supporter of charities working toward a future without breast cancer. For the fifth time, TELUS teamed up with [Rethink Breast Cancer](#) and the [Quebec Breast Cancer Foundation](#) (QBCF) for its annual Pink campaign, creating a simple and engaging way for customers to support women with breast cancer. During the month of October, TELUS and its partners encouraged Facebook users to Pink Out Loud™. For every user who turned their profile picture pink, \$2 was donated to Rethink and QBCF.

We met our 2012 goal of raising \$100,000 in support of our two charity partners.



rethink
breast cancer



Regional cause marketing

TV and Phones for Good

Through our [TV for Good](#)[®] and [Phones for Good](#)[®] campaigns, we give \$25 to a local project in select communities whenever a new customer signs up for these services. In 2012, TELUS contributed \$1.7 million to 19 local community projects in B.C. and Alberta through its TV for Good campaigns. We also donated \$2.1 million to 22 projects across B.C., Alberta, Ontario and Atlantic Canada through our Phones for Good campaigns. Since the campaigns started in 2009, TELUS has given \$9.5 million to 64 local community projects.

In 2013, our goal is to continue developing industry-leading brand engagement through our national cause marketing campaigns.



Team TELUS Cares

TELUS is committed to fostering a corporate culture of giving by engaging team members and retirees with structured volunteer and donation opportunities to help make a positive difference in the communities where we live, work and serve. Our company has a long history of community involvement and giving. Since 2006, [Team TELUS Cares](#) has been motivating and mobilizing team members and retirees through four programs: [TELUS Day of Giving](#)[®], [Team TELUS Charitable Giving](#), [Dollars for Doers](#) and Fundraising Grants.

In 2012, TELUS, our team members and retirees contributed \$7.7 million of financial assistance and more than 568,000 volunteer hours to charitable and not-for-profit organizations across Canada.

- We held the 2012 TELUS Day of Giving on Saturday, May 26, donating 37,545 volunteer hours in a single day. More than 12,500 team members, retirees, family and friends participated in 400 activities across Canada in partnership with non-profit organizations. This represented an overall participation increase of nine per cent, exceeding our goal of 12,000 participants. In 2013, our goal is to bring together 13,000 Canadian participants at TELUS Day of Giving events.
- Through the Team TELUS Charitable Giving program, in 2012, we collectively gave \$6.8 million to more than 2,800 charities across Canada. Since 2000, TELUS has contributed \$63.7 million to thousands of community organizations across Canada. In 2013, our goal is to give \$5 million through this program.

In 2012, we collectively gave
\$7.7 million
 and more than
568,000
 volunteer hours



- Team members participating in Dollars for Doers recorded 568,328 volunteer hours, 12,515 hours more than the 555,813 recorded in 2011. In total, TELUS donated more than \$660,000 through Dollars for Doers in 2012. In 2013, our goal is for team members and retirees to record 569,000 volunteer hours.
- The Fundraising Grants program aimed to meet the ongoing needs and requests of team members to have their fundraising efforts matched by TELUS. Through [TELUS Walk to Cure Diabetes](#) we matched \$50,000 of team member fundraising efforts in support of the Juvenile Diabetes Research Foundation, our largest fundraising event. In 2012, TELUS donated more than \$250,000 to 173 Canadian registered charities in recognition of 652 team members who raised \$575,000.

TELUS International

We hosted TELUS Days of Service around the world, including in San Salvador (El Salvador), Guatemala City (Guatemala), Quetzaltenango (Guatemala), Manila (Philippines), Staffordshire (United Kingdom) and Mesa, Arizona (United States).

Watch the [TELUS Day of Giving in the Philippines](#).

Learn more by watching [TELUS Day of Giving in Central America](#).

Our global teams hosted dozens of corporate social responsibility activities, embracing our philosophy to give where we live. TELUS International Philippines' volunteerism level increased by almost 50 per cent; 6,013 volunteers turned out in 2012 and collectively, team members have contributed 36,078 volunteer hours since 2007.

Internationally in 2013, we will be hosting TELUS Day of Giving events in Bucharest, Romania, Sofia, Bulgaria and Nevada, U.S. for the first time. Our goal is to have 7,100 TELUS International participants in the 2013 TELUS Days of Giving around the world. This adds to the events already hosted annually as listed above.

TELUS Community Ambassadors

Through the [TELUS Community Ambassadors®](#), we provide a vehicle predominantly for retired team members to volunteer as well as an opportunity for social networking. The program maintains the tradition of community giving that has been part of the telecommunications industry for more than 100 years.

In 2012, membership increased by nearly 400, surpassing the goal of 250. More than 2,800 retirees and team members were involved in the program through 21 local Community Ambassador clubs – 11 in British Columbia, three in Alberta, four in Ontario and three in Quebec. In 2011, we produced 63,582 care items (heart and lung pillows, kits for kids, baby blankets, etc.) with a goal of 67,500 care items for 2012. Although the goal was not met, the number of care items donated increased by five per cent to 66,935, which were valued at more than \$910,000.

In 2013, our goal is to enlist 150 new members to join clubs across Canada and produce 70,000 care items for people in need in our communities.



Climate change



Climate change

You care about climate change. So do we.

Global climate change has been identified by the scientific community as a social, environmental and economic risk facing our communities. The challenge that society, governments and businesses face is how to realize economic growth without increasing greenhouse gas (GHG) emissions. There is no standard solution to this challenge. At TELUS, we consider the physical risks of climate change in our business continuity planning process and are working toward improved management of environmental risk.

In 2010, we set energy and GHG reduction targets that would challenge our team. As expected, progressing toward our targets is proving to be a challenge as we try to keep pace with economic growth in a sustainable way.

Our climate change strategy targets:

- 10 per cent absolute energy reduction by 2020 over 2009 consumption
- 25 per cent GHG emission reduction by 2020 over 2009 levels.

Delivering on our 2012 targets

In 2012, our team continued implementing energy efficiency programs to reduce absolute energy consumption and GHG emissions. We implemented more than 100 energy reduction initiatives, resulting in an annualized elimination of 42.7 GWh of energy waste. This reduction is the equivalent of the carbon sequestered annually by 435,000 seedling trees or removing 3,500 cars off the road.

We achieved this result through the following energy reduction initiatives:

- Retired old network and IT equipment
- Installed intelligent cooling solutions in major network buildings
- Optimized equipment room air conditioning through control and equipment set-point adjustments
- Consolidating office buildings through our Work Styles program.

When it comes to our overall energy footprint, TELUS categorizes energy consumption (kWh) in three categories (based on [World Business Council for Sustainable Development Greenhouse Gas Protocol](#)):

- **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.



Energy

Our energy footprint is made up of direct energy (gas, natural gas, diesel, propane) and indirect energy (electricity) for our owned real estate properties, TELUS International Philippines, cell tower sites, vehicle fleet and remote generator fuel. For the first time, we have included our leased office spaces and TELUS Health as part of our verified footprint, allowing us to report an overall energy value for our entire footprint. We have included TELUS Retail information but it is not included in our overall energy and GHG value as we are still working on process improvements for data gathering. We are also reporting on an energy value that includes the same components as last year, so we can compare our year-over-year performance from 2012 to 2011.

When compared to last year's footprint, our 2012 direct energy consumption decreased by 1 per cent, while our indirect energy consumption increased by 0.6 per cent. Our total kWh's, excluding our leased, retail and TELUS Health properties, decreased 2.3 per cent. Beginning in 2014, we will report total kWh inclusive of TELUS Health, retail and our leased properties. With this increased scope, for 2012, our total direct energy consumption was ^A 374,390,000 kWh and our total indirect energy consumption was ^A 929,869,000 kWh.

Total energy consumption

	2012	% change	2011	% change	2010	% change	2009
Direct kWh	313,680,000	-1.0	315,925,000	-4.3	330,190,000	-8.0	358,854,000
Indirect kWh	778,260,000	0.6	773,607,000	2.9	751,483,000	10.8	678,109,000
Total for comparison to prior years¹	1,091,940,000	0.2	1,089,532,000	0.7	1,081,673,000	4.3	1,036,963,000
Air travel kWh ²	n/a	n/a	26,620,000	-1.8	27,095,000	-12.0	30,800,000
International direct kWh ³	142,000		n/a				
International indirect kWh	14,471,000	-11.4	16,332,000	-1.1	16,517,000	3.9	15,900,000
Total	1,106,553,000	-2.3	1,132,484,000	0.6	1,125,285,000	3.8	1,083,663,000
Leased direct kWh ⁴	28,409,000		n/a				
Leased indirect kWh ⁴	126,789,000		n/a				
TELUS Health direct kWh	32,159,000		n/a				
TELUS Health indirect kWh	10,349,000		n/a				
Total	1,304,259,000						
Retail direct kWh ⁵	23,802,000		n/a				
Retail indirect kWh	5,190,000		n/a				

1 Total includes owned real estate, domestic fleet, cell tower sites and remote generators.

2 For 2012, due to methodology changes we are only reporting an audited flight CO₂e value.

3 For 2012, TELUS Philippines Fleet (direct) has been added. It was not included in prior years.

4 Reported leased values account for 89 per cent of our leased footprint.

5 Retail values are being tracked but are not verified. We plan to have this verified in 2013.



Our strategic objective is to reduce energy consumption by 10 per cent from our 2009 baseline (domestic scope 1 and scope 2). As of the end of 2012, we have increased energy consumption by 5.3 per cent.

In 2012, we also measured our energy efficiency in terms of kWh/customer connection. Based on this metric, energy efficiency improved by 3.2 per cent over 2011, going from 86 kWh/customer connection to 83 kWh/customer connection.

Total domestic scope 1 and 2 energy vs. baseline

	2012	% change	2009
Direct kWh	313,680,000	-12.9	358,854,000
Indirect kWh	778,260,000	14.8	678,109,000
Total for comparison to baseline	1,091,940,000	5.3	1,036,963,000

Greenhouse gas

Similar to our energy reporting, we are reporting a total t value excluding our leased and TELUS Health spaces in order to compare this year's results with 2011. We will also report results including leased properties and TELUS Health.

- Emissions excluding our leased properties and TELUS Health totaled 347,800 tonnes CO₂e compared to 378,700 tonnes CO₂e in 2011. This is an 8.1 per cent decrease. A primary reason for the difference between our progress on emission reduction and kWh reduction is that our emission calculations are largely influenced by the emission factor set annually by Environment Canada for each province. In 2012, the Alberta emission factor used in our calculations was lower than in 2011. By province, Alberta accounts for 88 per cent of our indirect emissions.
- Our total GHG emissions, including our leased properties and TELUS Health are 391,300 tonnes CO₂e, consisting of ▲ 82,200 direct, ▲ 304,600 indirect and ▲ 4,500 scope 3 tonnes CO₂e.
- We are disclosing 2012 TELUS Retail emissions but they are not being verified. We plan to have this verified in our 2013 Report.

Our Scope 3 emissions, defined as air travel emissions, have continuously declined since 2008. In 2012, these emissions decreased by 40.8 per cent over 2011. TELUS has implemented a flight reduction program and encouraged increased use of our internal teleconferencing and videoconferencing technology.

Comparing 2012 emissions to our 2009 target of a 25 per cent reduction by 2020, we are 0.6 per cent above our 2009 baseline.



We also measure our CO₂e efficiency in terms of CO₂e/customer connection in. Our CO₂e efficiency improved by 10 per cent in 2012 over 2011, going to 0.0257 from 0.0286 tonnes of CO₂e/customer connection.

Total Greenhouse Gas emissions

	2012	% change	2011	% change	2010	% change	2009
Direct tonnes CO ₂ e	71,000	1.4	70,000	-2.8	72,000	-7.7	78,000
Indirect tonnes CO ₂ e	266,300	-9.5	294,000	5.0	280,000	8.9	257,000
Total for comparison to prior years¹	337,300	-7.4	364,000	3.4	352,000	5.1	335,000
Air travel tonnes CO ₂ e	4,500	-40.8	7,600	-1.3	7,700	-12.3	8,800
International direct tonnes CO ₂ e ²	35		n/a				
International indirect tonnes CO ₂ e	6,300	-11.3	7,100	12.7	6,300	5.0	6,000
Total with Scope 3	348,100	-8.1	378,700	3.5	366,000	4.9	349,000
Leased direct tonnes CO ₂ e ³	5,000		n/a				
Leased indirect tonnes CO ₂ e ³	31,200		n/a				
TELUS Health direct tonnes CO ₂ e	6,200		n/a				
TELUS Health indirect tonnes CO ₂ e	800		n/a				
Total tonnes CO₂e	391,300						
Retail direct tonnes CO ₂ e ⁴	4,300		n/a				
Retail indirect tonnes CO ₂ e ⁴	1,100		n/a				

1 Total includes owned real estate, domestic fleet, cell tower sites and remote generators.

2 For 2012, TELUS Philippines Fleet (direct) has been added. It was not included in prior years.

3 Reported leased values account for 89 per cent of our leased footprint.

4 Retail values are being tracked but are not verified. We plan to have this verified in 2013.

Total domestic emissions vs. baseline

	2012	% change	2009
Direct tonnes CO ₂ e	71,000	-8.9	78,000
Indirect tonnes CO ₂ e	266,300	3.5	257,000
Total for comparison to baseline	337,300	0.6	335,000

In 2013, we are continuing to execute on programs implemented in 2012, but in a greater number of locations to help us meet our 40.5 million kWh annualized energy waste reduction target. In 2013, we are taking advantage of lessons learned in 2012 with respect to becoming more efficient with our energy use. To do this we will:

- Deploy intelligent cooling systems to reduce air conditioning costs
- Upgrade to high-efficiency power and air conditioning systems
- De-commission certain legacy network and information technology equipment
- Consolidate real estate space.

Looking forward, we are focusing on making incremental improvements toward meeting our energy use and carbon reduction targets. This includes enhanced governance with energy reduction targets tied to CEO performance objectives and enhanced risk management plans that address how we will adapt to climate change events.

Building green

Globally, buildings are responsible for 20 per cent of all water consumption, 25 to 40 per cent of all energy use, 30 to 40 per cent of greenhouse gas emissions, and 30 to 40 per cent of solid waste generation. Through innovative building design and construction, we aim to reduce our impact.

Our new Internet Data Centres are the most technologically advanced of their kind.

Built to the LEED (Leadership in Energy and Environmental Design) Gold certification, our two new data centres are world class. Our Rimouski Data Centre opened in 2012 and our Kamloops Data Centre is under construction. Both are the most technologically advanced and energy efficient facilities of their kind in the world. Key elements of the facilities green design include:

- Use of outside air to cool the server racks and low use of water for cooling on the hottest days of the year
- The consumption of energy generated from green hydroelectric power enable us to use up to 80 per cent less power than a typical data centre of the same size.

In October 2012, TELUS made a strategic venture investment in [Vigilent](#), a Silicon Valley company that sells energy-saving solutions for buildings and data centres. Established in 2004, the company uses artificial intelligence and wireless technology to help clients reduce energy costs and increase uptime reliability (the amount of time servers are working). With Vigilent's intelligent cooling system, we are also able to reduce waste energy and gain cooling efficiency in our older facilities.

TELUS Garden one of first office towers built to LEED Platinum standard

By 2014, TELUS Garden is scheduled to become our new head office in Vancouver, B.C. This one million square foot development will transform an aging downtown city block into a unified mix of cutting-edge retail, commercial and residential space. TELUS Garden will be one of the most technologically innovative and environmentally-friendly sites in North America.

The office tower will reduce carbon dioxide emissions by over 1,000,000 kgs annually – equivalent to planting 400,000 trees – and will be one of the first office towers in North America built to a minimum of LEED Platinum standard, while the residential tower will achieve LEED Gold certification. To obtain these high levels of certification, our team has focused on energy optimization, water reduction, sustainable material selection, healthy indoor spaces and connectivity to the urban environment.



In 2012, key highlights of our TELUS Garden build included:

- The start of construction on both the office and residential towers
- Approval by the B.C. Utility Commission for a heat recovery system between the existing and new buildings.

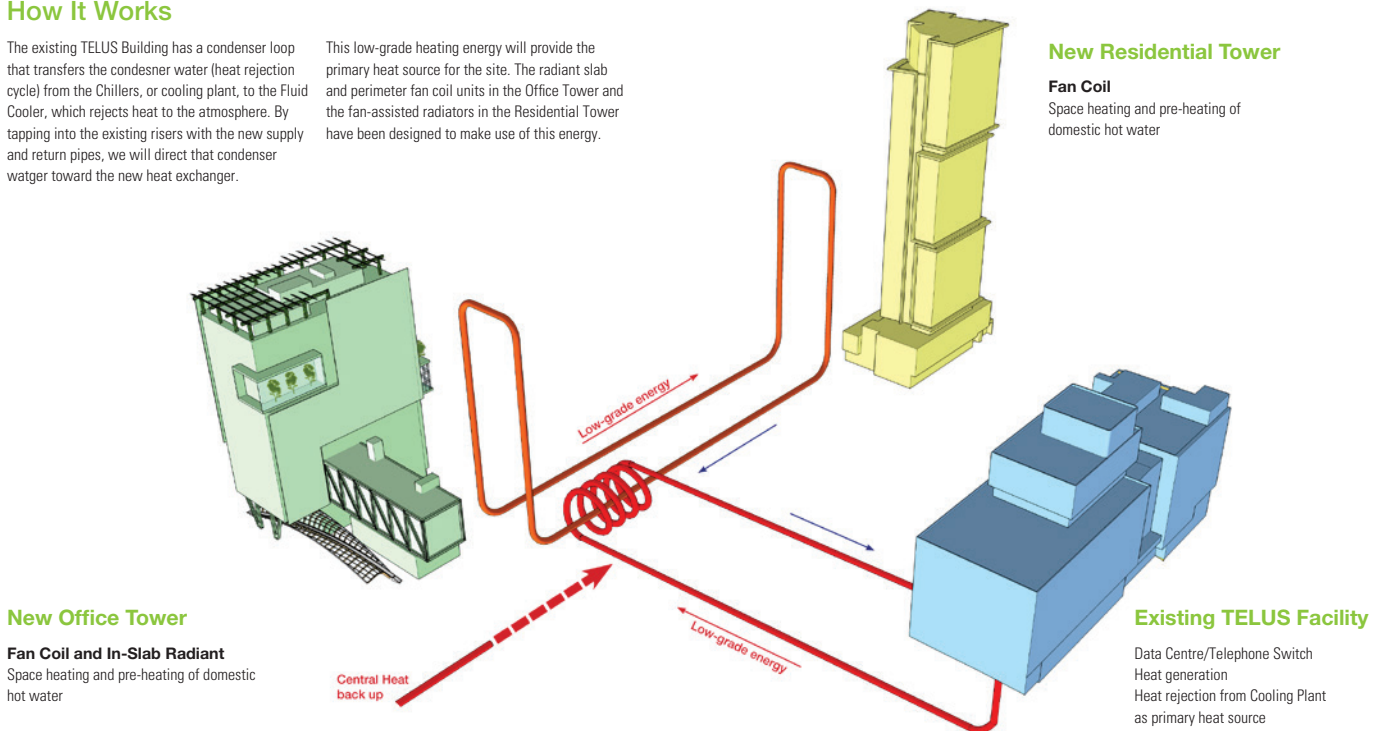
In 2013, we are focusing on construction of:

- A heat recovery system between the existing and new building
- Solar panels on the office tower
- A rainwater harvesting system.

How It Works

The existing TELUS Building has a condenser loop that transfers the condenser water (heat rejection cycle) from the Chillers, or cooling plant, to the Fluid Cooler, which rejects heat to the atmosphere. By tapping into the existing risers with the new supply and return pipes, we will direct that condenser water toward the new heat exchanger.

This low-grade heating energy will provide the primary heat source for the site. The radiant slab and perimeter fan coil units in the Office Tower and the fan-assisted radiators in the Residential Tower have been designed to make use of this energy.



New Office Tower
Fan Coil and In-Slab Radiant
 Space heating and pre-heating of domestic hot water

New Residential Tower
Fan Coil
 Space heating and pre-heating of domestic hot water

Existing TELUS Facility
 Data Centre/Telephone Switch
 Heat generation
 Heat rejection from Cooling Plant as primary heat source

Environmental management



Environmental management

A more sustainable future

You care about the environment. So do we.

Responsibility for managing TELUS' environmental footprint is shared by senior leaders from across TELUS who have specific areas of expertise such as Risk Management, Network Operations, Real Estate Operations, Supply Operations, Legal Compliance and Procurement, in addition to our environmental consultants. The Corporate Governance Committee of TELUS' Board of Directors receives quarterly reports in regards to TELUS' ongoing environmental risk management activities.

The Environment and Corporate Social Responsibility team is comprised of professionals from across Canada responsible for our environmental management systems and many of our corporate social responsibility programs. These programs are management's tools for setting policies, implementing programs, tracking performance, reducing environmental impacts and enhancing our stewardship activities.

The CSR leadership team provides executive-level oversight, guidance and strategic direction for sustainability matters at TELUS. Consistent with the TELUS goal of being one of Canada's leading corporate citizens, we aim to do this by reducing our impact on the environment, and providing solutions for others to do so as well. TELUS has an [Environmental policy](#) and is continuing to work toward full alignment to the ISO 14001:2004 standard.

In 2012, the TELUS team remained committed to reducing the overall environmental impact of our domestic and international operations. It was another successful year, which saw many of our sustainability plans realized.

- We made further progress toward aligning with the ISO 14001:2004 environmental management system (EMS) standard by completing and implementing a halocarbon management standard as well as initiating a review of our fuel storage and handling risks
- We exceeded our goal to reduce paper purchasing by 10 per cent by achieving a 15 per cent reduction
- We moved from 10 to 30 per cent post-consumer recycled (PCR) office print paper content. In 2013, we are planning to transition to 50 per cent PCR



- Our telephone and video conferencing technologies continued to provide customers and team members with solutions for minimizing their environmental footprint
- We continued our energy management program to reduce energy waste and improve efficiency across our organization.

Construction began on TELUS Garden, which will be our team's new home in downtown Vancouver. Set for completion by 2015, the development will be one of the most technologically innovative and environmentally-friendly sites in North America, reducing energy consumption from conventional sources by up to 80 per cent compared to similar buildings. Setting a new standard for sustainability, TELUS Garden will showcase Canada's first Leadership in Energy and Environmental Design (LEED) Platinum office building as well as a residential tower built to LEED Gold standards.

In 2012, TELUS completed a new intelligent Internet Data Centre in Rimouski, Quebec and started construction of its sister facility located in Kamloops, B.C. Both buildings meet the LEED gold standards and will lead to a reduction in energy use of up to 80 per cent less than a typical data centre of its size. Key elements of our green design include the use of outside air to extract heat from the system responsible for cooling the server racks, and low use of water for cooling on the hottest days of the year.

Our disclosure aligns to the Global Reporting Initiative A+ level. We have also been recognized as either a World or North American leader on the [Dow Jones Sustainability Index](#) for the past decade and we have been named a Carbon Disclosure Leader by the [Carbon Disclosure Project](#) three times (2007, 2010, 2012).

Looking forward, we will continue to focus on making value-added improvements to our environmental management system, striving for full alignment with the ISO 14001:2004 standard.



Environmental management system


To manage our environmental risks, TELUS has had a formal environmental management system (EMS) in place since the mid-1990s. Our goal, set in 2009, is to align our EMS system with ISO 14001:2004 by 2014. In 2012, we continued to implement our plan and created a new halocarbon management standard and initiated work on a fuel management standard.

Our target for 2013 is to focus on the completion of our fuel management standard as well as initiate an update of our construction risk management procedures.

Auditing and site assessments

To ensure compliance with regulatory requirements, TELUS standards and the ISO 14001 framework, we conduct regular site assessments and audits of our operations.

In 2012, we had an external regulatory compliance and EMS audit conducted in British Columbia and we are conducting a similar audit program in Alberta in 2013.

In addition to the external audits, our 2012 goal was to conduct 1,750 site assessments with 1,700 conducted by our network technicians and 50 by Environment team members. We exceeded our goal by completing  1,792 environmental site assessments. Going forward, as our environmental management system is upgraded, we will continue our site assessment program, but no longer disclose these numbers in our corporate social responsibility report.

Training

Environmental training, provided to select TELUS team members and contractors for more than 30 years, is a key component of our EMS. Our training programs are designed to give team members the necessary information to mitigate potential environmental risks associated with their work and cover topics such as spills and releases response and reporting and the transportation and disposal of waste. In 2012, for the first time, we included our [environmental policy](#) in our Integrity training course for all team members and contractors.

In 2012, our team members completed 1,718 training courses with environment themes. This is a decrease over the 4,656 courses completed in 2011 and is a result of our course refresher frequency, which ranges from one to three years, depending on the content.

Waste and recycling

You want us to reduce waste and recycle.

In 2012, we continued to examine our waste streams to identify new ways to reduce our impact on the environment through the diversion of waste from landfills. Our efforts encompass the breadth of our operations, from the paper we use in the office to cellular phones we sell to our customers. We

are working toward our goal of publishing a transparent company-wide waste diversion rate in our 2014 report. This starts with the collection of reliable, auditable data and we are targeting to have those data collection processes in place by the end of 2013. Providing an accurate diversion rate by 2014 should allow us to set meaningful long-term waste diversion rate targets in the future.

In 2012, we diverted 8,291,889 kilograms of material from landfills, which included:

Solid waste

- 3,069,970 kilograms of paper and 878,300 kilograms of cardboard
- 1,195,120 kilograms of metal
- 267,980 kilograms of wood
- 1,391,372 kilograms of decommissioned telephone poles.

Electronic Waste

- Recycled, refurbished and repurposed 430,329 kilograms of e-waste
- Recycled 545,872 wireless devices, compared to 236,391 in 2011 (exceeding our 2012 goal of 250,000 wireless devices) through internal programs and [Canadian Wireless Telecommunications Association's Recycle My Cell](#). The significant increase in devices recycled was the result of our [TELUS Trade-in Program](#) launched in 2012, which increased awareness and provided an incentive for customers to recycle or trade-in devices that had been accumulating in their homes.
- Donated 689 computers and printers to the [Computers for Schools](#) program.



TELUS also offers [Certified Pre Owned phones](#) providing affordable device options that help reduce environmental impacts. Our goal for 2013 is to recycle 400,000 wireless devices.

Hazardous waste

Although TELUS' operations generate small quantities of hazardous waste, we continue to look for reductions and where possible, use non-hazardous alternatives. In 2012, TELUS recycled:

- 12,802 kilograms of liquid and solid chemicals from our facilities including motor oil, antifreeze and fuel from fleet operations
- 183,170 kilograms of batteries from network equipment and fleet operations

Paper

In 2012, the TELUS team continued to focus on paper reduction, responsible paper purchasing and team education efforts. Our goal for 2012 was a 10



per cent paper purchase reduction over 2011. We exceeded this target by reducing paper purchases to 24.6 million sheets, a 15 per cent reduction, which equates to just over  4.3 million sheets. Our target for 2013 is to reduce paper purchases by 10 per cent.

In 2012, TELUS transitioned all office print paper to 30 per cent post-consumer recycled (PCR) Forest Stewardship Council certified paper and began to transition our office paper to 50 per cent PCR paper. In 2013, our goal is to transition all office print paper to 50 per cent PCR content.

Environmental compliance

You expect environmental compliance.


We have an exceptional track record.

Since 2006, TELUS has not been fined for environmental non-compliance. We believe this reflects the successful performance of our environmental management processes and the effectiveness of our team member training program.


To be more transparent, TELUS is now reporting on environmental compliance issues that resulted in written warnings from regulatory authorities. In 2012, we received one such warning, for a violation of the Federal Halocarbon Regulation, a regulation governing the maintenance and record keeping of air conditioning systems utilizing refrigerant gases. The warning was issued following inspections of two TELUS buildings in Vancouver, British Columbia. Inconsistencies were identified between the onsite records associated with a halocarbon release and the formal release report made to Environment Canada. A formal review was conducted and identified contractor training and knowledge of the requirements as the primary cause. TELUS takes these warnings seriously and will continue to work to address any areas of non-compliance that may occur.

Water consumption

You expect us to manage our water consumption.

Our total water consumption for 2012 for our domestic owned properties was  465,691 cubic meters compared to 528,113 cubic meters in 2011. This figure represents water use data from approximately 75 per cent of TELUS' total real estate square footage as it does not include our leased space. For the first time we are reporting water consumption for our TELUS Philippines



operations. Our water consumption for our properties in the Philippines was  86,505 cubic meters in 2012.

In 2013, we are launching a water reduction program at our top 10 water consuming buildings. Additionally, one of our main data centres will be involved in a water optimization review to ensure that it conforms to modern consumption standards. In order to get baseline water consumption information, our team will be performing water audits at these buildings, which will cover:

- Overview of facility activities, processes, and schedules
- Philosophy on water management
- Water conservation and monitoring programs
- Water quality requirements
- Inefficiencies and leaks
- Alternative onsite water sources
- Seasonal variations.

With the data collected from each building, the team will generate a water balance for the facility quantifying all sources and releases of water and flows through various fixtures, equipment, and processes. In addition, an analysis of the water quality required for each use will be noted. An updated water management plan including the opportunity for water treatment and reuse or direct reuse, need for education and behaviour-oriented conservation initiatives, will then be developed for each building.

Other environmental issues

Spills and releases

TELUS continues to use an effective process to track and report on our spills and releases. Under federal and provincial legislation, spills and releases over established thresholds are required to be reported to the appropriate agency. In addition to reporting externally, TELUS requires all spills and releases, regardless of amount, to be reported internally.

We recorded 191 spills in 2012, 20 less than we recorded in 2011. Of the recorded spills, 44 were considered reportable by regulatory standards.

The majority of our recorded spill incidents (over 80 per cent) are halocarbon releases from air conditioning equipment used to cool our facilities and network equipment. The total weight of gas released increased from 1,656 kg in 2011 to 1,936 kg in 2012. The volume of liquids spilled decreased significantly in 2012 compared to 2011, due to no large spill incidents occurring. As a result of our increasing year-over-year mass of halocarbon releases from HVAC





equipment, TELUS is currently conducting a thorough review of our system's maintenance programs and life-cycle replacement.

In 2012, we continued with a new method for the categorization of 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, we defined Category A spills and releases as reportable and serious and set a target of zero Category A spills and releases in 2012. We are pleased to report that we met this target.

We continue to operate a 24/7 hotline that team members and others call to report spill or release incidents. Our hotline team members also provide guidance for onsite management and subsidiary reporting to external agencies as required. Follow up and root-cause analysis per incident are performed by the Environment team.

Spills and releases reporting¹

	2012	2011 ²	2010
Reportable	43	37	46
Not reportable ³	147	176	175
Total spills and releases	190	213	221
Approximate volume (L) ⁴	672	10,311	3,605
Approximate weight (kg) ⁵	2,105	1,685	1,905
Category A – reportable, serious ⁶	0	4	3
Category B – reportable, significant ⁶	47	40	47
Category C – not reportable, insignificant ⁶	143	169	172

- 1 Spill amounts reflect best estimates based on investigation results.
- 2 2011 data has been restated to reflect the results of independent audits conducted after the publishing of the 2011 CSR report.
- 3 Spills and releases below regulatory thresholds do not require reporting and are termed "not reportable." Definition of "reportable" varies by jurisdiction.
- 4 Volume in litres includes liquid petroleum hydrocarbons, battery acid, glycol and other.
- 5 Weight in kilograms includes refrigerants (Chlorofluorocarbons) and fire suppression agents (Halon and FM-200).
- 6 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.

Assured

Fuel management

To enable continuity of services as required by federal regulation, TELUS must provide its own back-up electrical power in the event that commercial sources are not available. In addition, TELUS has certain remote sites where commercially provided power is not available. This requires the use and storage of diesel and propane fuel for continuous power generation, with diesel fuel posing an environmental risk if it leaks from either a storage tank or faulty fuel line.

We continue to focus on fuel system upgrades as installation and maintenance is the best approach to mitigate spills. These upgrades include the installation

of double-walled fuel storage tanks and remote spill monitoring systems, which alert our emergency operations centre in the case of a fuel spill.

Since the start of our formal fuel systems upgrade program in 2002, we have completed upgrades at the majority of our sites that have tanks larger than 2,500 litres. Our target for 2012 was to complete 15 additional sites but due to logistical issues delaying our installation schedules, we were only able to complete nine. In 2012, we also completed upgrades for 100 per cent of our prime power locations (those sites relying on diesel power generation 24/7 due to their remote location and lack of other power sources).

For 2013, we are conducting a full review of our remaining fuel management system risks and setting new objectives for reducing risks with additional management standards and system upgrades.


Halon Removal

Halon 1301 was introduced in the 1960s in the North American telecommunications industry for fire extinguishing but was later determined to have very high ozone-depleting properties. TELUS continues its multi-year effort to remove this compound across the organization and replace it with more environmentally sensitive detection and suppression technology. Since 2004, TELUS has removed more than 34,000 kg of Halon 1301 from our properties. In 2012, we removed this gas from four remote facilities.

In 2013, we aim to remove our remaining inventory of Halon 1301, which is located at three of our remote facilities.

Addressing contamination

To manage the issue of environmental impacts from historical and current spills and releases, TELUS prioritizes sites to be addressed using a risk matrix based on the [Canadian Council of Ministers of the Environment](#) approach. Assessment and remediation techniques vary with the extent of the contaminated area, and the degree and type of contamination. We focus on remediation as a means to improve our environmental footprint.

Our 2012 target was to conduct assessment and/or remediation work on 20 sites and complete remediation work on two sites. Completed sites refer to sites that have known contamination remediated according to the appropriate regulatory guidelines for soil and/or groundwater. We successfully investigated  34 sites and were able to complete remediation on four sites in 2012.

Our target for 2013 is to conduct assessment and/or remediation activities at 25 sites and complete remediation on five sites.

Radio frequency emissions

Mobile phones emit low levels of non-ionizing radio frequency (RF) electromagnetic fields. A small number of epidemiological studies have revealed that exposure to RF fields might be linked to certain cancers, while 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, bias or confounding 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 believe that 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.

Green Teams

TELUS Green Teams is a network of team members who volunteer their time to promote sustainability. Teams are comprised of environmentally dedicated individuals that come from various business units across Canada and internationally. Green Team members are passionate about sustainability and want to make a difference where they live, work and serve. The Green Teams are organized at the national and local levels, and are open to all team members.

The vision of the Green Teams is to inspire every team member to live and work green. The Green Teams' mission is to build a TELUS community to support, educate, and inspire each other to live green through the promotion of best-in-class green practices for the workplace and at home.



In 2012, there were 15 Green Teams at TELUS with more than 100 members who participated in many events, including:

- Lunch and learns with environmental guest speakers
- Documentary film showings
- Clothing drives
- Recycling initiatives
- Webinars on green living and sustainability in communities
- Community gardening workshops.

Additionally, Green Team members organized and participated in environmental events and celebrations such as Earth Hour, Earth Day, Environment Week and Bike to Work 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 2013, Green Teams will promote green ideas and environmentally sustainable living by collaborating with building operations and team members to:

- Reduce their carbon footprint
- Reduce consumption of resources (e.g. paper, water)
- Enhance waste diversion programs
- Promote green commuting initiatives such as Work Styles, public transit, cycling and carpooling.

Furthermore, the Green Teams plan to enhance their governance and organizational structure to further align with corporate strategy and priorities. Specifically, local teams have plans in 2013 to expand community gardening and recycling initiatives.

Frequently asked questions



Frequently asked questions

Why does TELUS produce a CSR Report?

TELUS is continually striving to be a leading corporate citizen, balancing our company's economic health with the social and environmental well-being of the communities where our team members live, work and serve. A key characteristic of a leading corporate citizen is promoting transparency on performance through the highest level of disclosure.

How does TELUS decide what to include in its CSR Report?

TELUS uses a variety of mechanisms to determine what is included in our report. The Global Reporting Initiative is one of our major reporting guidance tools, along with the London Benchmarking Group for our community investments. In 2012, TELUS acted upon our belief that it is increasingly important to review the scope of our CSR report, to ensure it is relevant to stakeholders and enables us to identify and integrate emerging issues into strategy development. As disclosed in our 2011 report, we held a CSR materiality workshop facilitated by the Sustainability and Climate Change practice of Deloitte LLP. The purpose of this session was to gain consensus amongst participants on TELUS' key stakeholders and material issues by applying a structured, evidential process for assessing materiality to guide future years' report content and strategy.

How was TELUS' CSR performance in 2012?

TELUS met or exceeded 30 of our 40 key performance indicators. Additionally, we received several awards for our CSR reporting and disclosure.

What is TELUS' approach to governance?

At TELUS, we believe strong corporate governance is necessary to provide a solid foundation for CSR leadership. This foundation includes considerations such as:

- Ethical conduct, ethical standards and expectation-setting by leaders
- Having an independent and effective Board that oversees management
- Accountability to investors and other stakeholders
- Effective internal controls and transparent disclosure of strategic objectives and results that facilitate accountability
- External and internal assurance
- Executive compensation that rewards performance and responsible risk taking.

Who oversees TELUS' CSR programs?

Overall responsibility for our CSR performance resides with the [Executive Leadership Team](#). In 2006, a CSR leadership team representing all TELUS business units was established and this team of 20 senior leaders continues to foster a culture of sustainability. The team meets at least every quarter to review progress against CSR objectives and assess new or ongoing CSR initiatives. The team's focus is on further entrenching CSR practices, measures and objectives throughout our company. We provide progress reviews each quarter to the Corporate Governance Committee of [TELUS' Board of Directors](#). In addition, we provide periodic updates to the Audit Committee on CSR reporting progress, typically in the first quarter of each year.

TELUS' Executive Leadership Team and business unit vice-presidents are responsible for the approval of the overall strategic direction of our CSR programs. Our annual CSR report discloses our performance and commitments for the future. Furthermore, it is a catalyst for soliciting stakeholder feedback on our programs and performance.

What is TELUS' approach to stakeholder engagement?

In 2012, we engaged many of our stakeholders to help us determine the material issues for this report. Throughout this CSR report, you will find specific examples of their engagement and influence in our operations. The following groups have been identified as TELUS stakeholders:

- Customers
- Shareholders
- Debt holders
- Federal, provincial and municipal governments
- Internal stakeholders – team members, business unit leaders and executive leaders
- TELUS alumni/retirees
- TELUS Community Board members
- Community partners
- Suppliers and strategic partners
- Aboriginal Peoples and their communities
- TELUS Community Ambassadors®
- Non-governmental organizations
- Academic organizations
- Investment companies with socially responsible mandates
- Credit rating agencies and sustainability indices
- Peer organizations
- TELUS enterprise risk assessment participants.

In 2013, we plan to host additional stakeholder engagement sessions to better understand the issues that are important to them and TELUS.

What does Customers First mean?

TELUS is committed to delivering on our brand promise – the Future is Friendly® – and putting our customers first is an integral part of honouring this commitment. In fact, Customers First is our number one corporate priority and this dedicated focus will help us on our journey to become the most recommended company in the markets we serve.

In 2012, we evolved our [communications](#) to share our focus on how we are listening to our customers at every touchpoint to make their TELUS experience even better.

How much does TELUS invest in community activities and how does it make those decisions?

Our community investment program is an important part of the promise we've been making for the last 12 years – the Future is Friendly®. To keep this promise, we assist the communities where we live, work and serve to be healthy, vibrant and ready for the future. This is exemplified in our philosophy to give where we live, and demonstrated through our community investment strategy to educate and empower youth, improve their quality of life and help them reach their full potential. We are creating a legacy of giving based on innovation, supporting youth through technology and through our programs that engage the TELUS team, retirees and the broader communities in which we operate. This is demonstrated by:

- Using our expertise in technology to help build stronger and healthier communities
- Creating long-term partnerships with organizations at the local and national level
- Providing grants to grassroots organizations in Canada and internationally Investing in our cause marketing programs – a platform that is mutually beneficial to the charities we support and to our business
- Our team members and retirees who directly support charities and community based organizations that have a direct impact on their local communities
- Financially supporting charities in a way that has impact to the community and sustains our business.

TELUS has operations in Canada, and overseas.

How do you integrate CSR practices into overseas operations?

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 report in line with its

principles. We became a signatory of the UN Global Compact (UNGC) in 2010 and continued our support throughout 2012.

In 2012, TELUS was invited to become a core member of an advisory group developing a local UNGC Canada Chapter. In early 2013, we made a financial contribution to support the establishment of this chapter.

How does TELUS manage its environmental footprint?

TELUS has had a formal environmental management system (EMS) since the mid-1990s. Our current goal, set in 2009, is to align our EMS programs with ISO 14001:2004 by 2014.

Why does TELUS have a climate change strategy?

While TELUS is not considered a large greenhouse gas emitter, we use a large amount of electricity through our network infrastructure to bring telecommunication services to millions of Canadians. We also have a large fleet of vehicles relying on gasoline and diesel, to service our customers, which also contributes to greenhouse gas emission. Our strategy focuses on mitigating our footprint, adapting our business to physical and regulatory changes due to climate change and investing in innovative technologies to improve our efficiency and lower our absolute greenhouse gas footprint.

What does TELUS do with all the mobile devices that people return to its stores?

TELUS remains committed to ensuring the internal electronic waste (e-waste) generated from our operations as well as the electronic products sold to our customers are responsibly recycled, refurbished or repurposed. In 2012 we:

- Recycled, refurbished and repurposed 430,329 kilograms of e-waste
- Recycled 545,872 wireless devices, compared to 236,391 in 2011 (exceeding our 2012 goal of 250,000 wireless devices) through internal programs and [Canadian Wireless Telecommunications Association's Recycle My Cell](#). The significant increase in devices recycled was the result of our [TELUS Trade-in Program](#) launched in 2012, which increased awareness and provided an incentive for customers to recycle or trade in devices that had been accumulating in their homes.
- Donated 689 computers and printers to the [Computers for Schools](#) program.

TELUS also offers [Certified Pre-Owned phones](#) providing affordable device options that help reduce environmental impacts. Our goal for 2013 is to recycle 400,000 wireless devices.

How does TELUS ensure it procures from responsible suppliers?

Our business relies on thousands of suppliers of varying sizes from across Canada and around the world. Stakeholders expect that leading corporate citizens address supply chain sustainability. In early 2012, we implemented our [Supplier Code of Conduct](#) and [Supplier Diversity](#) programs to advance our commitment to adhere to environmental and social responsibility standards.

Our Supplier Code of Conduct is based upon generally accepted standards of ethical business conduct and draws upon internationally recognized standards. This code strengthens our adherence to the Ten Principles of the [United Nations Global Compact](#) which TELUS signed in 2010.

Our Supplier Diversity program aims to improve customer experience by taking proactive steps to provide equal access to a supply base that reflects the diversity of the communities in which we live, work and serve. We commit to providing thought leadership in the policy development and growth of supplier diversity in Canada through Board representation with the [Canadian Aboriginal and Minority Supplier Council](#) and [WEConnect](#).

Our internal procurement and supply chain management operations are guided by several guidelines, procedures and policies that govern the purchase of all external goods and services. Included are TELUS' procurement policy, our signing authority policy and [TELUS' Ethics Policy](#).

Glossary



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.

at home: Works from home on an established schedule for 90 per cent or more of the work week. 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.

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.

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.

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.

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. In Canada, Environment Canada assigns a value related to the electricity grid by province

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

fair process: A five-step process that helps team members make and implement decisions in a collaborative manner.

HSPA+ (high-speed packet access): Technology uses advanced multiplexing techniques to combine two wireless data carriers, operating at manufacturer-rated speeds of up to 21 Mbps each (typical speeds of 4 to 6 expected), into a single carrier with manufacturer-rated download speeds up to 42 Mbps (typical speeds of 7 to 14 expected). The capacity in the cell is doubled, resulting in greater speeds and lower network latency.

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.

life balance account: A benefit that provides team members with an annual dollar amount for activities that help achieve a work life balance.

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 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.

mobile worker: Consistently works in a variety of locations which may or may not include working from home.

Own.it: Six-step process for making business improvements within a 90-day time period, in which team members have an active role in identifying and implementing recommendations.

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 team members. This is also one of the top five drivers of the Pulsecheck team member engagement score.

Pulsecheck: TELUS annual on-line team member engagement survey.

resident worker: Works at an assigned desk in a TELUS location 90 per cent or more of the work week. May work as mobile or at home on occasion.

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

Return on Learning (ROL): Our key learning metric, which is based on team-member feedback and indicates the impact that formal, informal and/or social education has had on team member job performance over the previous quarter.

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

TELUS International: Our international operations in the Philippines, United States, United Kingdom, Barbados, Jamaica, St. Lucia, Guatemala, El Salvador, Romania and Bulgaria.

TELUS Leadership Philosophy (TLP): The TLP is a leadership framework aimed at nurturing leadership in all team members, providing a consistent, simplistic model, regardless of department, tenure or title. The TLP empowers team members to enhance the customer experience, solve problems and grow our business.

VDSL2 (very high bit-rate digital subscriber line 2):

Fibre-to-the- node technology offering typical data download speeds of 5 to 25 Mbps, which enables four simultaneous video streams into a home. These rates can be increased further by bonding multiple lines together.

Investor information

TELUS is committed to generating sustainable economic growth. Visit telus.com/investors.

Community giving

TELUS has a unique and innovative program of 11 Canadian community boards plus 3 international boards in the Philippines, Guatemala and El Salvador. Since 2005, the TELUS Community Boards have donated \$35.75 million to support 2,800 community projects. Visit telus.com/community.

Employment

TELUS is a great place to work, with a focus on attracting and retaining the best talent. Visit telus.com/careers.

Environmental stewardship

TELUS is committed to doing its part as an environmental steward. Visit telus.com/csr.



the future is friendly®

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