

growing together



 **TELUS**
the future is friendly®

2006 corporate social
responsibility report

growing together

Profile

TELUS is a leading national telecommunications company in Canada, with \$8.7 billion in annual revenue and 10.7 million customer connections including 5.1 million wireless subscribers, 4.5 million wireline network access lines and 1.1 million Internet subscribers. As a result of our national growth strategy, in 2006, revenue grew by seven per cent and total connections increased by 504,000. TELUS provides a wide range of communications products and services including data, Internet protocol (IP), voice, entertainment and video.

Committed to being Canada's premier corporate citizen, over the last six years TELUS has contributed more than \$76 million to charitable and non-profit organizations, and has established seven TELUS Community Boards across Canada to lead its local philanthropic initiatives.

Strategic intent

To unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move.

Questions and comments about our corporate social responsibility report can be sent to sustainability@telus.com.



The online version of the 2006 TELUS corporate social responsibility report contains additional information on our sustainability approach and results. This symbol indicates that a specific issue or initiative is covered in more detail on the web at telus.com/csr.

Forward-looking statements summary

This document contains statements about expected future events and financial and operating results of TELUS that are forward-looking. By their nature, forward-looking statements require the company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly this document is subject to the disclaimer and qualified in its entirety by the assumptions (including assumptions for 2007 targets), qualifications and risk factors referred to in the Management's discussion and analysis starting on page 12 of the TELUS 2006 annual report financial review.

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

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Selected quantitative information in the TELUS 2006 corporate social responsibility report has been independently audited by PricewaterhouseCoopers LLP (see page 64). Information audited in 2006 is marked with the symbol . PWC also assured selected indicators in 2005 and 2004, as indicated by the symbol .

at a glance

Every year, TELUS establishes targets for various aspects of corporate social responsibility. Here is a snapshot of how we did in 2006. More detail on our targets is included in the economic, workplace and environmental sections of this report.

✓✓	Exceeded target
✓	Met or substantially met target
✗	Missed target

Economic			
Performance measure	Original targets for 2006 ¹	2006 results	
Consolidated			
Revenues	\$8.6 to \$8.7 billion	\$8.681 billion	✓
EBITDA ²	\$3.5 to \$3.6 billion	\$3.59 billion	✓
Earnings per share (EPS) – basic	\$2.40 to \$2.60	\$3.27	✓✓
Capital expenditures	\$1.5 to \$1.55 billion	\$1.618 billion	✗
Free cash flow ³	\$1.55 to \$1.65 billion	\$1.60 billion	✓

1 Provided on December 16, 2005.

2 Earnings before interest, taxes, depreciation and amortization (EBITDA).

3 Free cash flow is calculated as EBITDA, adding restructuring and workforce reduction costs, cash interest received and excess of share compensation expenses over share compensation payments, less cash interest paid, cash taxes, capital expenditures and cash restructuring payments.

Social			
Performance measure	2006 target	2006 results	
Engagement index	Increase engagement	Engagement increased 2% (statistically significant)	✓
Collective agreements	Secure new collective agreements with the SQET and SAMT	Collective agreements secured	✓
Overall days lost per full-time equivalent team member	10.0	9.6	✓✓
Team Machine [®] recognition spend	\$2.3 million	\$1.4 million	✗
Investment in learning	\$46.0 million	\$33.0 million	✗

Environment			
Performance measure	2006 target	2006 results	
Environmental management system	Review EMS and compare to ISO standard	EMS reviewed and plan in place to meet ISO standard	✓
EMS review of TELUS International	Review operations	Operations reviewed	✓
Environmental site assessments	550 assessments	597 assessments	✓✓
High-risk sites	100% of 88 sites	100% of high-risk sites	✓
Spills and releases	100% reporting	96% reporting	✗
Fuel system upgrades	45% of systems upgraded	44% of systems upgraded	✓
Halon removal	10% year-over-year reduction	42% reduction	✓✓
Utility pole risk reduction	10% reduction in risk	Approximately 35% reduction	✓✓
Eco-efficiency	0.127 kWh/\$	0.119 kWh/\$	✓✓
Greenhouse gas intensity	0.039 kg/\$	0.038 kg/\$	✓
Water consumption	Capture 80% of use	88% captured	✓
Paper consumption	10% reduction	10% reduced	✓

our commitment



Dear reader,

As a leading communications company globally, TELUS recognizes the leadership role we play, and the responsibility we hold, in conducting business in a socially responsible manner. We believe our leadership in corporate governance best practices provides a credible foundation for our corporate social responsibility commitment.

Maintaining a premium reputation for global leadership – 2006 recognition

Sustainability

TELUS was the only North American telecom company included in the Dow Jones Sustainability World Index for the sixth consecutive year

The 2005 TELUS CSR report was listed in SustainAbility's Global Reporters benchmark of the top 50 leaders in sustainability reporting

TELUS was listed in the top 10 per cent of companies worldwide that make their business practices sustainable for long-term growth by *Canadian Business Online*

Corporate governance

TELUS received the Award of Excellence for Best Corporate Governance Disclosure from the Canadian Institute of Chartered Accountants for the second consecutive year

Corporate reporting

The 2005 TELUS annual report was rated best in the world according to the Annual Report on Annual Reports by *enterprise.com*

TELUS is committed to achieving long-term sustainable growth. Our company and team members strive to conduct business with a triple bottom line approach focused on economic, environmental and social sustainability practices. Our actions in this regard are guided by accountability, integrity and transparency. Combining this approach with an excellent financial and business foundation and innovative service offerings, we are growing together for the benefit of all our stakeholders.

TELUS embraces a commitment to corporate social responsibility (CSR) that we engrain into all areas of our business. This accountability is fostered at the executive level and cascaded throughout the organization. It is also reflected in this comprehensive CSR report we produce each year and through our unwavering commitment to be Canada's premier corporate citizen.

To further embed CSR within our organization, in 2006 we established a leadership team of vice-presidents and directors from key business areas to examine how we are managing CSR issues as a company and establish clear guidelines on how we will continue doing so going forward. We also engaged Stratos Inc., a leading Canadian sustainability consultant, to review and benchmark the 2005 TELUS CSR report. Feedback from Stratos has been included in this year's report.

Delivering on our commitments

2006 was a year of many accomplishments in delivering on our CSR commitments across our organization.

Adopting best business and management practices

We continued to proactively incorporate economic, environmental and social issues into business and management decisions, adopting best practices where appropriate. In 2006, TELUS led a coalition of Internet service providers to launch technology that blocks access to foreign-hosted child pornography websites, supporting the battle against the sexual abuse of children.

Working in close partnership with emergency management organizations across Canada, we launched TELUS SafetyNet™ services, enabling coordinated, reliable and secure communications and information sharing amongst key stakeholders during an emergency. The TELUS



Darren Entwistle

Member of the TELUS Team

our commitment

Emergency Response Support team was deployed to events on both coasts to provide communications following emergency situations.

TELUS is one of Canada's leading providers of telehealth technology, bringing innovative solutions to address the challenges faced by the healthcare sector. We are driving efficiencies in regionalized healthcare, reducing costs and improving patient care. Our unique communications and technology solutions enable centralized and shared patient information, security of information and improved access to healthcare for patients in rural areas.

We continued to proactively incorporate economic, environmental and social issues into business and management decisions, adopting best practices where appropriate.

TELUS has a long-standing relationship with Aboriginal peoples and is committed to working collaboratively with such groups as the First Nations Technology Council to develop positive solutions. One example is our Connecting Communities Agreement that delivers high-speed Internet infrastructure to rural areas in B.C., including a number of Aboriginal communities. Moreover, we are currently working to bring telephone service infrastructure to isolated Aboriginal communities in B.C. TELUS is also a member of an association that meets with the New Relationship Management Committee, which allows us to address issues important to Aboriginal communities. The committee works to enhance relationships between First Nations, government and business. In addition, we are actively engaged in providing business leadership advice to federal, provincial and Aboriginal negotiation teams.

growing together

\$76 million

contributed to Canadian charities over the past six years

Working co-operatively with our stakeholders

TELUS is committed to working co-operatively with our stakeholders, which include customers, governments, suppliers and community partners, to nurture relationships and develop mutually beneficial solutions.

By listening and responding to customer feedback we are improving the allocation of resources to better meet or exceed customer expectations and delivery dates. We are also consolidating multiple order entry and billing processes into one simplified system, enabling improved customer service.

We are committed to working co-operatively with our stakeholders, which include customers, governments, suppliers and community partners, to nurture relationships and develop mutually beneficial solutions.

TELUS has a responsibility to advocate the modernization of the Canadian telecommunications and broadcasting regulatory system to allow us to operate more competitively and provide consumers and businesses with choice. We actively advise the federal government, presenting practical actions to transform communications policy and regulation. Recent regulatory decisions on wireless number portability and deregulation of the wireline industry are two such examples that are providing new pricing and marketing flexibility, benefiting TELUS and Canadians.

To improve our CSR performance and reporting, we developed a more formalized stakeholder engagement process. This included a stakeholder panel that evaluated a draft of our 2006 CSR report and provided feedback, which has been reflected in this report.

Delivering excellent economic performance

TELUS continued to deliver on our strategy, with excellent financial performance and ongoing creation of shareholder value. We generated outstanding earnings and cash flow growth, resulting in our fourth consecutive year of double digit share price percentage increases for shareholders. In the last seven years, TELUS' share price has increased approximately 49 per cent and outperformed our global telecom peers by a factor of 2.6 to one. In comparison, the average telecommunications stock in the world has lost 42 per cent in value. As we create economic growth, we are able to share this success and reinvest for sustainable growth.

In 2006, we made a \$600 million investment over three years to further enhance and upgrade our broadband network in B.C., Alberta and Eastern Quebec. In addition, we introduced TELUS TV in select neighbourhoods in the Lower Mainland of B.C. delivering fully digital TV to consumers whilst preparing for high-definition TV service in 2007.

TELUS continued to deliver on our strategy, with excellent financial performance and ongoing creation of shareholder value.

We expanded our wireless high-speed service to more than 50 regions across Canada, covering two-thirds of the population, and launched innovative mobile entertainment, information and messaging services for consumers. TELUS' wireless high-speed service provides consumer and business clients mobile access to the Internet, e-mail, entertainment and other data services at speeds similar to basic broadband wireline Internet access.

Making a positive difference in our communities

I am pleased that the TELUS team made significant progress in 2006 in our commitment to making a positive difference in the communities where we live, work and serve. By way of example, we launched Team TELUS Cares, a new charitable giving and volunteer program. As part of the program, more than 5,000 team members, alumni, family and friends made a beneficial difference in our communities by volunteering at 1,400 activities across Canada in the first annual TELUS National Day of Service.

In addition, TELUS, our team members and retirees pledged \$5.5 million to the 2006 Dollars for Dollars campaign. We also launched the TELUS Community Ambassadors™ program to support and fund our retirees and team members in providing much-needed volunteer services and programs in our local communities.

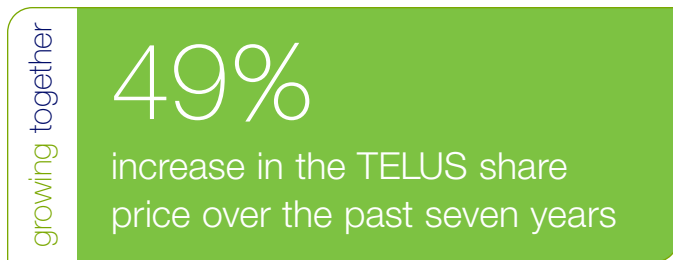
The seven TELUS Community Boards across Canada allocated a further \$3.5 million to grassroots charitable organizations in their local communities.

Fostering a diverse and high-performing workplace

TELUS remains intent on fostering a diverse, respectful, safe and healthy work environment and in creating a high-performing, engaged team. To ensure the TELUS team maintains the highest standards of conduct, we have a Respectful Workplace Office led by a chief officer charged with implementing our workplace policy and training program. TELUS employs a multi-faceted approach to achieving a diverse workforce.



our commitment



This includes employment equity practices that strive to attain a team reflecting the cultural diversity of the Canadian workforce and national initiatives such as Connections, a program that supports mentoring and networking opportunities for women in TELUS management.

We are committed to attracting and retaining the best team in the global communications industry by providing competitive compensation and benefits; innovative learning and career development opportunities; and a work environment that is achievement and recognition oriented. Notably, TELUS has been recognized by the American Society for Training and Development as one of the top six firms worldwide for using learning to drive enterprise performance. In 2006, we conducted enterprise-wide engagement and learning programs, strengthened our leadership development initiatives and expanded the Connections program.

The TELUS team is guided by an ethics policy, which is updated annually. Each year TELUS team members and our Board of Directors are required to complete an online ethics course to ensure compliance with the policy. In 2006, the TELUS team achieved a 100 per cent completion rate.

TELUS remains intent on fostering a diverse, respectful, safe and healthy work environment and in creating a high-performing, engaged team.

Minimizing our environmental footprint

TELUS is committed to minimizing our environmental footprint for the benefit of current and future generations and strives to integrate environmental considerations into our business decisions. Indeed, TELUS has been recognized twice as Canada's Best Environmental Corporate Citizen in the past six years by Corporate Knights, an organization specializing in corporate social responsibility.

In 2006, we announced a \$1 million investment over three years to the newly created Montreal Green Fund to enhance green spaces in the city. Moreover, following a severe wind storm in late 2006 that struck the west coast of B.C. and devastated Vancouver's Stanley Park, we donated \$125,000, which included a TELUS match of team member donations, to the Stanley Park Restoration Fund.

In respect of energy consumption and building facilities in a responsible fashion, TELUS initiated the construction of two new buildings in Toronto and Ottawa that will house members of the TELUS team. These buildings are being constructed in adherence with silver certification standards under LEED (Leadership in Engineering and Environmental Design), a North American standard for environmentally sustainable buildings, utilizing natural lighting, energy-efficient heating and cooling techniques and incorporating green power and materials. TELUS also signed an agreement with EPCOR, ensuring 10 per cent of all power purchased in Alberta is green.

What gets measured, gets done

Consistent with our business philosophy of "what gets measured, gets done," for 2006 we established six sustainability targets in five areas. I am pleased to report that we achieved the majority of these targets.

Economic growth



Target: Realize TELUS' 2006 consolidated financial targets (revenue, operating earnings, earnings per share, capital expenditures and free cash flow) as detailed on page 8 of the 2005 annual report – business review.


TELUS posted superior financial results and achieved four of five 2006 consolidated financial targets. TELUS' operational excellence provided robust growth in revenue and operating earnings, up \$538 million and \$295 million, respectively.

These results helped maintain our position as an industry leader for the fourth consecutive year on key value-creating metrics. To illustrate, TELUS achieved a top quartile performance compared to other incumbent telecommunication companies globally, in terms of growth in revenue, operating earnings and earnings per share (EPS). Specifically, we generated growth of seven per cent in revenue, nine per cent in operating earnings, and 67 per cent in EPS. Our capital expenditures at \$1.62 billion exceeded target by \$68 million, due to continued capital investments in TELUS' core businesses to ensure technology evolution and the long-term growth of our company. We nonetheless achieved our free cash flow target.

Notably, we continued our program of returning capital to shareholders. For the third consecutive year, we made a sizeable increase to our quarterly dividend, up 36 per cent to 37.5 cents per share, effective January 1, 2007. The \$1.50 annualized dividend is now at a record high. TELUS also continued its share repurchase programs in 2006, buying back more than 16 million shares at a cost of \$800 million. Since December 2004, TELUS has repurchased 42.9 million shares for approximately \$1.97 billion. In addition, we committed to a third share buyback program for up to 24 million shares that extends to December 2007.




Environmental performance

 **Target:** Complete an external audit of TELUS' environmental management system (EMS), demonstrating a high degree of conformance with the ISO 14000 EMS standard.

TELUS engaged PricewaterhouseCoopers, a leading international auditing firm, to conduct the ISO 14001:2004 Gap Analysis, which was completed in 2006. This was the first time our EMS has been compared to the ISO standard. Although TELUS met some of the criteria, we have significant work to do to meet all the requirements. Overall, our EMS demonstrated a strong commitment to managing environmental issues, evidenced by high awareness of key concerns and practices across the company. The report also indicated that TELUS' corporate policy effectively communicates our environmental commitment to stakeholders and that the TELUS Environment team effectively identifies and promotes environmental issues. Areas identified for improvement include enhancing our process for identifying risks and objectives; increasing the monitoring of compliance on policy issues; and improving documentation control, maintenance and accessibility. TELUS has developed a three-year action plan to address the identified gaps.

Community welfare

 **Target:** Through the TELUS Community Boards, donate \$3.5 million to community initiatives in line with our three pillars of arts and culture; education and sport; and health and well-being.

We continued to support our communities through the collaborative efforts of our seven TELUS Community Boards in Vancouver, Calgary, Edmonton, Toronto, Ottawa, Montreal and Rimouski. In 2006, these boards each allocated \$500,000 to grassroots charitable organizations in their local communities, benefiting a total of 272 charitable initiatives. TELUS also achieved our 2006 goal to expand our national network of charitable funding to a number of smaller communities in B.C. and Alberta through the efforts of TELUS Community Advisory Teams.


our commitment

growing together

5,000

TELUS volunteers made a difference on September 30, 2006


Community welfare

 **Target:** Launch Governance Essentials: a Program for Not-for-Profit Directors in Vancouver, Calgary, Edmonton, Toronto, Ottawa and Montreal as a critical component of our leadership strategy in corporate philanthropy.

TELUS entered a partnership with the Rotman School of Management and the Institute of Corporate Directors to deliver Governance Essentials. The innovative training program provides fundamental learning in key non-profit governance practices such as communication, change management principles and the roles of board members. The program was launched in six cities across Canada in 2006 and attended by almost 200 participants. TELUS also provided 54 scholarships for not-for-profit organizations to aid individuals in the financial cost of attending the program.

Feedback from participants was extremely positive, as expressed by Colin Jackson, president and CEO of EPCOR CENTRE for the Performing Arts in Calgary: "I thank TELUS for establishing the Governance Essentials program and inviting my participation. It was a fruitful and fascinating three days. I have already applied some of the thinking to the governance of this organization. TELUS is making a difference to the life of this organization through this course and through corporate sponsorships."

Workplace well-being

 **Target:** Through targeted initiatives such as spirited teamwork – stronger together, increase the engagement of the TELUS team as measured by the Pulsecheck survey.

TELUS is pleased to have made progress on this target through the implementation of national initiatives and programs, which contribute to our overall level of engagement. We achieved a


record high team member participation rate of 79 per cent in the online 2006 Pulsecheck survey. Whilst team member engagement increased to 65 per cent, two percentage points higher than the last survey conducted in 2004, we are committed to increase it further.

Engagement initiatives included enterprise-wide efforts such as the spirited teamwork – stronger together program, which enabled thousands of team members to learn more about our strategic direction and gain insight into enhancing their personal and professional lives. TELUS also spent \$33 million on training and development for the TELUS team, a competitive benchmark against industry standards. We introduced new learning and development programs such as Leadership Now and Welcome to TELUS, and delivered extensive labour relations training in support of our new collective agreement, ratified in late 2005.

We apply a holistic approach to training team members that encompasses classroom learning, on-the-job development, online learning, tuition reimbursement, community involvement, conferences and mentoring. Every team member creates a customized career development plan in partnership with their manager.

TELUS also offers many innovative employment benefits such as an employee share purchase plan through which we match team member contributions at 45 per cent for front line team members below director positions and 40 per cent for directors and senior leaders; an employee and family assistance program; a life balance account; share options for all employees; and a charitable giving program where we match team members' charitable donations.

Governance, integrity and transparency

 **Target:** Test 100 per cent of key controls in 2006 and be prepared to certify under the rigorous U.S. Sarbanes-Oxley Act certification (Section 404) required in 2006.

Section 404 of the U.S. Sarbanes-Oxley Act (SOX) stipulates that public companies must take responsibility for maintaining an effective system of internal controls, in addition to reporting on the system's effectiveness. It requires an annual assessment and certification by the chief executive officer and chief financial officer on the effectiveness of the design and operations of the company's internal controls over financial reporting. SOX 404 also requires an external audit of management's assessment of the internal controls. By the end of 2006, TELUS had successfully documented, assessed and tested all key controls.

Our external auditor, Deloitte & Touche, confirmed in March 2007 that TELUS achieved complete SOX 404 certification for 2006. External parties have stated that TELUS' SOX 404 initiative is a best-in-class certification process, recognized as proactive and organized and providing confidence for stakeholders in the integrity of our 2006 financial statements.

Evolving with change and meeting the challenges: TELUS' 2007 targets

As we strive to deliver on our commitment to stakeholders and conduct business in a corporate socially responsible manner, each year we face economic, environmental and social challenges that require our attention.

Raising our economic performance

Robust competition in the communications industry continues to push us to raise our performance each year. A key opportunity and challenge for TELUS is to maintain the robust growth in our wireless business at the same levels we have achieved in recent years, whilst also supporting the evolution of our heritage wireline business. We are investing for the future in both our wireless and wireline businesses to ensure TELUS maintains long-term growth. Encouragingly for TELUS and our stakeholders, there remains significant room for growth in the Canadian wireless industry. In a global comparison, Canada is under-penetrated at 56 per cent. For example, the U.S. is at circa 75 per cent and growing. Indeed, we believe Canada can achieve a similar level in the next four to five years. To meet the demands of the fast-growing wireless business, we must invest in the latest and best technology, and accordingly, we have increased capital expenditures by 29 per cent to \$550 million in 2007. We also see an opportunity in the wireless business market, due to the March 2007 implementation of wireless number portability in Canada, which enables clients to retain their phone number if they switch carriers.

On the wireline front, we are maintaining 2007 wireline capital expenditures at approximately \$1.2 billion, including investments in new infrastructure, broadband network enhancements and information technology. This is aimed at rejuvenating our wireline business in Ontario and Quebec to support new business contracts, and in Western Canada and Eastern Quebec by enhancing customer service and new growth services such as TELUS TV.

Robust competition in the communications industry continues to push us to raise our performance each year.

Meeting social demands

Decreasing government funding and increasing social demands continue to impact our communities and escalate appeals to corporations for financial support. Underpinning our belief that to do well in business we must do good in the communities where we live, work and serve, the TELUS team is dedicated to making a positive difference by contributing our hearts, minds, time and dollars. To enhance our impact in our communities, we will strive to increase team member and alumni involvement in the Team TELUS Cares program, including: participation in TELUS' National Day of Service; registered hours in the Dollars for Doers volunteer program; and pledges for the Dollars for Dollars charitable giving campaign. In addition, we will expand the national reach of the TELUS Community Ambassadors program, launching clubs in Ontario and Quebec.



our commitment

Underpinning our belief that to do well in business we must do good in the communities where we live, work and serve, the TELUS team is dedicated to making a positive difference by contributing our hearts, minds, time and dollars.

Reducing impacts to the environment

Reducing impacts to the environment from the implementation of TELUS' business initiatives is an ongoing challenge and a duty of this company to our stakeholders. Our commitment to environmental stewardship leads us to continuously improve the way we manage environmental impacts. TELUS will extend our influence into our supply chain, striving to ensure suppliers are enhancing their own CSR performance. We will also do our part to mitigate climate change impacts by reducing our energy footprint through efficiency and choosing green power where economically feasible. Finally, we will continue seeking feedback on our environmental performance from all stakeholders to drive improved performance.

Growing together – 2007 targets

The TELUS team is working hard to deliver on our brand promise of making the future friendly for our customers, investors, team members and communities. Bound by the TELUS brand and our core values, based on a consistent and winning strategy, and supported by a strong financial position and a dedicated team, we aim to stay ahead of the competition. We are committed to growing together and conducting business in a socially responsible manner that exemplifies global excellence. To help guide us, we have established five new CSR targets for 2007 that the TELUS team holds itself accountable for achieving in the months ahead. On behalf of the TELUS team, I pledge our commitment to achieving these goals whilst conducting our business with a triple bottom line approach for the benefit of all our stakeholders.

Sincerely,



Darren Entwistle
President and Chief Executive Officer
March 30, 2007





2007 sustainability targets

Economic growth

Realize TELUS' 2007 consolidated financial targets (revenue, operating earnings, earnings per share and capital expenditures) as detailed on page 8 of the 2006 annual report – business review.

Environmental sustainability

Complete 40 per cent of the upgrades to our environmental management system (EMS) identified in the 2006 ISO14001:2004 EMS gap analysis conducted by PricewaterhouseCoopers.

Community welfare

Engage team members and alumni under the Team TELUS Cares program, increasing participation in TELUS' National Day of Service by five per cent, Dollars for Doers registered hours by five per cent and Dollars for Dollars pledges by five per cent.

Expand the national reach of the TELUS Community Boards by establishing two new boards – on Vancouver Island in B.C. and in Atlantic Canada, to fund local community initiatives aligning with our pillars of arts and culture; education and sport; and health and well-being.

Workplace well-being

Increase team member engagement by two percentage points and implement a new best practices methodology for the Pulsecheck survey, which will benchmark TELUS' performance against other employers.

Governance, integrity and transparency

Certify under the Sarbanes-Oxley Act certification (Section 404) on a continuous basis, embedding compliance across the organization, using the Public Company Accounting Oversight Board Auditing Standards as guidance.

teleworking at TELUS

Meredith Forsythe kick-starts her work day at sunrise in order to stay on top of her jam-packed schedule. She has customer service reports to complete and a team meeting to attend, and she plans to blow her customer service stats out of the water. It is a good thing she has a very short commute.

Meredith is a TELUS customer service representative who works out of her home in Barrie, Ontario. She has found the perfect balance in her work and family life through the flexibility TELUS offers. She is just one of thousands of TELUS team members who have carved out a non-traditional work style that works for her and the company.

Meredith is involved in TELUS' At Home Agent project. Since January 2005, 290 frontline agents have been provided all the technical requirements they need to do their job from their homes.

"Since I began teleworking, my stats have dramatically improved because I am much happier with my job and in turn provide a better customer experience. I am more productive than ever and the best part is I am always home in time to enjoy dinner with my family. This is a win-win situation from a business and team member perspective."

Meredith Forsythe, TELUS customer service representative and teleworker

Organizations are experiencing an incredible shift in traditional work styles as employees and companies look for new and better ways to work.

Triple bottom line benefits – social, economic and environmental

The positive impacts of teleworking are compelling. Teleworkers often have better work/life balance and less stress because of reduced commuting time.



The benefit for businesses can be measured in reduced costs and overhead, increased customer satisfaction and productivity, reduced absenteeism, and improved employee attraction and retention. Teleworking can also help with business continuity because employees can work offsite in the case of a flu pandemic or natural disaster.

According to the Canadian Teleworking Association, about 1.5 million Canadians telework at least once a week. The association reports that telecommuting:

- **Improves employees' quality of life by:**
 - Reclaiming commute time and lowering stress levels caused by traffic congestion
 - Allowing more family and personal time
 - Reducing personal expenditures for food, clothing, dry cleaning, parking, auto insurance, gasoline and car maintenance
 - Increasing personal satisfaction with their job and their company
- **Benefits businesses by:**
 - Saving thousands of dollars a year per employee in reduced real estate costs and lowered absenteeism
 - Increasing productivity and performance by an average of 20 per cent because of fewer interruptions, more flexible hours, and less time lost to commuting, poor weather and illness
 - Increasing employee engagement and driving recruitment and retention

From an environmental perspective, teleworking is literally making our world a better place. It provides an enormous potential to reduce pollutants and greenhouse gas emissions. It also eases the strain on our already overloaded transportation infrastructures.

Measuring the benefits

Approximately half of the management professionals at TELUS have access to the company's virtual private network (VPN), giving them the ability to work from home. In June 2006, TELUS began a pilot program to determine how we can better measure the social, environmental and economic benefits of teleworking. The company worked with Teletrips™ Inc., a Calgary-based company, to track emissions reduction, reduced congestion on our roads and the improved quality of life for our team members who work from home. The pilot project involved 170 TELUS team members who worked a total of 5,060 days remotely.

The participants used an online tracking tool to enter their commuting times and type of travel. The tool calculated reductions in emissions of greenhouse gases and other air pollutants, as well as kept track of how often team members worked remotely.

Pilot program results

Social	<ul style="list-style-type: none"> ■ Almost 14,000 hours of commute time saved ■ 82 per cent of participants said that teleworking had a very positive impact on their desire to stay at TELUS
Economic	<ul style="list-style-type: none"> ■ \$125,000 in fuel and maintenance costs saved
Environmental	<ul style="list-style-type: none"> ■ Greenhouse gas emissions reduced by 114 tonnes ■ Air pollutants reduced by four tonnes

Learnings

The pilot also revealed impediments to teleworking within some areas of the company. For example, there were technological issues encountered, including access limitations to our network that required TELUS to upgrade the number of ports available.

From a cultural perspective, hesitancy around teleworking arose from the perception that individuals who are not physically present at their desks may not be working. We anticipate that this perception will disappear as TELUS continues to enhance its high-performance culture, where team members are measured based on the results of their work and how well they achieve their objectives.

Teleworking – good for business

For TELUS, changing work styles has significant market growth potential. We have designed an innovative suite of teleworking services for businesses. The services – high-speed Internet, VPNs, a variety of phone options, and collaboration services such as web, audio and video conferencing – create virtual offices in homes. TELUS works with businesses to create telecommuting programs tailored to their unique operations. TELUS has also partnered with Teletrips to give customers the option of measuring the impacts of having their employees work at home.

The internal pilot at TELUS will continue in 2007 as we evaluate changes in work styles across the company.

growing together through our business and management practices



At TELUS, we work to ensure our individual and collective practices enable us to grow together in a sustainable and responsible way. Our goal is to demonstrate high levels of ethics and integrity in our interactions with all stakeholders. This is a priority across TELUS, and it is a focus for all team members.

Embedding corporate social responsibility

The TELUS management team incorporates economic, environmental and social concerns into decisions on an ongoing basis. Through the engagement of the most senior TELUS leaders, CSR factors play an important role in our day-to-day actions.

For example, a decision was made to adopt LEED standards in all new building and leasehold construction to minimize the environmental footprint of our leased buildings by incorporating green energy and recycled materials, enhance worker satisfaction with improved lighting and ergonomics and save money through operational expense reduction based on greater efficiency.

TELUS has gained an excellent reputation for financial, governance and corporate social responsibility reporting; our 2005 annual report was rated the best in the world, and our 2005 CSR report made a global top 50 list. We recognize, however, that CSR is about more than reporting. It is about improving overall corporate performance through the integration of economic, environmental and social responsibility into our business practices.

The key to this integration is to embed CSR into every aspect of our business, from corporate targets around CSR performance to accountability from every business unit for this performance. Over the years, we have worked toward this integration through the use of training or policies that support each area of the triple bottom line – economic, social and environmental. We will look for continuous improvement in 2007 by the inclusion of a CSR metric in the CEO's scorecard and by working to add CSR-related metrics into the scorecards of relevant business units. This practice will be facilitated by the efforts of the newly formed CSR leadership team, a cross-functional group of vice-presidents and directors who will help drive CSR accountability throughout the company.

Materiality and completeness

Materiality for CSR reporting has a different emphasis than the concept of materiality as traditionally used in financial reporting and disclosure. In the case of CSR, materiality represents all issues that are of concern to TELUS, and to any of our significant stakeholders. Materiality of issues in the TELUS CSR report is based on:

- TELUS' internal risk assessment process (annual and quarterly).
- Environmental management system (EMS) aspects and impacts assessment.

- Global Reporting Initiative (GRI) G2 guidelines including the telecom supplement. Our 2007 CSR report will reference the G3 guidelines released in October 2006.
- Targeted stakeholder feedback (e.g., benchmarking by Stratos, a leading Canadian sustainability consultant).

Completeness refers to how comprehensively we have addressed the issues presented in the CSR report. For the 2006 report, we asked a representative sample of our key stakeholders to independently evaluate our process, the materiality of issues reported, and the completeness of the reporting. This engagement process is described later in this report.

Strategy, corporate governance and business ethics

TELUS' strategy focuses on being a strong national player in data, IP and wireless. Our strategic intent is to unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move.

Guiding our efforts since 2000 are six consistent strategic imperatives that are the foundation for our decisions and actions. Each year we also set corporate priorities to address current opportunities and challenges. TELUS team members use these priorities to determine how their own efforts will help them contribute to the success of TELUS. For information on our strategic imperatives and key priorities for 2007, visit our online 2006 annual report at telus.com/annualreport.

Corporate governance

Our Board of Directors approves the TELUS ethics policy and is responsible for monitoring its compliance. Additionally, the Board oversees strategic planning, communicating with investors and regulators, monitoring risks and internal controls, and ensuring compliance with all significant policies and procedures. The Board also appoints the chief executive officer and approves the appointment of all members of the executive leadership team. Profiles of TELUS' Board of Directors and senior executives are available at telus.com/bios.

We strive to proactively adopt best practices in corporate governance. This includes a confidential whistleblower system for anyone who wishes to draw attention to potential abuses.

In addition, the chief financial officer shares the CSR report with the Audit Committee of the Board prior to publication.

A full statement of our corporate governance practices can be viewed at telus.com/governance.

business and management practices

In 2006, TELUS was recognized internationally for excellent corporate governance and best-in-class disclosure. This recognition included the following prestigious awards:

- **Best annual report** – The TELUS 2005 annual report was recognized as number one in the world in the Annual Report on Annual Reports by *enterprise.com*, the only international ranking of corporate annual reports
- **Among top boards** – *Canadian Business* magazine's annual Top 25 Boards in Canada survey ranked TELUS in a seventh place tie, scoring 85 out of 100 points

TELUS' risk and control assessment process

At TELUS, business risk is defined as the degree of exposure associated with key strategic, financial, organizational and process objectives in relation to the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations, and the safeguarding of assets within an ethical organizational culture.

To ensure alignment with the triple bottom line, TELUS uses an enterprise-wide risk and control assessment process that solicits and synthesizes the expertise and insight of team members from all areas of the business. This process seeks to address key risks to TELUS, including risks related to corporate social responsibility.

More information on our risk assessment process is available in the risk management section of the 2006 annual report (telus.com/annualreport). Information on financial liabilities is listed in the Consolidated financial statements and notes section of the report.



growing together

100%

of TELUS team members completed the ethics e.learning course

Business ethics and integrity – policies, codes of conduct and training

A Ethics policy

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 members of the Board of Directors and officers. The policies have been communicated to team members and are available on TELUS' internal portal. Human rights issues are specifically addressed in these policies.

To promote company-wide awareness of the ethics policy, all team members must complete an online ethics course annually as a term of employment. This e.ethics course, introduced in 2002, is updated and enhanced each year. One hundred per cent¹ of team members completed the 2006 course, compared with 100 per cent in 2004^{2,3}, 95 per cent in 2003 and 93 per cent in 2002.

A 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 complaints related to accounting, internal controls or ethical issues.


In 2006, the Ethics Office fielded 345 calls. Of these, it was determined that 159 (46 per cent) did not relate to the ethics policy, and were referred to more appropriate areas such as Customer or Client Care and Human Resources. Of the remaining 186 calls, 97 were inquiries from team members seeking advice on ethical situations and 89 were complaints from external and internal stakeholders. Each complaint was researched, resolved appropriately and reported to the Audit Committee of the Board of Directors. For 2006, the Ethics Office concluded there had been 30 (compared to 26 in 2005) breaches of the ethics policy. None of these involved fraud by team members who had a significant role in internal controls over financial reporting.

1 As of March 27, 2007, and based on the team members on staff at the time the course was launched.

2 The percentage for 2004 does not include TELUS wireless operations.

3 Due to a four-month labour disruption, the 2005 course was not offered.

TELUS policies			
Policy	Available to public on telus.com/governance	Available to team members on internal portal	Team member training
Corporate disclosure and confidentiality of information	✓	✓	Included in e.ethics course
Environment	✓	✓	Various courses offered on specific environmental topics
Ethics	✓	✓	Annual e.ethics course
Insider trading	✓	✓	Included in e.ethics course
Records retention	✗	✓	Not currently available
Respectful workplace	✗	✓	e.respect course and instruction-led workshops
Privacy code	✓	✓	e.privacy course
Security	✗	✓	e.security awareness course
Management signing authority	✗	✓	e.signing authority course



See more information about TELUS policies at telus.com/csr/commitment

Competition law training

Competition is good for everyone and TELUS is striving to ensure our team members know the rules of engagement. In October 2006, we launched an e-learning tool to help team members better understand competition laws. This training is required for team members and managers in positions affected by competition law – including sales, customer service, marketing and procurement.

CRTC compliance

TELUS is working to ensure that all team members understand TELUS’ ethical and legal standards and comply with Canadian Radio-television and Telecommunications Commission (CRTC) regulations. Our Compliance Office works with TELUS business units to develop controls and monitor compliance with these regulations. Monthly quality of service measurement reports are provided to the CRTC, for which we hold our executive personally accountable. Appropriate training is provided to strengthen awareness of existing requirements and new rulings. We also encourage team members to identify and report potential non-compliance either directly to our Compliance Office or anonymously through our ethics reporting line.

Public policy and economic development

TELUS believes it has a role and responsibility to be a leader in the development of progressive public policy. To this end, TELUS works with a wide range of organizations to fulfill these objectives. This includes all levels of government, community leaders, industry and business associations,¹ and the not-for-profit sector to shape a public policy environment that serves the needs of Canadians as well as our business. Focusing on what we know best – communications – we use our technological expertise and resources to address a range of communications issues, advance economic development and technology growth, enhance public safety and bolster targeted health and education initiatives.

Public policy

We partner with diverse national and international stakeholders who are committed to supporting technical, legislative, self-regulatory and educational initiatives to address industry-wide issues. These issues include illegal and damaging content on the Internet, online child sexual exploitation, copyright infringement and spam.

Media and information literacy for youth – TELUS participated as a gold-level sponsor and board member of the Media Awareness Network (MNet), Canada’s leading media

¹ Business and industry association affiliates include: Information Technology Association of Canada, Canadian Wireless Telecommunications Association (CWTA), the Canadian Association of Internet Providers (CAIP), Conference Board of Canada, Public Policy Forum, Canadian Chamber of Commerce, local Chambers of Commerce and Boards of Trade, B.C. Business Council and Alberta Economic Development Authority.

and web literacy organization. See media-awareness.ca for more information.

Copyright – Together with other major Canadian broadcast distribution undertakings, we met frequently over the year with federal government officials about the World Intellectual Property Organization (WIPO) negotiations. These talks are about a proposed new international copyright treaty.

Spam – In 2006, spam, or unsolicited commercial email, continued to be a major concern for both personal and business Internet users. To limit and control spam, TELUS continued to provide free spam control to our high-speed Internet subscribers.

Wireless number portability – Together with Canada's major wireless carriers, TELUS implemented wireless number portability (WNP) in March 2007, allowing customers to keep the same phone number when changing wireless service providers. WNP also allows the majority of Canadians to keep the same phone number when transferring their landline phone service to wireless service and vice versa within the same local calling area.

WNP is available in the majority of populated regions within Canada's wireless coverage areas. The project implementation, spanning just 18 months, stands out as a model of success for TELUS and the industry.

At TELUS, WNP represents an opportunity to demonstrate our focus on delivering an exceptional experience to our customers at every touch point. We remain firmly committed to earning the loyalty of our customers by offering unparalleled service, crystal clear network reception and extensive wireless coverage across the country.

Privacy – In the telecommunications industry we are faced with the continual balance of ensuring we appropriately protect our customers' personal information and the need for our customers to have convenient access to their information. This means we need authentication practices that confirm we are dealing with the correct individual and prevent us from discussing account information with unauthorized individuals. TELUS is working with our industry counterparts to strive to ensure that our practices and procedures reflect this balance and prevent unauthorized access to our customers' information. This includes access for internal uses. For example, in identifying customers for our stakeholder panel, we were required to search within a designated sample group of customer volunteers.

TELUS' compliance and privacy officer reports quarterly to the Audit Committee of the Board of Directors and provides a summary of privacy issues and complaints against TELUS from the Office of the Privacy Commissioner.

growing together

#1 ranking

in the Canadian telecom industry
for the TELUS privacy policy

TELUS is recognized for its industry-leading privacy policy. In May 2006, our policy was ranked number one in the Canadian telecommunications industry by Nymity, a leading Canadian privacy educator and consultant. This ranking recognizes our efforts in the area of managing and protecting our customers' and team members' personal information.

TELUS continues to work with business and government stakeholders on issues and best practices for managing customer and employee personal information. TELUS is a founding member of the Canadian Council of Chief Privacy Officers, a group of privacy professionals representing leading Canadian businesses that explores and exchanges ideas for managing customer and employee privacy in Canada. As well, TELUS initiated and chairs the B.C. Privacy Networking Forum, a group of privacy professionals representing leading organizations in B.C. who work to develop and implement privacy best practices. We also provided input to Industry Canada for the 2006 mandatory federal review of the Personal Information Protection and Electronic Documents Act (PIPEDA).

During 2006, TELUS' privacy officer participated on the Canadian Advisory Board for the International Association of Privacy Professionals and assisted in the development of Canada's first certification program for privacy professionals in



the private sector. TELUS' privacy officer was the first Canadian privacy professional to achieve certification under the program, and other members of the TELUS Privacy Office have also achieved certification.

In order to protect TELUS' customer and employee personal information, team members managing projects involving the collection, use or disclosure of personal information must complete a privacy impact assessment that strives to ensure that appropriate privacy and security considerations have been built in prior to the project being implemented. In 2006, team members submitted 74 privacy impact assessments.

Safety

In 2006, TELUS continued to strengthen its commitment to safer communities through a number of initiatives and innovative technology solutions.

Child safety – TELUS supports our customers' freedom to access any information that does not contravene Canadian laws. Exploitation of children is not acceptable in any situation and, to this end, TELUS has joined with others in helping to facilitate a safe online environment for children. We are active members of:

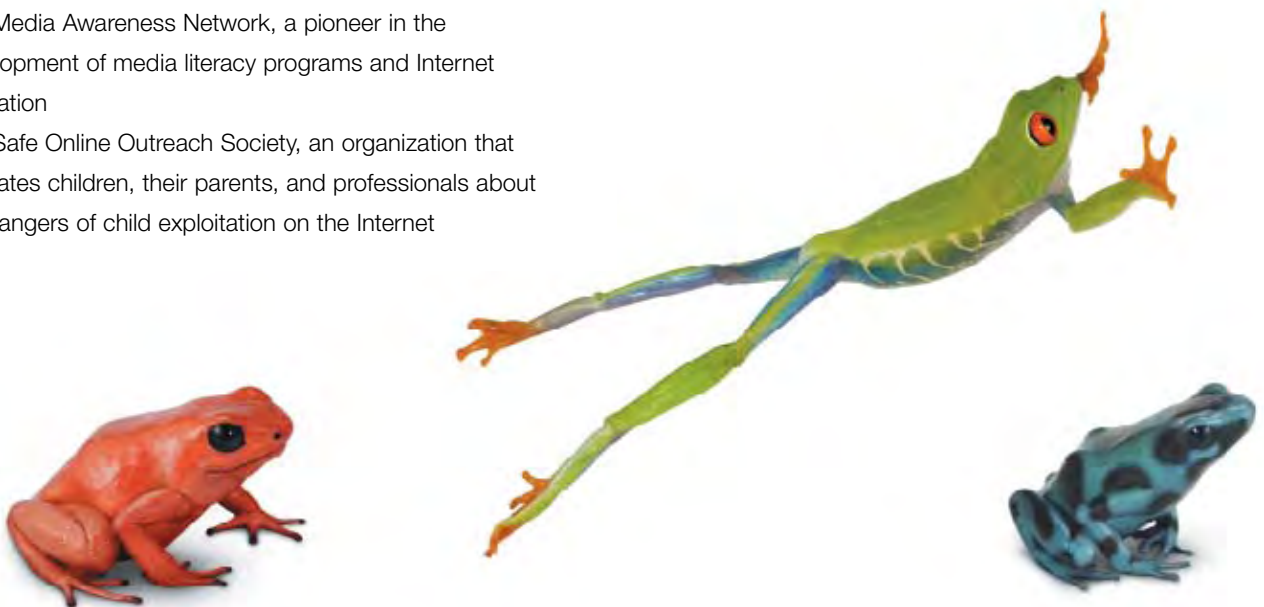
- The multi-stakeholder Canadian Coalition Against Internet Child Exploitation
 - The national steering committee of the National Child Exploitation Coordination Centre
 - The Senate Committee Against Commercial Sexual Exploitation of Children and Youth
- In addition, TELUS supports:
- Cybertip.ca, a national online child exploitation tip-line. For information, visit cybertip.ca
 - The Media Awareness Network, a pioneer in the development of media literacy programs and Internet education
 - The Safe Online Outreach Society, an organization that educates children, their parents, and professionals about the dangers of child exploitation on the Internet

In November 2006, we joined Canada's other major Internet service providers (ISPs) in a new initiative to help make the Internet safer for Canadians and their families. Through *Project Cleanfeed Canada*, TELUS and other participating ISPs will install new, sophisticated filters designed to protect customers from inadvertently visiting foreign websites that Cybertip.ca has identified as containing images of children being sexually abused. We also continue to work with Cybertip.ca and Canadian legal authorities to take appropriate action against websites containing child sexual exploitation images hosted in Canada.

In October 2006, TELUS announced the launch of Kid Find, a new service for parents concerned about their children's safety. Parents can now locate their children through an easy-to-use global positioning system on their cell phones.

Responsible driving – TELUS and the Canadian Wireless Telecommunications Association (CWTA) collaborated to produce a public service announcement (PSA), called *Focus on Driving*, in May 2006 on the dangers of distracted driving. It aired on a variety of cable and network affiliate stations throughout 2006, including CTV, Sportsnet, TSN, Teletunes and the History channel.

The PSA is part of a broader Focus on Driving initiative to educate consumers and telecommunications employees about the importance of avoiding distractions while driving. Eating at the wheel, chatting with passengers, fiddling with the radio and using wireless devices are all distractions that can divert attention from the road, endangering the driver's safety and the safety of others. We encourage all drivers to review the Responsible Driving Guidelines at focusondriving.ca.



business and management practices

Wireless safety – As wireless technology rapidly advances, TELUS remains dedicated to examining the related health and safety issues. Through the CWTA, TELUS collaborated with the McLaughlin Centre for Population Health Risk Assessment at the University of Ottawa and funded the establishment and ongoing operation of rfcom (wirc.org), a website devoted to worldwide research on the health effects of wireless technology. The site is fully bilingual (English and French) and operates at arm's length from the wireless industry to ensure complete scientific impartiality. There are plans to also present the site's materials in Spanish.

9-1-1 in Alberta and British Columbia – TELUS currently delivers 911 service to 95 per cent of phone lines in B.C. and 99 per cent in Alberta. As the incumbent telecommunications provider, TELUS remains committed to ensuring all Alberta and B.C. communities can access the best 911 service. TELUS has made significant investments in network technology and architecture to deliver greater reliability. We are also upgrading our existing data networks to the next generation of IP networks to enable greater performance, security and the use of enhanced applications for users.

TELUS SafetyNet services – In May 2006, TELUS launched SafetyNet, a portfolio of emergency response communications solutions that help governments, emergency responders and industry collaborate and co-ordinate their activities in preparing for and responding to emergencies.

Working with emergency management organizations across the country, TELUS SafetyNet was built upon TELUS' expertise in Geomatic's Emergency Management and Employee Safety solutions and our world-class expertise in communications and IT security.

TELUS demonstrates our commitment to public safety by participating in community mock disaster simulation exercises across the country, which showcase how TELUS SafetyNet technology solutions can help first responders, governments and agencies better respond to emergencies. In 2006, TELUS participated in an exercise that involved the mock hijacking and crash of a plane at the airport in Kelowna, B.C. In Banff, Alberta, we took part in a simulated freight train and school bus collision.

Supporting law enforcement agencies – Over the years, TELUS has often assisted law enforcement agencies by providing

helping in real-life emergencies

TELUS' emergency response support (ERS) team can quickly provide mobile command centre and communications for emergencies – as well as disaster training exercises. In 2006, our response capabilities were frequently tested – by design and by real-life events. For example, when extreme weather in the remote B.C. community of Port Renfrew resulted in widespread utility and communications failure, we immediately responded by providing emergency communications services – including 911 service – to local residents, businesses and emergency responders using our satellite and cellular on light truck (SATCOLT).



information in response to thousands of judicial orders. In 2006, TELUS fulfilled almost 3,200 general warrants and production orders. As well, we have further streamlined and simplified our processes, making it easier for law enforcement agencies to get the assistance they need when they need it, while continuing to appropriately respect our customers' data.

Economic development

TELUS is committed, through collaboration and resource sharing with stakeholders, to support local and regional economic initiatives that help build strong communities now and for the future.

TELUS Ventures – Through TELUS Ventures, TELUS invests in companies that specialize in digital media, enhanced data, Internet and wireless, which complement or advance our wireless and data strategy. TELUS finds innovative, early-stage companies that are bringing innovations in technology and business models. We use a rigorous evaluation process to vet a company's management team, product roadmap and technology to determine the investment potential and strategic value to TELUS.

In 2006, TELUS made several major changes to its investment portfolio. We divested our shares in Photochannel Networks; Convedia was acquired by Oregon-based Radisys and Hostopia issued shares on the Toronto Stock Exchange through an initial public offering. TELUS Ventures is using the proceeds from these deals to reinvest in other companies in the technology field throughout North America, such as our 2006 investments in Widevine Technologies and Amp'd Mobile.

TELUS Ventures has invested more than \$81 million in 23 companies since 2001. The 2006 investment was \$13.2 million. For more information, visit telus.com/ventures.

TELUS Innovation Fund for Film, TV and New Media – In November 2004, the TELUS Foundation donated \$3 million to the Canadian Film Centre (CFC), which administers the TELUS Innovation Fund. This fund supports up to three projects per year with donations of \$100,000 each and is designed to assist projects that explore new ways of approaching entertainment and storytelling; placing Canadian ideas, talent and media at the forefront. The CFC made its first grants from the fund in early January 2007, to independent production companies Rocketfuel Productions in Edmonton and Films Isle Turbulent in Montreal. For more information, visit cdnfilmcentre.com/training/program.html.



Aboriginal relations

We work with stakeholders to meet their unique needs, building trust and developing relationships that positively shape the quality of life in the communities we serve. This is particularly evident in our long-standing relationship with Aboriginal people, as we seek mutually beneficial ways of working together.

B.C. Utilities Advisory Council for Treaty Negotiations – TELUS works with Aboriginal people and the B.C. government to identify solutions for land claims issues. As a founding member of this group, TELUS actively participates in the consultation and development of treaty language.

Co-existence and protocol agreements – We develop relationships with Aboriginal administrations by creating co-existence and protocol agreements that recognize Aboriginal rights and title to traditional territories.

Technological growth for economic development

Bridging the digital divide in B.C. – In April 2005, TELUS and the province of B.C. jointly announced a Connecting Communities Agreement to benefit citizens in all corners of the province. As part of the agreement, TELUS is investing more than \$110 million to connect 119 rural communities to high-speed Internet and to expand broadband access. This is in addition to the \$2.2 billion TELUS has already invested in telecommunications infrastructure and services within B.C. over the past five years. To date TELUS has connected 115 of the 119 communities to broadband Internet infrastructure and is actively working to connect the four remaining. Under the agreement, TELUS is deploying transport infrastructure to distribution points within each community. From there, the community or a regional ISP makes last-mile connections to local customers.

Expansion of wireless networks – TELUS provides digital wireless coverage to 95 per cent of Canada's population. In 2006, we invested \$427 million in capital expenditures to expand and enhance our national wireless network, and we plan to invest approximately \$550 million in 2007.

business and management practices

Health care

Telehealth – TELUS is one of Canada's leading authorities on and providers of telehealth technology. Telehealth addresses care provider and specialist shortages in a patient's residential area by bringing remote resources to the community through communications and information technologies. Video-enabled, virtual consultations between healthcare professionals and patients are one way of improving access to healthcare in rural areas. All of the necessary information – including x-rays and ultrasound – can be reviewed and discussed in real time by consultation participants, simulating in-person sessions. Our telehealth solutions have enabled the Ontario Telemedicine Network to bring quality health care closer to home for more than 150 communities across Ontario. TELUS helps these networks connect urban and remote sites and supports continued professional development in all the regions in Ontario facilitating more than 2,000 clinical consultations per month.

UVic academic projects – TELUS has partnered in several academic research projects at the University of Victoria (UVic). We provided \$140,000 over two years to co-sponsor the End of Life Palliative Care research program at the School of Health Information Science at UVic, in collaboration with the Victoria Hospice Society, Vancouver Island Health Authority and the BC Cancer Agency. This strategic alliance project has stimulated research activities and training opportunities. TELUS has also supported the establishment of the UVic Centre on Aging Call Centre. The infrastructure provided by TELUS has created

student employment, almost tripled the funds raised by the Annual Giving Calling program who use the facility, and greatly enhanced the research capability within the Centre on Aging.

Education

We want to see young people engaged by technology – whether it is facilitating their learning experience or is the object of their study. In 2006, TELUS helped bring technology-oriented programs into Canadian classrooms.

GEERing UP! UBC Engineering and Science for Kids – In-school workshops and technology camps offered in Greater Vancouver introduced students in grade two to grade 10 to the intriguing worlds of science, technology and engineering in a fun, hands-on environment. The ultimate goal is to inspire kids to pursue studies – and careers – in these fields.

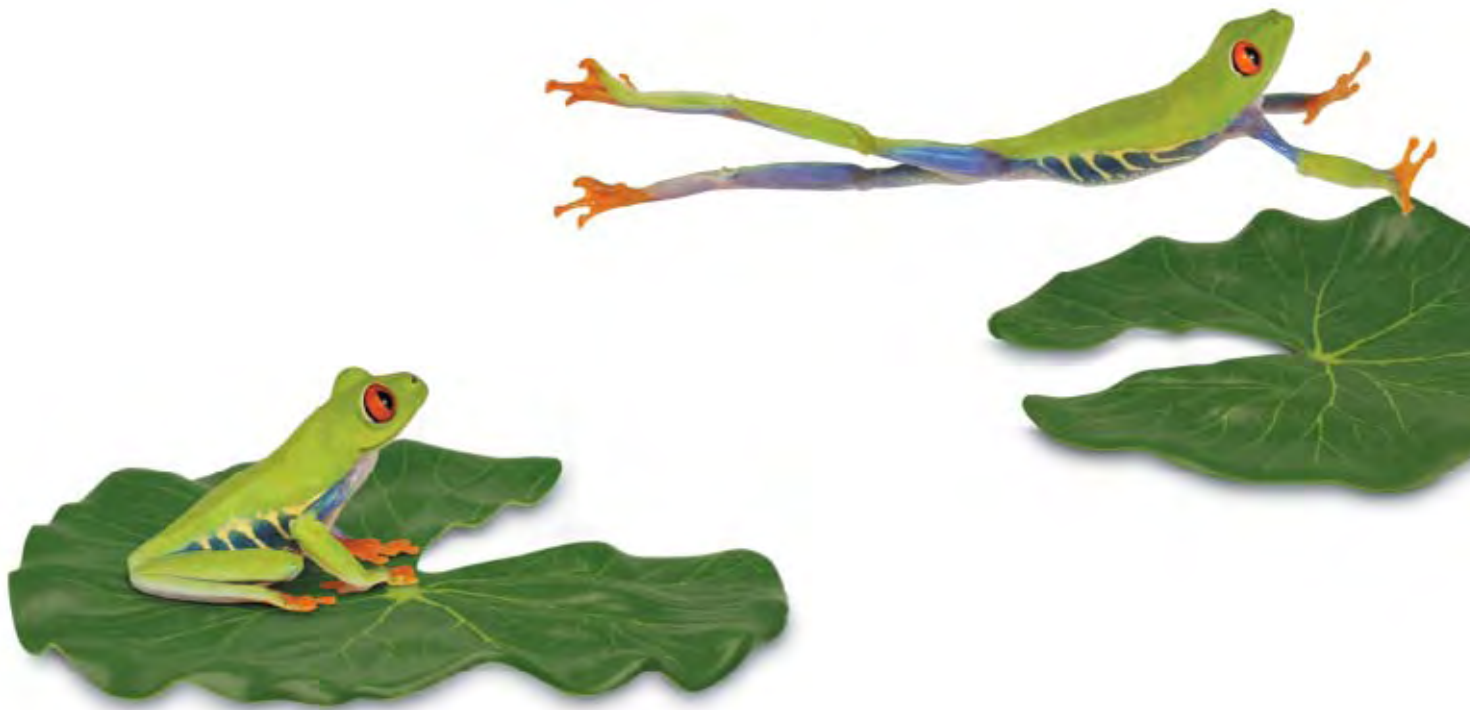
SMILE (Science Matters in Life and Education) Scientists in School program – Under the guidance of visiting scientists, kindergarten to grade 8 students in Greater Toronto elementary schools explored one of 77 topics in half-day workshops aligned with Ontario's Science and Technology curriculum. For example, in "Sound is Music to my Ears," grade four students apply the results of their sound experiments to understand how sound is produced in megaphones, radios and telephones. In "Electricity: Get Charged," grade six students design circuits and link the results to how electricity is converted to other types of energy, such as sound or light in devices that send signals.

TELUS Learning Connection

The TELUS Learning Connection is an alliance between TELUS, Alberta Education, the Alberta Teachers' Association, the College of Alberta School Superintendents and the University of Alberta's Faculty of Education. This alliance is a professional development program for kindergarten to grade 12 teachers, providing online tools and resources for 30,000 teachers throughout Alberta. The **2Learn.ca** website receives an average of five million hits per month.



growing together with stakeholders



TELUS is committed to working co-operatively with our stakeholders to share ideas, perspectives and solutions. We know that we will achieve our best results when we continually ask for input from stakeholders, listen and then act. By working together to develop solutions, we not only benefit from the knowledge and expertise of others, we also build long-term relationships that help TELUS to grow together with our communities socially, economically and environmentally.

stakeholder relations

Our stakeholders include customers, team members, governments, investors, suppliers, industry advocacy groups and community partners. Information about our work with various stakeholder groups can also be found in the public policy, economic, community, workplace and environment sections of this report.

Listening to customers – In listening and responding to the needs of customers, we are seeking to better deliver what our customers need and expect. Our efforts in this area continued as a corporate priority in 2006. We used two main tools to help us collect feedback from our customers and identify areas for improvement in terms of customer service. These are the **National data collection e-tool – e.C3** (used to track the status of complaints and identify top priority service fulfillment issues) and **Transactional Surveys** (new in 2006 – monthly surveys to help us quantify, in our customers' terms, how we are doing, and help us focus on the service priorities identified by our customers). By measuring our performance with these tools, we can better allocate resources to ensure service levels meet or exceed customer expectations. Due to the competitively sensitive nature of the information generated by these tools, we choose not to publicly disclose the results.

We also use CRTC (crtc.gc.ca) tools and processes to evaluate our performance from a customer perspective. The CRTC is an independent agency of the Government of Canada responsible for the regulation of telecommunications companies. We consider the number of customer complaints and access improvement indicators to be the most important for evaluating our performance. In 2006, the number of customer complaints to the CRTC decreased by 49 per cent. In 2005, results were affected by a four-month labour disruption and 2004 results were similarly affected by unsettled labour issues.

Complaints to the CRTC

	2006	2005	2004
Number of complaints	3,542	6,968	6,887

In terms of access improvements, TELUS measures its service levels through two CRTC indicators – access to our business office and access to our repair office. These indicators measure our ability to answer 80 per cent of our calls within 20 seconds. In 2006, the 12-month averages for business office access and repair bureau access were 82 per cent and 81 per cent, respectively. Our successful results, in terms of customer complaints and access improvements, likely reflect a return to normal operations after the labour disruption in 2005 and our focus on improving customer service. For 2007 we will continue to be responsive in meeting our access targets.

Listening to our team members – Effective communications and two-way dialogue within the TELUS team are essential to our national growth strategy and to our ability to grow together. We strive for communication that is comprehensive, clear and interactive. Our corporate communication channels, which include regular communications from our chief executive officer, email bulletins, a web portal and a bi-weekly video news program, have feedback mechanisms that enable and encourage team members to submit comments, suggestions and questions.

Additionally, our senior leadership team conducts regular communication sessions with team members. These forums are a blend of formal presentation and candid discussion of issues. They provide invaluable insight for improving customer service and making TELUS a workplace of choice. These steps are taken in addition to our annual Pulsecheck surveys as discussed in the workplace section of this report.





Listening to our investors – Each year, the TELUS Investor Relations team organizes events to communicate with investors. In 2006, this included six interactive conference calls, an annual shareholder meeting, nine external conference presentations by members of the executive and meetings with 183 institutional investors in Canada, the United States and Europe.

TELUS Investor Relations conducts an annual perception study, administered by a third party, to obtain feedback on our investor relations and communication activities. The survey audience is our institutional shareholders, debt holders and telecommunications analysts. Survey results are analyzed with a focus on improving processes. For example, analysts have asked for additional disclosure on wireless data, which we disclosed quarterly in 2006.

Working with our suppliers – TELUS recognizes the opportunity we have to extend our influence within our supply chain where CSR is concerned. In 2006, we worked directly with several large equipment manufacturers and responded to their surveys on TELUS' CSR performance. In 2007, we will roll out a similar process whereby our suppliers will account for their own CSR performance. This will be based on a survey developed by the Global e.Sustainability Initiative (GeSI).

Continuous CSR reporting improvement – In 2006, TELUS engaged another one of our stakeholders, Stratos Inc. (Stratos-sts.com), a Canadian sustainability consultant, to undertake a review of our 2005 CSR report. We have worked with Stratos since 2001 to gain feedback on the quality of our CSR report and to benchmark it against other Canadian CSR reporters. Subsequent to the review of our 2005 CSR report, a half-day workshop was presented to the TELUS CSR team by Stratos. To the greatest extent possible, TELUS has incorporated feedback from the assessment of the 2005 report into this year's edition and plans in 2007 to institute CSR measures in certain business unit scorecards.

Enhancing stakeholder engagement

At TELUS, we are eager to improve both our CSR performance and reporting. This year, for the first time, we assembled a panel of stakeholders to review our draft CSR report and make suggestions for improvement. Some of the panel members were chosen randomly, such as our customer and team member representatives. Others were invited for their expertise in specific content areas of the report or their experience with CSR reporting. We are grateful to all the panel members for sharing their knowledge and ideas so generously. They have helped to make this a better report.

The responsibility for acting on the panel's advice rests with TELUS. Some of the suggestions were easily incorporated into the current report, while others will take more time.

Stakeholder panel process

To encourage candid feedback, we engaged an independent consultant to facilitate the stakeholder panel. The panel met in Vancouver for a day and a half in early February 2007 and reviewed a draft of the 2006 CSR report in detail. They were asked to comment on report content as well as report balance, structure and language. The TELUS team members responsible for the report attended at the beginning to provide context for the panel and at the end to hear a summary of the results. Here is what we learned.

Comments on content

The panel acknowledged the impressive suite of policies and programs TELUS has in place and commended TELUS for the breadth and depth of its coverage of CSR issues. The panel found that there was too much detail in some areas, which could obscure significant issues. We have acted on their suggestion to move some of the detailed content online.

The panel members highlighted issues they considered material and not adequately described in the CSR report. Some were related to customer satisfaction, team member engagement, our CSR strategy, the role of TELUS International, economic impact and influence of TELUS beyond our own financial performance, supply chain management, climate change, and the effectiveness of the community programs TELUS supports. This year, we were only able to address some of the identified issues (related to climate change and team member engagement) given the late stage at which the panel review occurred in the report preparation cycle. Other issues, such as our economic impact (through, for example, employment, procurement and

stakeholder relations

innovation), we feel were adequately addressed, especially when considered in conjunction with our annual business review. To address some issues would mean reporting on competitive business information which we are not prepared to disclose, such as with customer satisfaction surveys. We plan to address the additional items to the greatest extent possible in our 2007 CSR report.

Comments on report balance, structure and language

The panel members commended TELUS' openness in seeking stakeholder feedback on the draft of its 2006 CSR report. They encouraged TELUS to be equally transparent throughout the report by:

- Enhancing our coverage of the material issues described above
- Publishing more concrete performance results and trend data to support our assertions
- Reviewing descriptions of performance to ensure that they present a balanced view

Panel members wanted to see a clearer CSR framework at the front of the document that would help guide TELUS to identify priorities for reporting. We agree and will address this in 2007. They also recommended that TELUS present more information at the beginning on our vision, strategy and goals for CSR. We believe this to be adequately addressed in this report.

The panel found that the sheer volume of information in the report could be intimidating to some audiences. As noted above, we considered this input as we finalized the report, and will more fully explore the panelists' feedback in our 2007 CSR report.

Next steps

The stakeholder panel process was very useful in identifying areas for improving our report, and by extension, our CSR performance. We plan to continue and expand our stakeholder engagement for future reports. Specifically, in 2007, we will seek to develop a stakeholder engagement policy and expand our panel to include other stakeholders in different geographic areas of Canada. We will initiate the panel review earlier in the report preparation cycle so that more time will be available to address specific concerns and suggestions.



growing together through economic performance



TELUS is a strong contributor to Canada's economic growth through innovative telecommunications products and services that enhance the lives of Canadians, build sustainable communities and increase shareholder wealth. We are committed to economic growth now and for the future, for the benefit of our customers, our team, our shareholders and our communities.

economic performance

Revenue, earnings and cash flow

Industry overview

In 2006, the telecommunications market experienced similar trends as in recent years. The wireless sector continued to drive profitable growth, while the wireline sector faced increased competitive pressures.

The Canadian telecom industry, including wireline and wireless, generated estimated revenues of approximately \$38 billion in 2006, with Bell Canada and its affiliated telecommunications companies representing about 45 per cent of the total. As the second largest telecommunications provider in Canada, TELUS generated \$8.7 billion of revenue in 2006, or approximately 23 per cent of the total.

Revenue growth in the Canadian telecom market in 2006 was approximately six per cent, an improvement on the 3.5 to 4.5 per cent growth experienced over the past few years and better than overall gross domestic product growth. Wireless and enhanced data continued to be the growth engine for the sector with wireless revenues growing approximately 17 per cent over 2005. Offsetting wireless growth was continued general weakness in wireline voice with declining long distance and legacy data revenues, although this decline was partially offset

by growth in enhanced data services. TELUS' focus on wireless, data and IP resulted in TELUS surpassing the industry average in 2006 with 6.6 per cent consolidated revenue growth. We expect a similar growth rate for TELUS in 2007.

The telecom landscape remains competitive. On the consumer front, traditional services remain under pressure as local and long distance revenues are expected to continue to be affected by consumer migration from wireline to wireless and competitive VoIP services, while high-speed Internet access and wireless are expected to generate continued strong growth. TELUS expects to have continued success by offering enterprise clients integrated, managed solutions focused on key vertical markets such as healthcare, oil and gas, financial services and the public sector.

TELUS' strategic focus on delivering national business services in data and IP, coupled with high exposure to the fast-growing Canadian wireless market, solidly position the company to continue its growth in 2007 and beyond.

Certain financial performance information presented here is from our audited Consolidated financial statements for the year 2006. A complete review of TELUS' financial and business information is available at telus.com/annualreport.

awards for excellence in corporate governance disclosure and annual report



The Canadian Institute of Chartered Accountants (CICA) presented TELUS for the second year in a row with the Award of Excellence for best corporate governance disclosure across all industry sectors, indicating that TELUS consistently demonstrates a commitment to excellence in corporate governance through detailed disclosure of its practices in the information circular and on its website. TELUS was also recognized for having produced the best annual report in the world for 2005 in the Annual Report on Annual Reports by enterprise.com.

TELUS financial highlights

Operating revenues increased 6.6 per cent in 2006 to \$8.7 billion, led by strong wireless growth. Operating earnings, or EBITDA (earnings before interest, taxes, depreciation and amortization), increased nine per cent, led by a 21 per cent wireless EBITDA growth. Combined data and wireless revenue were 63 per cent of total operating revenues in 2006, a 400 basis point increase from 2005. This is consistent with our continued focus on growth markets of data and wireless and contributed to healthy revenue growth.

Growth of \$422 million or 60 per cent in net income was primarily a result of the strong wireless sector, but was also affected by temporary net expenses leading up to and resulting from an extended labour disruption in 2005. The trend was also affected by reductions in income tax and tax adjustments and related interest for prior periods. Cash flow, defined as EBITDA less capital expenditures, remained relatively flat from last year, due to increased capital expenditures.

Financial highlights			
(\$ in millions except per share amounts)	2006	2005	% change
Operating revenues	8,681	8,143	6.6%
EBITDA ¹	3,590	3,295	9.0%
Operating income	2,015	1,672	21%
Net income	1,123	700	60%
Earnings per share, basic	3.27	1.96	67%
Capital expenditures	1,618	1,319	23%
Cash flow ²	1,972	1,976	(0.2)%
Dividends declared per share	1.20	0.875	37%
Return on common equity	16%	9.9%	–
Dividend payout ratio ³	46%	56%	–

1 Earnings before interest, taxes, depreciation and amortization.

2 Cash flow defined as EBITDA less capital expenditures.

3 Last quarterly dividend declared per share, annualized, divided by basic earnings per share in the reported period.

Capital expenditures – TELUS' capital expenditures of \$1.6 billion in 2006 increased as a result of enhanced investments in wireless and broadband networks and network access to serve strong housing growth in Western Canada,

as well as deferred capital expenditures resulting from the labour disruption in 2005. Seventy-one per cent of the 2006 capital expenditure was spent in B.C. and Alberta with 28 per cent spent in Ontario and Quebec.

Capital expenditures by province				
(\$ in millions)	2006	%	2005	%
British Columbia	428	26.5	265	20.1
Alberta	714	44.1	579	43.9
Saskatchewan	2	0.1	1	0.1
Manitoba	7	0.4	7	0.5
Ontario	314	19.4	325	24.6
Quebec	131	8.1	126	9.5
Atlantic Canada	1	0.1	1	0.1
Outside Canada	21	1.3	15	1.2
Total capital expenditures	1,618	100	1,319	100

economic performance

Unleashing the power of the Internet – TELUS is the second largest Internet service provider in Western Canada and, combined with Eastern Quebec, serves 1.1 million Internet customers. In 2006, we increased our high-speed Internet subscriber base by 20 per cent, to end the year with 917,000 subscribers. The company invested approximately \$190 million in this high-tech broadband infrastructure in 2006. In September, TELUS announced an additional \$600 million commitment to further enhance our broadband infrastructure in communities across British Columbia, Alberta and Eastern Quebec by the end of 2009. This build complements a rural capital investment program to bring high-speed Internet services to more than

450 additional remote communities in the same provinces by 2010.

Serving 5.1 million Canadians with wireless – Our wireless subscriber base grew by 535,000 subscribers in 2006 and we now serve 5.1 million subscribers from coast to coast. Our total network coverage of 31 million people brings digital wireless service to 95 per cent of the Canadian population.

Vendor payments – TELUS' total vendor payments in 2006 were approximately \$5.5 billion (including goods and services tax and provincial sales tax). Eighty-seven per cent of these vendor payments were made to Canadian companies or multi-national companies with locations in Canada.

Vendor payments by location				
(\$ in millions)	2006	%	2005	%
Vendors with locations in Canada	4,812	87	4,366	88
Non-Canadian vendors	717	13	571	12
Total vendor payments	5,529	100	4,937	100

Comparative performance – TELUS' financial performance – growth in revenue, EBITDA and cash flow – demonstrates that TELUS consistently performs at world-class levels, when

compared to incumbent global telecom companies for the past three years.

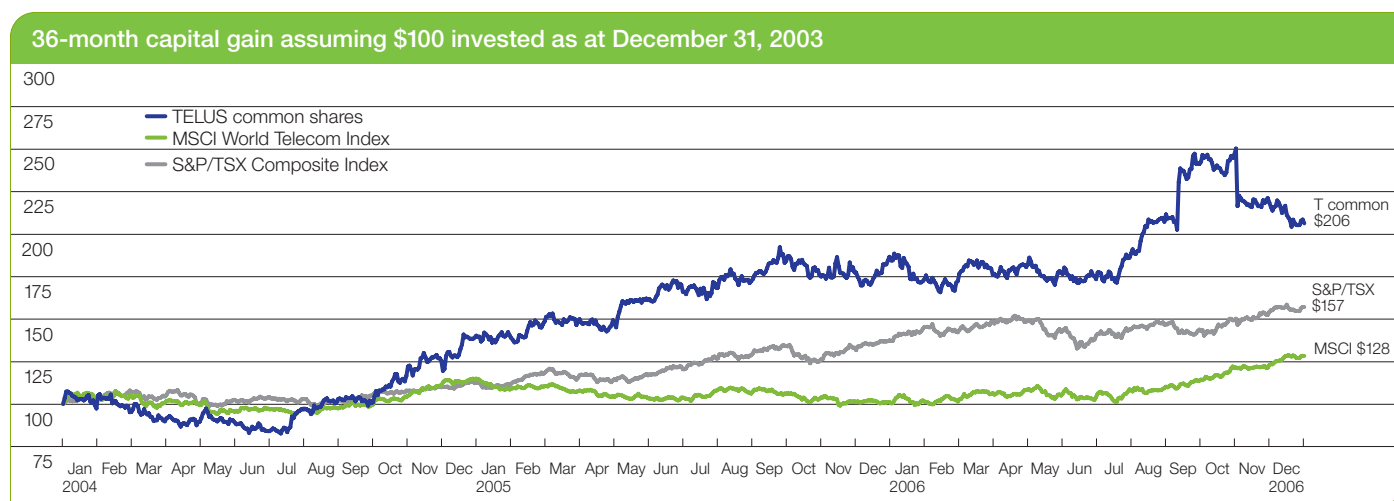
2006 global incumbent telecom performance chart			
(% growth)	2006	2005	2004
Revenue	top 25%	top 25%	No. 1
EBITDA	top 25%	top 25%	No. 1
EPS	top 25%	top 25%	top 25%

Note: A comparison of TELUS to 15 top major global incumbent telecom companies: AT&T, BCE, Bell Aliant, BellSouth, British Telecom, Deutsche Telecom, France Telecom, KPN, MTS, Nippon, PCCW, Sprint Nextel, TeliaSonera, Telstra, and Verizon. Results provided by TD Securities and Bloomberg.



Stock price performance – TELUS' common and non-voting shares have outperformed the Canadian Standard & Poor's/ Toronto Stock Exchange (S&P/TSX) Composite Index and the

Morgan Stanley World Telecom Index over the past three years, based on a \$100 investment made on December 31, 2003.



TELUS taxes – TELUS pays taxes to three levels of government and these taxes support services for all Canadians.

TELUS tax payments, excluding income taxes¹			
(\$ in millions)	2006	2005	2004
Federal government	66.4	65.2	64.3
Provincial and municipal governments:			
British Columbia	69.5	64.4	68.1
Alberta	37.9	39.5	39.3
Saskatchewan	0.2	0.1	0.3
Manitoba	0.4	0.8	0.5
Ontario	31.9	31.0	31.1
Quebec	26.5	26.3	24.2
Provincial and municipal sub-total	166.5	162.1	163.5
Total	232.8	227.3	227.8

1 Includes payroll taxes, property and business taxes, provincial corporation capital taxes, and sales taxes on goods and services used by TELUS.

TELUS income tax recoveries, net of instalments – In 2006, TELUS recorded a net recovery of \$103.0 million (compared to \$69.5 million in 2005) in federal and provincial corporation income taxes. Of this amount, \$102.8 million in 2006, versus \$69.5 million in 2005, was due to the application of losses net of instalment payments and \$0.2 million (nil in 2005) was federal investment tax credits earned on projects qualifying as scientific research and experimental development.

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, the company expects to be able to substantially utilize its non-capital losses before the end of 2007. Under the existing legal entity structure, TELUS currently expects cash income tax payments to be minimal in 2007, increasing in 2008, with substantial cash tax payments in 2009.

economic performance

In addition, TELUS collected taxes from customers and remitted them to governments.

Sales taxes collected			
(\$ in millions)	2006	2005	2004
Goods and services tax (GST) and harmonized sales tax	549.8	553.2	526.5
Provincial sales taxes (PST)			
British Columbia	126.0	118.6	120.9
Saskatchewan	1.4	1.4	1.2
Manitoba	3.0	2.2	1.6
Ontario	82.9	70.9	62.5
Quebec	75.2	60.2	56.8
Prince Edward Island	0.4	0.4	0.2
Provincial sub-total	288.9	253.7	243.2
Total	838.7	806.9	769.7

For detailed information on TELUS' financial results, visit telus.com/annualreport.

Estimated wireless investment in research and development			
(\$ in millions)	2006	2005	2004
	35.9	28.9	24.1

Investment in research

TELUS' wireline operations are supported by research and development activities to test and trial emerging new technologies. TELUS also funds collaborative research and development activities with communications research organizations such as TRLabs (Telecommunications Research Laboratories). TRLabs is the largest not-for-profit applied telecommunications research consortium in Canada with annual revenues of \$10.5 million. As an industrial partner, TELUS contributes \$563,000 per year of sponsorship and in-kind funding to TRLabs.

A research and development program in TELUS' wireless operation invests in wireless communication technologies such as third generation, or 3G, wireless communications. As part of PCS (personal communications services) licence conditions, we are required to spend at least two per cent of certain PCS and cellular revenues on research and development. In 2006, this was estimated at \$35.9 million.



growing together for the community



TELUS team members and alumni give back to our communities with their donations of money, time, energy and spirit to improve the quality of life for Canadian families. Our commitment to providing the resources to build strong and caring communities is reflected in the funding decisions made by our TELUS Community Boards. Our boards are guided by three pillars and two platforms that reflect the needs of our communities and strive to ensure that our funding has the greatest impact for those who need it the most.



VANCOUVER

Nini Baird C.M., chair
 Board member, British Columbia Film and
 Leon and Thea Koerner Foundation
Judy Shuttleworth, co-vice-chair
 Executive vice-president,
 TELUS Human Resources
Steve Podborski C.M., co-vice-chair
 Director, Sports Marketing, TELUS



EDMONTON

Dr. Bob Westbury, chair
 Executive chairman, Alberta Centre for Child,
 Family and Community Research
Joanne Beaton, vice-chair
 Vice-president, Operator Services, TELUS



CALGARY

Harold Milavsky, co-chair
 Chairman, Quantico Capital Corp., Citadel
 Diversified Management, Enmax Energy
 and PrimeWest Energy
Marilyn Milavsky, co-chair
 Board member, Calgary Opera, and member
 of the International Women's Foundation
Monty Carter, vice-chair
 Managing director, Business Solutions
 Sales, TELUS

community investment guidelines

At TELUS, we focus our community investment efforts in three pillars of funding: arts and culture, education and sport, and health and well-being initiatives. These pillars are supported by two platforms to ensure our contributions benefit young Canadians through the innovative use of technology. Through the use of these guidelines, TELUS is continuing to make the future friendly for youth and communities across Canada.

Arts and culture

Education and sport

Health and well-being

Innovative use of technology

Making the future friendly for young Canadians

For more information on funding guidelines and an online request for funding, please visit telus.com/community.



TORONTO

Rita Burak, chair
 Chair, Hydro One, and president,
 The Network Executive Team
Johnnie-Mike Irving, vice-chair
 Managing director, Business
 Solutions Sales, TELUS



OTTAWA

Janet Yale, chair
 Executive vice-president, TELUS
 Corporate Affairs
David McKendry, vice-chair
 Consultant



MONTREAL

Bernard Lamarre, chair
 Chair, Bellechase Health Group
Karen Radford, vice-chair
 Executive vice-president and
 president, TELUS Québec and
 TELUS Partner Solutions



RIMOUSKI

Hugues St-Pierre, chair
 Former president and CEO,
 TELUS Québec
Gaston Desrosiers, vice-chair
 Partner, Cain Lamarre Casgrain Wells

TELUS Community Boards

TELUS has fully embraced the challenge of being Canada's premier corporate citizen as a national goal, and realizes that it must be owned and executed locally, in partnership with the community. This is the driving force behind our innovative community board strategy and completion in 2006 of the launch of TELUS Community Boards now set up in Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montreal and Rimouski. In 2006, these seven boards allocated \$500,000 each for a total of \$3.5 million to support 272 charities in these communities.

TELUS Community Board chairs and vice-chairs

Vancouver	Nini Baird, chair Judy Shuttleworth, co-vice-chair Steve Podborski, co-vice-chair
Edmonton	Dr. Bob Westbury, chair Joanne Beaton, vice-chair
Calgary	Harold and Marilyn Milavsky, co-chairs Monty Carter, vice-chair
Toronto	Rita Burak, chair Johnnie-Mike Irving, vice-chair
Ottawa	Janet Yale, chair David McKendry, vice-chair
Montreal	Bernard Lamarre, chair Karen Radford, vice-chair
Rimouski	Hugues St-Pierre, chair Gaston Desrosiers, vice-chair

Programs and organizations funded

At TELUS, our funding pillars of arts and culture, education and sport, and health and well-being are incorporated into the charitable commitments of the TELUS Community Boards and our national community investment efforts. Our future friendly commitment is reflected in our support of the many diverse programs and organizations throughout Canada.

Arts and culture

TELUS supports arts and cultural organizations, with a primary focus on organizations that develop an appreciation of arts and culture, creativity, independent thinking and technical skills in young Canadians. The arts and cultural organizations we support include:

DanceONTour school outreach program – DanceONTour is an interactive dance arts education program, recognized as an integration of Ontario's dance, theatre, visual arts and physical education curricula. It has three components. First, there is a visit by The School of Dance to a host school. Second, the host school visits The School of Dance for a more in-depth look into the world of an artist. And third, training is made available for Ontario teachers with workshops in ballet, modern dance, jazz dance and/or the creative process. The Ottawa Community Board supported the expansion and enhancement of this unique program in 2006.

“Participating on the TELUS Community Board has been and continues to be a very rewarding experience. Having been involved with the community for many years, it is exhilarating to take part with like-minded and knowledgeable people who support the solid pillars and platforms of this particular board. The guidelines for technology encourage organizations to be innovative in their approach. We want to make the future friendly for young Albertans and the TELUS Community Board is a very positive catalyst toward that goal.”

Audrey Luft, president of Manpower Alberta and Edmonton Community Board member

Edmonton Symphony Orchestra – The TELUS Young Performers Program combines two of Edmonton Symphony Orchestra’s developing artists programs: Musicians in the Making and Young Composers Project. With our support, more than 30 young artists and 2006’s winning young composer will perform for a total audience of 54,000 people over the 10-month concert season. This program allows audiences to see and hear the performers and composers of tomorrow and helps local audiences recognize the importance of supporting musical education.

Arts Umbrella – In 2006, TELUS brought dance and theatre into the classrooms of 36 inner city schools in Vancouver, B.C., for the third consecutive year. The TELUS School Performances Outreach program provided 7,800 students the opportunity to watch dance and theatre performances and interact with the actors after the show. In addition, TELUS continued its partnership with the Province of B.C. to bring Arts Umbrella to other communities outside the Lower Mainland. Through this program, we encouraged the growth of young artists in the interior of B.C., reaching more than 2,200 children in Kelowna through theatre, dance and visual arts.

Jeunesses Musicales du Canada – Through a partnership with Jeunesses Musicales du Canada (JMC), TELUS is supporting various programs including the Jeunesse Musical international musical contest, the Vinium and Musica fundraiser and the Dunham concert. TELUS is helping Jeunesses Musicales promote the performance of classical music, especially for young audiences, and assisting young professional instrumentalists, singers and composers develop their careers at the national and international levels. Each JMC season includes some 700 concerts given by almost 80 artists in about 150 venues in Quebec, the Maritimes and Ontario, reaching an estimated audience of 85,000 people.

Education and sport

TELUS supports organizations focused on education and literacy and those that promote the development of physical skills and the accessibility of sports and recreation for all young Canadians. The education and sport organizations we support include:

Hockey Education Reaching Out Society (HEROS) – Since 2000, HEROS has helped more than 500 children in Vancouver’s Downtown East Side through on-ice programs in the summer, and academic, life skills and self-esteem support during the school year. In 2006, TELUS enjoyed the second year of a three-year partnership by helping this unique outreach program expand to Toronto and Calgary. Plans for 2007 include a launch in Edmonton.

Canadian Museum of Nature – The Canadian Museum of Nature in Ottawa is home to one of the world’s largest and finest natural history collections. In June 2006, TELUS partnered with the museum to fund a pilot project to develop interactive teaching modules that will be delivered to classrooms in Ottawa schools via the museum’s videoconferencing system. Made possible by a donation from the TELUS Ottawa Community Board, the lessons will be connected to a new permanent exhibit at the museum and allow participating classes to interact live with experts from the museum’s research labs and collection facilities.

The Ontario Science Centre TELUSCAPE – TELUSCAPE, a new outdoor environment at the Ontario Science Centre, offers visitors and residents of Greater Toronto a whole new way to participate in science by exploring the landscape around them. It was designed to inspire and engage visitors and provide an outdoor resource and green space. It is a distinctive combination of native trees, wetland and walkways, interspersed with interactive experiences, installation art and a 350-seat open-air forum. TELUS’ support of science centres across Canada reflects the company’s commitment to invest in our children’s future by fostering educational opportunities through the innovative use of technology.

Alpine Canada Alpin – TELUS is the official telecommunications provider through 2012 for Alpine Canada Alpin, which is the governing body for ski racing in Canada. Its 200,000 supporting members include coaches, officials and the elite racers of the Canadian Alpine Ski Team and the Canadian Disabled Alpine Ski Team. TELUS is involved in the men's and women's Winter Start World Cup events at Lake Louise, Alberta, and Canadian Disabled Alpine Ski Team events including the TELUS IPC World Cup, Canadian Junior and Juvenile Alpine events.

Health and well-being

TELUS supports health and well-being initiatives in our communities, with a primary focus on organizations that advance research, disease prevention and care and help ensure a cleaner, healthier environment. The health and well-being initiatives we support include:

Alberta Children's Hospital – The health of the children in our communities is of paramount importance to our future. The work of the Alberta Children's Hospital in Alberta is a key resource in providing world-class healthcare for our children. The Alberta Children's Hospital Foundation was the designated charity during the 2006 TELUS Skins Game, which helped raise more than \$200,000. Our Skins Game contribution to the Alberta Children's Hospital went in part to the new Healing Gardens, a therapeutic sanctuary for sick children and their families. In November, TELUS presented the Alberta Children's Hospital with a gift of \$2.5 million to purchase the leading-edge Vocera Communications System, a hands-free, voice-controlled device. This contribution resulted in the Alberta Children's Hospital being the first children's hospital in Canada to implement this technology. TELUS' support helps give caregivers the tools they need to provide children with state-of-the-art care.

TELUS Tour for the Cure – TELUS, in partnership with The Canadian Breast Cancer Foundation, BC/Yukon Chapter and the Province of British Columbia, presented the TELUS Tour for the Cure for a second year in a row in 2006. This was an interactive multimedia education exhibit providing information on breast cancer prevention, detection and treatment. In eight months, the tour visited all regions of British Columbia making a total of 34 stops, and was viewed by more than 290,000 people.

Juvenile Diabetes Ride for Research – In 2006, more than 130 TELUS team members from around British Columbia participated in the annual Ride for Diabetes Research. Hosted by the Juvenile Diabetes Research Foundation, this event enlists corporate and social groups to raise awareness and funds for type 1 diabetes research. TELUS team members organized 28 cycling teams and raised more than \$28,000.

Ottawa Community Immigration Services Organization – Through the Ottawa Community Immigration Services Organization, TELUS is funding the Youth Leadership Development program offered by Jaku Konbit, a community group for new African and Caribbean immigrants. The TELUS Ottawa Community Board donation allows Jaku Konbit to bring in experts from various fields to provide culturally relevant programming and training for youth aged five to 18. Areas of activity include reading and literacy, a science and computer club, creative writing, arts, health and fitness, and youth leadership. Community leaders work with the youth as volunteers, providing positive mentors and role models with the goal to help young people develop self-esteem, leadership skills and social responsibility.



See more examples of organizations supported by TELUS at telus.com/csr/community

“TELUS' commitment to alpine skiing is critical to our goal of becoming a world-leading alpine racing country by 2010. It's more than a vision – it's a plan with clear goals designed to deliver the human, technical and financial resources for the athletes of the Canadian Alpine Ski Team and the Canadian Para-alpine Ski Team required for athletic leadership in World Cup, World Championship and Olympic competition.”

Ken Read, chief executive officer, Alpine Canada Alpin



TELUS financial and in-kind assistance					
(\$ in millions)	A 2006	A 2005	A 2004	2003	2002
Amount	13.5	10.9	10.0	10.5	10.2
TELUS Dollars for Dollars program ¹					
Team member pledges	2.75	0.0 ²	1.0	2.7	2.3
TELUS matching funds	2.75	2.0	1.0	2.7	2.3
Total contributions pledged	5.5	2.0	2.0	5.4	4.6

1 Program name was changed during the 2006 fiscal year from the TELUS Employee Charitable Giving Program to TELUS Dollars for Dollars. Campaign year is defined as the year in which money is pledged during the fall campaign of that year for the TELUS Dollars for Dollars program. Total contributions pledged are then distributed to charities the following year.
 2 There were no team member pledges in 2005 because TELUS was unable to run the campaign due to the labour disruption. TELUS contributed the full amount, based on total contributions from the previous year.

TELUS Community Ambassadors

Current and past team members of the telecom industry throughout North America have a proud and rich history of community connection and volunteerism. We are pleased to continue that tradition with our own TELUS-supported volunteer program – the TELUS Community Ambassadors.

TELUS Community Ambassadors – our alumni volunteers – are active in 12 clubs across British Columbia and Alberta. We expect to launch the program in Ontario and Quebec in 2007.

The principal objectives of the TELUS Community Ambassadors program are to provide a means of social interaction for our retired team members, enable them to participate in volunteer activities that are of service to the community and to each other, maintain the traditions of the telecom industry and support the goals of TELUS.

The ambassadors participate in special projects, funded by an internal 50/50 lottery, that provide care items to those in

need in our local communities. Following are just some of the achievements of our retired team members in 2006:

- 16,000 comfort kits (hygiene items to the homeless and displaced families)
- 5,000 kits for kids (backpacks for kids not able to afford school supplies)
- 3,000 heart pillows and 500 lung pillows (to comfort patients after open heart and lung surgery)
- 1,600 Christmas stockings (gifts to children and the elderly during the Christmas season)
- 800 premie toques (head covers for premature newborn babies)

We salute our TELUS Community Ambassadors for their tremendous dedication and commitment to give back to the communities where we live, work and serve!



See more about the TELUS Community Ambassadors at telus.com/csr/community

national day of service

“On TELUS National Day of Service, TELUS team members washed toys used in our programs side by side with Calgary Learning Centre’s staff and volunteers. This has really bolstered our hardworking volunteers and staff and created the feeling of having an extended and strong community of support.”

Nada Jerkovic, family literacy coordinator, Calgary Learning Centre



“While participating in the Governance Essentials program, I met many TELUS employees who are also involved in not-for-profits. From them I learned a great deal about the TELUS culture of giving back. I’m very impressed by both the TELUS culture and the exceptional individuals I met from the company.”

Diane Bussandri, chairman, Action Against Hunger – Canada



Team TELUS Cares

Team TELUS Cares, a new charitable giving and volunteering program, was launched September 13, 2006. This national program ties together three initiatives that underpin our commitment to doing good in the communities and advances our goal of being Canada’s premier corporate citizen. The program encourages team members and alumni to volunteer their time to local charities through the structured opportunities. As well, we encourage our team members and alumni to give to charities by facilitating the entire charitable giving process through regular payroll deductions.

Team TELUS Care initiatives

Dollars for Dollars – This initiative enables team members and alumni to donate to eligible, registered charitable organizations that support our three areas of focus – arts and culture, education and sport, and health and well-being. To double the impact, TELUS matches the donations, dollar for dollar, to all eligible registered Canadian charities. The 2006 Dollars for Dollars generated \$2.75 million from more than 6,500 participating team members and alumni. With the TELUS match of those dollars, the total is \$5.5 million, benefiting 2,500 charities across Canada.

Dollars for Doers – This program acknowledges the effort and impact of volunteers in our communities. TELUS team members and alumni who record at least 60 hours of volunteer work – as an individual or a team – can apply for a \$200 community grant from TELUS to the eligible charity of their choice. Through the Dollars for Doers program, 395,000 volunteer hours were recorded this year – 171,700 hours from team members and 225,000 hours from alumni. These hours of dedicated activity resulted in more than \$441,000 being donated to our local communities through the Dollars for Doers grants.



For more information on TELUS National Day of Service, go to telus.com/csr/community

TELUS National Day of Service – Held on Saturday, September 30, this special day encouraged team members and alumni across the company to give back to our local communities. More than 5,000 TELUS team members, alumni, friends and family made a significant impact as a collective on this day, making the future a little friendlier for those less fortunate.

Governance Essentials program

To underscore our support for community organizations across Canada, TELUS launched an innovative new program called Governance Essentials: A Program for Not-for-Profit Directors in partnership with the Institute of Corporate Directors and Rotman School of Management.

In 2006, the program was held in six cities across Canada and 195 people participated. This three-day session is designed to educate directors of not-for-profit and charitable organizations about their key board accountabilities and director responsibilities. The program focuses on the role of board members, conceptual thinking, communication, and the change management principles needed to build an effective board and governance process and best practices for non-profit governance.

TELUS offers nine scholarships per session annually of \$1,000 for directors of not-for-profit organizations who may not otherwise be able to attend due to financial considerations. To learn more about this program, please visit icd.ca and look for Governance Essentials.

growing together in the workplace



Being a good employer is essential to being a responsible corporate citizen. TELUS believes that in order to grow together as a company we must foster a workplace environment that differentiates us from our talent competitors. Through a diverse and respectful workplace, a safe and healthy work environment, competitive rewards and flexible work options, TELUS is working to attract and retain the talented people and leaders we need to be successful.

We are creating a workplace of choice across demographics, incorporating best practices in leadership, learning and development, diversity, employment equity, ethics, compensation and recognition.

With the search and competition for talent becoming ever more challenging, TELUS is poised to succeed and grow by having the right values, processes and systems in place to consistently deliver business and workplace excellence.

Elevating our employment brand

As this competition for talent continues to intensify, it is of critical importance for companies to establish and communicate their employment brand, effectively what they stand for as an employer. The TELUS employment brand has three compelling tenets intended to differentiate the company as an employer of choice. Specifically stated, employment with TELUS offers the opportunity:

- to work on leading-edge solutions
- to be part of an exciting and learning-focused culture
- to contribute to your community through service and giving

Additionally, our culture and work environment are guided by four TELUS values: embracing change and initiating opportunity, having a passion for growth, believing in spirited teamwork, and having the courage to innovate.

Supporting team members

TELUS is dedicated to creating a high-performing and engaged TELUS team. This is being accomplished by providing the right tools, processes and support to our team members who play a vital role in our success. We seek to provide workplace programs that meet the professional and personal needs of team members. Fair, dignified and respectful treatment of team members, their skills, career goals and viewpoints are among our priorities. We are strongly committed to high ethical standards and to working and growing together in an inclusive way.

Listening to our team

Through our Pulsecheck survey, team members can share their opinions and feedback about TELUS. Survey results are shared with team members and provide an essential tool for shaping improvements in our workplace.

In 2006, TELUS engagement, which we measure through our Pulsecheck survey, was 65 per cent, an increase of two percentage points over our last survey conducted in 2004. This represents a statistically significant change for an organization of our size and acknowledges the effort and effective



See more about workplace engagement at telus.com/csr/workplace

actions taken as a result of team member feedback. Through 2007, we will continue with focused initiatives to improve engagement, such as a comprehensive leadership training program, new career management tools and ongoing improvements to our work processes, tools and information. We are also striving to embed recognition of achievements and honest feedback about performance as an integral part of our daily work at TELUS. Additionally, we plan to conduct compensation alignment to ensure that our team members are being rewarded appropriately.

One further initiative we are undertaking to understand and improve team member engagement is moving to a more appropriate industry benchmarking of engagement. In 2007, our Pulsecheck survey will undergo several changes as we adopt a new approach to measuring engagement. Our new survey will use the same methodology as Hewitt Associates' Best Employers in Canada study, which will enable us to more easily benchmark against other employers. With our current survey, we can only compare our progress against internal benchmarks, which has limitations in a competitive employment market. The new method will use Hewitt Associates' standardized engagement questions and will replace our current five-point survey scale with a more challenging six-point scale. As a result, we must adopt a new concept of engagement and set new benchmarks and targets. Hewitt has estimated a starting point of 55 per cent for our new engagement metric. Based on this, we have set a 2007 aspirational engagement target of 60 per cent.

Labour

In 2006, TELUS successfully concluded collective bargaining with the Syndicat Québécois des employés de TELUS (SQET), which represents approximately 1,000 unionized team members in Quebec. Changes benefiting these team members include variable pay based on company performance, lump-sum payments in 2006 and 2007 and a new defined contribution pension plan. A new job evaluation program has also been implemented as part of the collective agreement. The terms of the agreement are in effect until December 31, 2009.

The current collective agreement, covering approximately 13,500 unionized team members in TELUS wireline and wireless operations outside of TELUS Québec operating region, is in effect until November 19, 2010.

The two collective agreements with Syndicat des agents de maîtrise de TELUS (SAMT), the union representing some levels of management in Quebec, expire in 2007. Our goal in 2007 is to finish collective bargaining with the SAMT.

Workforce demographics

TELUS employs almost 32,000 people. The majority work in Canada; 4,962 team members are part of TELUS International, a TELUS subsidiary primarily operating in the Philippines.

Group	Alberta	B.C.	Ontario	Québec	Other ²	International ³	Total
TELUS wireline	7,340	7,720	1,518	2,677	8	103	19,366
TELUS wireless	909	892	4,142	1,608	176	–	7,727
TELUS International	–	–	–	–	–	4,862	4,862
Total	8,249	8,612	5,660	4,285	184	4,965	31,955

- 1 As of December 31, 2006.
- 2 For TELUS wireline, other includes Manitoba (3), New Brunswick (2) and Nova Scotia (3). For TELUS wireless, other includes Manitoba (53), New Brunswick (25), Newfoundland (25), Nova Scotia (59) and Saskatchewan (14).
- 3 For TELUS wireline, international team members are mostly located in the Philippines and Singapore. For TELUS International, team members are located primarily in the Philippines.

	Alberta	B.C.	Ontario	Québec	Other ²	International ³	Total
Temporary	1,087	586	192	236	35	4,850	6,986
Regular	7,162	8,026	5,468	4,049	149	115	24,969
Total	8,249	8,612	5,660	4,285	184	4,965	31,955

- 1 For year ending December 31, 2006.
- 2 For temporary, other includes Manitoba (3), New Brunswick (6), Newfoundland (7), Nova Scotia (18) and Saskatchewan (1). For regular, other includes Manitoba (53), New Brunswick (21), Newfoundland (18), Nova Scotia (44) and Saskatchewan (13).
- 3 For temporary, international team members are mostly located in the Philippines. For regular, international team members are mostly located in the Philippines and Singapore.

Union representation

TELUS team members are represented by three unions – the Telecommunications Workers Union, the Syndicat Québécois des employés de TELUS and the Syndicat des agents de maîtrise de TELUS. The number of unionized team members increased slightly in 2006 due to expanding employment opportunities in emerging telecommunications markets.

Group	Bargaining unit	Management	Total	% unionized
TELUS wireline	11,629	7,737	19,366	60%
TELUS wireless	3,426	4,301	7,727	44%
TELUS International	–	4,862	4,862	0%
Total	15,055	16,900	31,955	47%

- 1 Active staff count as at December 31, 2006.

Grievances

The increase in cases filed in 2006 is as a result of a higher number of individual grievances rather than policy/group grievances being filed by the union. This has occurred exclusively in B.C. Policy grievances are grievances related to a general issue that can be resolved/settled with a general remedy (i.e., issues surrounding job evaluation resolved by implementing a new job evaluation system). Group grievances are those submitted by two or more individuals who are affected by a single issue at the same time. The top three grievance issues in B.C. influencing this trend are vacation, time-off and job posting.

	A 2006	A 2005	A 2004	2003	2002
TELUS wireline	562	176	276	285	374
TELUS wireless	146	37	79	113	115
Total	708	213	355	398	489

- 1 Does not include TELUS International as there is no union representation within this operation.

feedback from spirited teamwork sessions

“This was the best corporate meeting for getting people on the same page as a unified whole I have ever seen. I have worked for other large companies before, this was a masterpiece. Thanks to all who put it together. It was informative, empowering, inspiring and brought us together in a sincere way.”

“I think everyone should attend as this was one of the best sessions I attended. It really makes you think about yourself and the people around you, not only in the workplace but in our communities. Thank you.”

Spirited teamwork – stronger together

In 2006, TELUS focused on building a stronger community of teamwork, through the spirited teamwork – stronger together campaign. This collection of activities and resources was designed to help the TELUS team move into an era full of promise and opportunity – one that is demanding, but also offers exciting growth experiences both individually and collectively. Spirited teamwork – stronger together consisted of four main components: spirited teamwork sessions; support programs and resources; business unit activities; and individual responsibilities. Nineteen sessions were conducted across Canada – in Vancouver, Calgary, Edmonton, Toronto, Ottawa and Montreal. More than 6,600 TELUS team members attended these sessions with 95 per cent saying it helped them contribute to spirited teamwork. The program also helped the TELUS team move past the challenges of the previous year, the labour disruption, and fostered a mindset of engagement and focus.

Retention

A key priority for TELUS is to attract and retain the best talent. While this is a general truism, it is particularly important in the tight labour market in which we are operating. Team members are well aware of the job market forces and know that their skills and experience are sought after by other employers.

Ongoing programs to support the highest possible retention of our team members include:

- Customized career development plans
- Clear communication of strategies and results
- Competitive compensation
- Stock options and restricted stock units
- Competitive benefits and retirement plans
- Community service opportunities

In addition, during 2006, we began conducting standardized exit interviews across the company with selected team members who voluntarily left TELUS. The intent of these interviews is to identify why people are leaving. From there we are now better able to develop programs to address the issues. Our first set of standard exit interviews from fourth quarter – with an admittedly small sample size of 22 responses – highlighted nine reasons why people were leaving TELUS:

- Career opportunity – 46 per cent
- Pay – 18 per cent
- Lack of development opportunities – nine per cent
- Family – 4.5 per cent
- Job responsibilities – too demanding – 4.5 per cent
- Job security – 4.5 per cent
- Life balance – 4.5 per cent
- Return to school – 4.5 per cent
- Working conditions/physical environment – 4.5 per cent

To help address retention issues, the TELUS Compensation team has introduced quarterly health reports for each business unit. These reports provide an all-in-one synopsis of retention statistics and exit interview results, and whether high performers are receiving compensation appropriate to their performance, retention risk and the demand for their skills in the marketplace. The intent is to identify the need for compensation adjustments for individuals who are below the recommended range and who are considered a retention risk.



See more about retention strategies at
telus.com/csr/workplace

Voluntary turnover at TELUS increased 1.5 basis points in 2006. This represents a 22 per cent increase over 2005. While specific exit interview data does not exist for prior years, anecdotal evidence for this increase includes:

- A tighter labour market resulting in additional career advancement opportunities outside the company, including greater pay
- The prior two years had unusual hiring and departures patterns due to the unsettled labour situation and then the labour disruption in 2005

	2007 target ²	A 2006	2005 ³	2004 ³	2003 ³
Average voluntary turnover ¹	7.9%	8.4%	6.9%	5.4%	4.7%

- 1 Year-end data based on regular team members. Does not include TELUS Québec or TELUS International.
- 2 Source: Conference Board of Canada "Compensation Planning Outlook 2007."
- 3 Historical numbers have been restated based on a revised methodology and the inclusion of all data from wireless.

Health and safety in the workplace

At TELUS, we believe health and safety is a team effort and an integral part of our daily business. Every member of the TELUS team plays an important role in establishing and maintaining a safe and healthy workplace. Our health and safety policy, available to team members through our internal portal and posted in buildings where team members work, outlines our health and safety goals and the operational principles that govern our workplace.

TELUS team members can express their concerns and feedback about safety through the health and safety committee program. TELUS has 75 health and safety committees or approximately one committee per 400 team members (for high-risk areas, the ratio is about 15 to 20 team members per committee).



See more about workplace safety at telus.com/csr/workplace

Accidents and injuries in the workplace

TELUS uses an online, interactive hazardous occurrence investigation reporting system. The system is accessible to all team members and allows for the near real-time review and tracking of the severity and frequency of safety incidents in TELUS' workplaces. Through this tracking tool, trends in hazardous occurrences are recognized earlier and prevention strategies implemented sooner, creating a safer and healthier workplace for all TELUS team members.

TELUS continues to improve its safety performance. In 2006, our consolidated accident frequency was 0.94 lost-time accidents per 200,000 person-hours worked. Over the past four years, TELUS has reduced its lost time accidents by 22 per cent.

Frequency – lost-time accidents per 200,000 person-hours worked					
	A 2006	A 2005 ⁴	A 2004	2003	2002
TELUS ¹	0.94	0.86	1.1	1.2	1.0
Telecommunications sector in Ontario (2002) ²					2.1
Telecommunications sector in the US (2002) ³					1.6

- 1 Does not include TELUS International.
- 2 Telecommunications sector results for Canada overall are not available due to provincial jurisdiction of governing bodies.
- 3 Source: Occupational Safety & Health Administration, USA.
- 4 A four-month labour disruption in 2005 had a significant impact on lost-time accidents.

Workers Compensation Board claims

In 2006, TELUS reported consolidated work-related claims and their associated lost productive hours for its integrated operations. TELUS overall claims and lost productive hours were significantly down from the 2005 reporting period.

WCB claims			
	2006	2005 ¹	2004 ¹
Claims	668	703	647
Hours	41,322.82	52,091.50	49,745.25

- 1 2004 and 2005 WCB claims and associated lost time hours adjusted to reflect consolidated reporting.

Calgary Chamber of Commerce silver award for wellness

For the second consecutive year, TELUS was honoured with the silver level award for wellness in the workplace by the Calgary Chamber of Commerce. The H.E.A.L.T.H. or Helping Employees Achieve Lifetime Health committee in Calgary recognizes companies for their efforts in promoting corporate wellness.

Absenteeism

In 2006, TELUS showed positive trending in its overall absence rate. TELUS average days absence per team member decreased from 10.4 days to 9.47 days, exceeding the target for the year, and moving the organization closer to its long-term goal of 8.3 days per team member and to alignment with benchmarking results for telecommunications companies in Canada.

2007 target	2006 target	A 2006	A 2005	A 2004	2003
TBD ²	10.0	9.47	10.5	10.5	10.3

- 1 Includes only TELUS wireline outside of Quebec. Does not include TELUS International.
- 2 A new standardized definition of absenteeism and a corresponding target will be established in 2007, and will include all wireline and wireless team members.

Corporate wellness

In 2006, the TELUS Wellness team continued its focus on enhancing team member health awareness and personal health decisions by providing comprehensive wellness programs and leveraging the integration of the wireline and wireless wellness programs.

Key 2006 wellness initiatives included a continued partnership with Pfizer to facilitate the Know your Numbers sessions, which focus on managing chronic disease risk factors such as cholesterol, blood pressure, and body mass index and waist-weight ratios. TELUS also facilitated on-site flu vaccination clinics and nutrition counselling.

TELUS opened a new wellness centre in Burnaby, B.C., in November 2006, complementing centres already operating in other B.C. locations and in Alberta, Toronto and Quebec. These centres deliver an array of wellness programs that focus on physical and emotional well-being. Programs include massage therapy, physiotherapy, nutrition and chiropractic services, as well as yoga, pilates and meditation.

Corporate health services

Helping team members who have suffered an illness or injury requiring time away from work is a priority for the TELUS occupational health professionals and advisors. Through the use of disability best practices and graduated or modified return-to-work programs, TELUS health services play a key role in the safe and timely return of team members to the workplace.

The occupational health team monitors health trends in the Canadian general population and within the TELUS organization to ensure that important trends are identified and appropriate health interventions are developed. The World Health Organization has estimated that by 2020 depression and mental health related illnesses will be the second most common cause of disability in the developed world. To proactively understand and address this important workplace health issue, TELUS contracted the expertise of an occupational health psychiatrist in 2006 to assist in the management of complex mental health disabilities, and to provide the most up-to-date information on mental health disability prevention and its treatment.

Employee and family assistance program (EFAP) –

EFAP continues to support the overall TELUS wellness strategy. In addition to providing counselling and crisis intervention for TELUS team members and their families, the TELUS EFAP facilitates a variety of training courses, such as stress and time management and conflict resolution. Work/life solutions are also available through EFAP, including proactive lifestyle support in eldercare, nutrition, finance and resiliency coaching.

(%)	A 2006	A 2005 ³	A 2004 ³	2003 ³	2002 ³
Wireline	9.6	9.8	9.6	9.9	10.6
Wireless	8.9	–	–	–	–

- 1 Figures provided by TELUS' main Employee Assistance Program service providers.
- 2 Does not include TELUS International.
- 3 Data prior to 2006 does not include TELUS wireless or TELUS Québec.

growing together

2,000

members in Connections –
the TELUS Women’s Network

Respectful workplace

Our goal at TELUS is a workplace where everyone respects each other. Our comprehensive Respectful Workplace training program is designed to help every team member be fully versed in the TELUS Respectful Workplace Policy and able to contribute to a highly respectful and harassment-free work environment. This program was launched in 2005 and continued in 2006.

More than 84 per cent of TELUS team members have completed Respectful Workplace training. Approximately 93 per cent of participants reported that the training was effective in assisting them understand what a respectful workplace is and how they can contribute.

TELUS’ Respectful Workplace Office worked collaboratively on Respectful Workplace training with delegates from all three unions representing TELUS team members – the Telecommunications

Workers Union, the Syndicat Québécois des employés de TELUS and the Syndicat des agents de maîtrise de TELUS. In 2006 we leveraged the success of a human rights workshop introduced in 2005 by providing enhanced training to new and existing union and company designated human rights representatives. This evolving initiative, the Respectful Workplace Policy and supporting web-based material continue to support TELUS’ commitment to build a community of spirited teamwork across TELUS.

Midway through 2006, the Respectful Workplace Office began reporting to the Human Resources and Compensation Committee of the Board of Directors, reflecting our commitment to a respectful workplace.

Respectful Workplace training will continue in 2007 to ensure team members understand and comply with the Respectful Workplace Policy. New TELUS team members complete training through one of two options – department orientations or open quarterly sessions.

Employment equity and diversity practices

An important indicator of inclusiveness is the representation levels of the four designated groups within the workforce as defined by the Employment Equity Act.

Workforce profile¹

(%)	Canadian workforce availability ²	2004 Canadian workforce actual representation for telecommunications ³	^A 2005 TELUS ⁴	^A 2004 TELUS ⁴	^A 2003 TELUS ⁴	2002 TELUS ⁴
Women ⁵	43.1	43.5	43.0	43.7	44.0	45.5
Members of visible minorities	17.6	12.6	13.4	14.3	13.5	11.5
Aboriginal Peoples	1.4	1.2	1.7	1.8	2.1	1.9
Persons with disabilities	4.0	1.9	2.8	3.0	2.8	2.9

1 Based on data collected for reporting under the Federal Employment Equity Act. Figures for 2006 for TELUS are not available until June 2007. Does not include TELUS International.

2 Canadian workforce availability refers to the percentage of the designated group (i.e. members of visible minorities, Aboriginal Peoples, persons with disabilities, women) in the Canadian workforce who have the skills necessary to fill positions at TELUS based on 2001 Census data.

3 Canadian workforce actual representation for telecommunications refers to the percentage of the designated group (i.e. members of visible minorities, Aboriginal Peoples, persons with disabilities, women) who are employed at telecommunications in Canada. Source: Annual Report – Employment Equity Act – 2005 (data as of December 31, 2004).

4 TELUS actual refers to the percentage of the designated group (i.e. members of visible minorities, Aboriginal Peoples, persons with disabilities, women) who are employed at TELUS.

5 While the percentage of women in the TELUS workforce has decreased steadily since 2001 to be roughly in line with Canadian workforce availability, female representation at the senior leadership level has increased significantly over the same period (see page 47).

Overall representation of the designated groups declined in our workforce. However it remained on par or above that of other Canadian telecommunications companies.

We are using a marketing approach to find innovative ways of reaching out to prospective team members, and then tailoring training, benefits and work design to meet the varied needs of people from diverse ages, cultures and groups. We have tightened links with universities and outreach agencies and are using innovative channels such as the TELUS World Ski and Snowboard Festival to help recruits to find out about TELUS and our commitment to diversity.

We offer a significant number of scheduling options such as partial, evening or weekend shifts suitable for university students or parents needing to blend work with shared parenting responsibilities. We have significantly increased our capacity to support telecommuting for team members who want to work at home to balance other personal commitments and provide greater scheduling flexibility. Please see page 12 for more on flexible work options.

A fresh approach to benefits includes personal well-being days that enable team members to accommodate religious celebrations not covered by the statutory holidays and a life balance account that team members can spend on activities that support work-life balance such as travel or home maintenance services.

We work to ensure team members are treated fairly and with dignity and respect for their skills, career goals and viewpoints. We are strongly committed to high ethical standards, as evidenced by our mandatory ethics training course, and working together in an inclusive way.

Connections – the TELUS Women's Network

All three of our female executive vice-presidents, Janet Yale, Judy Shuttleworth and Karen Radford, were named to the 2006 list of Canada's Most Powerful Women compiled by the Women's Executive Network as part of its annual Top 100 Awards.

Reaching out to others in the organization, these women are sponsors of Connections – the TELUS Women's Network. Through Connections, women at all levels of the organization have the opportunity to pursue excellence in their careers by building a support network and participating in mentoring relationships.

In 2006, Connections boasted a membership of 2,000 women. Numerous events were held across the company in support of the Connections mission to engage, support and inspire TELUS women in the pursuit of excellence in their careers and to allow them to fulfill their potential.

In 2007, Connections will focus on leadership development, enhanced communication and networking opportunities.

Gender statistics – senior leadership^{1,2}

(%)	Telecommunications in Canada ¹	A 2006 TELUS actual ²	2005 TELUS actual ²	2004 TELUS actual ²
Male	76.6	81.8	84.4	82.8
Female	23.4	18.2	15.6	17.2

1 Senior management representation for telecommunications refers to the percentage of males and females who are employed in senior management at telecommunications in Canada. Source: Statistics Canada, 2001 Census.

2 TELUS actual refers to the percentage of males and females employed in senior management (vice-presidents and above) at TELUS.

Gender statistics – Board of Directors^{1,2}

(%)	Board of Directors FP500 ²	A 2006	A 2005	2004
Male	88.0	91.7	91.7	90.9
Female	12.0	8.3	8.3	9.1

1 Board of Director representation – Source, Catalyst 2005 Census of Women Board of Directors of the Financial Post 500.

2 Based on composition as of December 31 for each year.

Human rights

Looking beyond our workplace, we strive to do business with organizations and countries known for respecting human rights and child labour laws. As a Canadian-based organization, we fully support the Canadian Human Rights Act in these matters and issue assurances about our own employment equity practices on an as-needed basis. We support and respect the protection of internationally proclaimed human rights in all of our operations, the right to collective bargaining and the elimination of forced and compulsory labour, including child labour.

A second indicator of the inclusiveness and respect within our workplace is based on analysis of complaints filed by our team members with the Canadian Human Rights Commission (CHRC). These complaints identify practices that are causing concern with team members and provide an objective process for determining or confirming the appropriateness of practices as business and societal priorities evolve.

Team member complaints filed with the Canadian Human Rights Commission				
	A 2006	A 2005 ¹	A 2004	2003
New	15	18	12	10
Closed	21	13	16	10
Open	7	13	8	12

1 2005 results have been restated due to change in file status received after publication date.

The 2006 results tracked closely to our 2004 statistics, which could be interpreted in two ways. One interpretation is that it highlights how unusual a year 2005 was. On the other hand, it could also indicate that the work environment is stabilizing after the 2005 labour disruption.

Total compensation and benefits ¹						
(\$ in millions)	2006	2005	2004	2003	2002	2001
Total compensation and benefits	2,052.6	1,921.4	1,938.2	1,883.2	1,995.7	1,954.4

1 From the TELUS 2006 annual report.

Encouragingly, we have seen a decrease in both the number of new complaints received and the number of open complaints at year end. The increase in the number of closed complaints for the year is another success.

The trend in terms of the type and nature of complaints remains consistent with previous years, as the prohibited ground of disability continues to be prevalent. Out of the 21 closed complaints, 16 are based on disability. Of the 15 new complaints, 11 are alleging discrimination based on disability. A new trend appears to be emerging, with the prohibited ground of age making up three of the 15 new complaints and one of the 21 closed complaints.

At this time, the CHRC decided not to deal with the 16 closed complaints, as the complainants had not exhausted all other alternative review procedures reasonably available to them. This determination was based on Section 41(1)a of the Canadian Human Rights Act. Two of the other closed complaints were resolved through settlement discussions and three were dismissed.

Team member compensation

Our vision is “right people – right rewards.” Compensation is a major tool for attracting and retaining the best talent, as described in the retention section. For management and professional team members, TELUS positions total targeted compensation at or above the 75th percentile for high performers, including both base salary and variable compensation. In 2006, most regular team members received at-risk variable pay based on performance metrics.

To ensure our compensation remains competitive, we review compensation levels annually and on an as-needed basis.



growing together

6.5 million
shares owned by TELUS
team members

Recognizing, rewarding and sharing success

Base salary is supplemented with variable pay in support of our pay-for-performance culture, through which we all share the risks and rewards of running our business. Variable pay is paid out semi-annually, with the amount of the payout dependent on achieving threshold, target and stretch objectives at the corporate, business unit and individual level. Performance is measured by balanced scorecards and personal performance objectives.

Management compensation at TELUS is customized to the individual. Compensation is determined through the four components of our performance management process – achieving objectives, living the TELUS values, value to strategy and retention risk. Individuals are rated on these components; the higher the rating, the greater the potential for both increases to variable pay and adjustments to base and variable percentage targets.

Variable pay is also available to most team members governed by a collective agreement. This is in addition to their base compensation and is tied to achievement of organizational objectives.

In addition, to foster continuing growth, long-term incentives such as stock options and restricted stock units, are allocated to high-performing team members.

TELUS employee share plan

TELUS offers team members the opportunity to participate in an employee share plan, through which they can purchase TELUS shares through regular payroll deductions. Team member contributions, up to six per cent of their salary, are matched by the company up to 45 per cent, directly supporting a business ownership culture and mindset. With ownership of 6.5 million shares, or 1.94 per cent of the total outstanding shares, TELUS team members are our 10th largest shareholder group.

Percentage of eligible team members participating in TELUS Employee Share Plan					
	2006	2005	2004	2003	2002
Percentage participation	76.8%	77.7%	70.9%	66.9%	66.1%

Benefits program

Our benefits program is an important part of the total rewards package at TELUS. The program is designed to encourage and support health, wellness and balance. It provides protection for health, life and disability to offer peace of mind and sufficient choice to enable flexibility and promote satisfaction.

TELUS offers team members a flexible benefits plan, which allows them to tailor benefits to suit individual needs. The flexible plan was introduced to unionized team members in January 2006, giving them choice in their benefit coverage for the first time.

Additional information on benefits for management and professional team members can be found at telus.com/careers.

Corporate recognition – programs and tools

By recognizing individuals who have exceeded the expectations of their job and achieved positive results for TELUS, we improve performance, increase motivation, retain top performers and encourage behaviours aligned with our values and business objectives. This ultimately drives TELUS' profitability, shareholder value, customer satisfaction and customer loyalty.

At TELUS, we believe that a recognition culture drives high performance. We strive to consistently provide meaningful formal and informal recognition. It is this commitment that creates excitement about the accomplishments of our team, supports our TELUS values and aligns with our strategic intent.

Team Machine – Team Machine is our corporate recognition system. In 2006, there was a downward trend in corporate Team Machine spend due to business units focusing on more specific, personalized recognition for their team members. Unfortunately this spend is not tracked. Feedback from TELUS team members and recent Team Machine focus groups held across the organization confirmed the trend to a more individualized form of recognition and identified the opportunity to refresh the system. In response, the HR Performance Culture team is currently in the process of re-branding and re-launching a new corporate recognition program.

Team Machine recognition spend	
2004	\$2.5 million
2005	\$1.5 million
2006 budget	\$2.3 million
A 2006 actual	\$1.4 million
2007 budget	Not applicable ¹

¹ Due to imminent launch of new team member recognition program.

Developing the TELUS team

Investment in learning

At TELUS, customized career development plans (CCDPs) play a key role in fostering a culture where team members learn, share knowledge and develop their abilities to their fullest potential. Team members, in conjunction with their managers, create development plans that include a variety of learning activities and use different delivery technologies to enhance their skill development to excel in their current roles and

prepare for their future career aspirations. Learning activities include on-the-job training and development, mentoring, job shadowing, online and instructor-led courses, and external training. An important aspect of the CCDP process is two-way feedback and mutual objective setting between managers and team members.

The 2006 projected spend for development of the TELUS team was significantly higher than historic trends and the actual spend for 2006 reflected the year-over-year trending which has been invested to appropriately develop the TELUS team.

Learning investment ¹							
(\$ in millions)	2007 budget	2006 budget	A 2006 actual	A 2005	A 2004	2003	2002
Amount spent	33.0	46.0	33.3	33.2	35.4	32.8	28.3

1 Does not include TELUS International.

Formal training and development consumption

During 2006, the TELUS team completed learning and development courses sourced or developed specifically for our unique needs, both internally and through our learning partnerships. Team members, supported by their managers, continued to demonstrate a commitment to excellence through identifying and completing role-specific programs and career development.

Our use of technology-delivered training leverages our expertise in technology, complements our corporate strategies and accommodates the team member and TELUS' preference for around-the-clock access to online development content. This type of training continues to evolve and is deployed for more developmental topic areas as indicated in the increasing completions compared to more traditional training options.

Our learning curricula and content include mandatory courses related to safety, ethics, respectful workplace and the environment. Additionally we offer a broad and comprehensive selection of programs to develop the role-specific technical, sales, customer service and leadership skills of the TELUS team.

Formal courses completed in 2006 ¹	
Instructor led	64,000
e.learning	361,000

1 Does not include informal on-the-job training, mentoring, special project and other initiatives, and does not include TELUS International training.

Illuminati Award – best measurement program for learning



In April 2006, TELUS received international recognition for excellence in enterprise learning from NETg, a worldwide leader in corporate learning solutions. The Illuminati Awards recognize individuals and organizations that achieved measurable success through innovative and effective employee training and development programs. Companies must demonstrate successful, measured results in terms of return on investment, evaluation philosophy, analytical training effectiveness and effective communication.

Leadership excellence

TELUS recognizes that leaders play a vital role in creating a workplace of choice. Our managers are supported with several innovative programs that drive best-in-class leadership practices, reinforce our high-performance culture and contribute to our success.

All leadership development is based on three fundamental pillars of leadership: leading self, leading others and leading business results. This helps to ensure all development is aligned and complementary.

Leadership NOW – In 2006, TELUS' Leadership NOW initiative, a corporate-wide program targeted to high-potential team members at every level of the organization, continued to flourish. This program ensures the maintenance and

development of a strong leadership pipeline at all levels, as we proceed in building a high-performance organization. In 2006, approximately one third of the Leadership NOW participants were women.

Participants in the high-potential Leadership NOW program benefit from:

- 360 assessments (peer, client and manager reviews)
- Level-appropriate leadership assessments
- A high-potential program-specific leadership mentoring network
- Leadership development events
- Networking and community opportunities
- Formalized level-specific leadership education
- Support and guidance of the Leadership Development Team

Leadership NOW participation^{1,2}

	Alberta	B.C.	Ontario	Quebec	Total
Directors	30	21	33	11	95
Managers	82	83	94	29	288
Front-line team members	38	39	0	0	77
Total	150	143	127	40	460

1 As of December 31, 2006.

2 Does not include TELUS International.



growing together through our environmental practices

At TELUS, our environmental performance is an integral part of our triple bottom line approach. Our commitment to environmental sustainability is demonstrated by our own efforts to minimize our environmental footprint, as well as by the delivery of communication solutions that help minimize the impact our customers may have.



As a telecommunications company with national infrastructure, our impact on the environment is determined by the sheer scope of our operations, such as the number of central offices and radio and cellular towers we maintain, and by the need for our service to be both ubiquitous and reliable.

Environmental management

TELUS' environmental leadership is demonstrated by our commitment to integrate environmental considerations into business decisions, including the build-out of our network, power management, property transactions and fire suppression. It is also evident in innovative communication solutions, such as TELUS remote worker (teleworking), teleconferencing and distance learning, all of which help reduce our impact on the environment. Our intention is to exceed regulatory standards or internally achieve best practices whenever possible, and to realize continuous improvement in the processes we have to protect the environment.

Environmental risk management (e.g., site assessments, site remediation, aspect identification and target setting) continues to contribute to our overall enterprise-wide risk assessment.

TELUS International

In 2006, TELUS evaluated for the first time the environment, health and safety (EHS) aspects of our call centre operations in the Philippines. Based on a high-level audit, the risks associated with these operations from an EHS perspective relate primarily to the requirement for training team members on environmental issues such as spills and releases. This risk is being mitigated by a roll-out of web-based training courses as appropriate. The majority of environmental risk associated with operations is controlled by building landlords and not TELUS. For the most part, TELUS International results are not specifically included in any discussion of TELUS' environmental results. We will further assess environmental aspects of TELUS International in 2007.

Environmental management system (EMS)

We work to achieve our environmental goals through applying our environmental management system (EMS), which is based on the ISO 14001:2004 model. This standard is globally accepted as the benchmark by which leading organizations measure EMS. Our objective is to review our environmental risk on an ongoing (minimum annual) basis by assessing our aspects

and impacts, developing policies and procedures to minimize impacts, and setting targets and monitoring progress.

In 2006, TELUS retained PricewaterhouseCoopers Inc. to perform a gap analysis of our EMS in comparison to the standard. The results of this review were received in the fourth quarter of 2006 and are summarized as follows.

Strengths noted in the review included the recognition that there is a strong commitment to environmental management across the company as demonstrated through a high level of awareness of key environmental issues, environmental management practices and continuous improvement requirements. It was also noted that our environmental policy effectively communicates TELUS' commitment to our stakeholders and our internal resource for environmental management is viewed as effective by team members across the company.

The gap analysis identified a number of areas where we do not fully meet the ISO 14001:2004 standard. This included a need for:

- Better processes for identifying new environmental risks, including those posed by changing laws and other requirements
- A comprehensive and consistent program to better enable appropriate environmental performance by contractors
- EMS documentation separated based on policy and procedural documents, reviewed regularly, including consistent targets, and demonstrating stronger control of records.

Based on the review, we have established a three-year plan to address deficiencies to the extent practicable. Our long-range target is to be fully compliant with the ISO 14001:2004 standard by the end of 2009.

Application of EMS (policies, objectives, targets, reporting) – Environmental policies have formed the backbone of our EMS since the early 1990s. Our current corporate environment policy was adopted in 1997 and last modified in 2006. All policies are supported by specific procedures and targets for key aspects of our business including spills and releases, Halon, fuel storage, remediation of sites and waste management. As indicated by the gap analysis described above, we need to formalize some of our procedures and separate the various components of our EMS process, which we plan to do over the course of the next three years.

Our environmental policy is available at about.telus.com/publicpolicy/environmental.html.

To ensure good governance, we present environmental reports to the Audit Committee of the Board of Directors each quarter. In addition, selected environmental indicators in our 2006 corporate social responsibility report have been verified by PricewaterhouseCoopers, and a portion of the Management's discussion and analysis section of our annual report is devoted to environmental risk.

Environmental stakeholders

As noted earlier, we have begun to develop a formal process for engaging our stakeholders in the overall management of corporate social responsibility issues. We are also specifically committed to engaging environmental stakeholders potentially affected by our business.

Workforce engagement – We encourage dialogue with our team members through interactive training sessions and information sharing. Our internal environmental website contains comprehensive information about TELUS' environmental policies and practices, and has a feedback mechanism for team members to identify environmental issues or concerns.

Another critical resource that forms part of our EMS is an online environmental information system (EIS) accessible through our internal portal. We conducted a complete overhaul of the EIS in 2006, moving from a legacy database of site environmental risks to a new system that tracks site assessments and provides scores to managers on site compliance. Further enhancement of this tool is planned in 2007.

Environmental training – Environmental training is a priority at TELUS. This is increasingly important as TELUS uses more contractors in its non-core operations. We continually look for best practices in corporate environmental training, which extends to numerous areas including spill response, chemical

management, transportation of dangerous goods and the Workplace Hazardous Materials Information System (WHMIS). In 2006, 9,144 environment-related courses were completed, representing a 20 per cent increase over 2005. This increase is due mainly to returning to business as usual following the settlement of labour issues in 2005. In 2007, we plan to update our training and improve its accessibility to team members.

Outreach – TELUS' environmental stakeholder engagement also involves outreach into the communities where we work and live. The TELUS team interacts with various environmental and sustainability groups both nationally and internationally. In 2006, these included the Business Council of British Columbia, United States Telecom Association Environmental Committee, Global e-Sustainability Initiative, Conference Board of Canada Governance group, City of Vancouver, Corporate Knights, Carbon Disclosure Project and Canadian Business for Social Responsibility.

We are also members and/or sponsors of the Recycling Council of Alberta, The Accountability Project and the Environmental Managers Association of BC.

Environmental recognition and initiatives

In 2006, for the sixth year in a row, we were named to the Global Dow Jones Sustainability Index (DJSI) and to the North American Dow Jones Sustainability Index, both of which provide rankings of companies that are recognized leaders in economic, social and environmental performance. TELUS continues to be the only North American telecommunications company, and one of only 11 Canadian companies, on the world index. Through 2006, we remained on both the Jantzi Social Index and the London Stock Exchange FTSE4Good Index Series, which identify companies that are working toward environmental sustainability, developing positive relationships with stakeholders, and upholding and supporting universal human rights. Visit jantzisocialindex.com and ftse.com for more information.

TELUS entered into a sponsorship with the City of Montreal in 2006. Working with la Société de verdissement du Montréal métropolitain, TELUS will invest \$1 million over three years toward a newly created Montréal Green Fund managed by the Société. This fund will be used to enhance green spaces and help the city mitigate climate change effects by planting vegetation in an effort to remove carbon from the atmosphere.

Environmental training			
	2006	2005	2004
Environmental courses	9,144	7,380	9,600
Total team members (year end)	26,993 ²	26,434 ²	25,802
Environmental training/ total team members ¹	34%	28%	37%

1 Total number of environmental courses divided by total team members.

2 Does not include team members of TELUS International.

“With its generous contribution, TELUS is leading the way toward the sustainable development of our community, which will in turn enrich the inheritance of our future generations.”

Gérald Tremblay, mayor of Montreal, on TELUS' involvement with la Société de verdissement du Montréal métropolitain

Environmental problems

We strive to ensure our environmental performance meets internal standards and those of our many stakeholders. However, we sometimes experience challenges. One example is the weakness of contractor training. While there have been no major incidents related to this, we recognize the potential for risk and plan to address contractor awareness of our environmental policies in 2007.

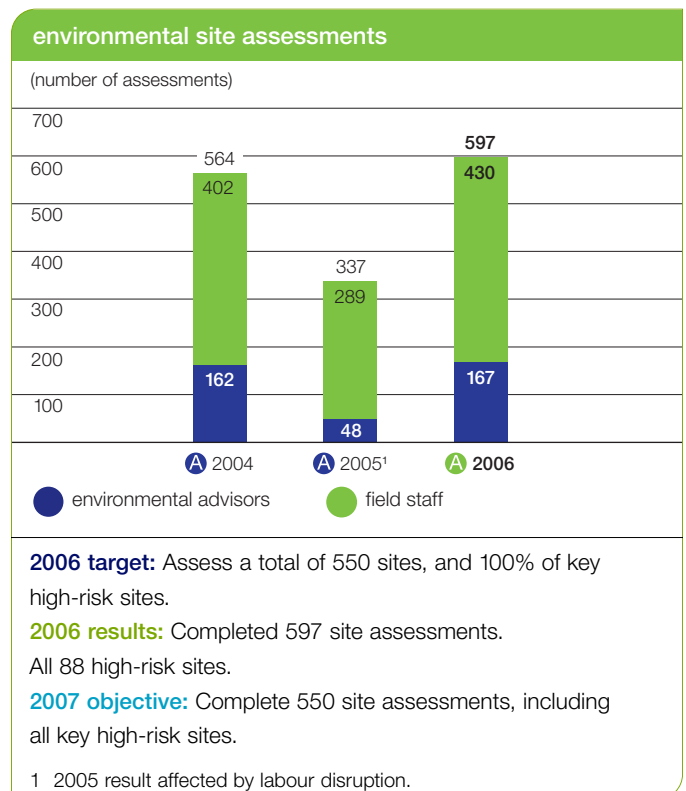
As presented below, TELUS experienced no environmental incidents warranting penalties in 2006, consistent with results from 2005.

Financial environmental non-compliance				
(\$)	2006	2005	2004	2003
Environmental fines	0	100	11,500 ¹	50,001

¹ Does not include a requirement to complete rehabilitation activities at a grassland damaged by construction activities, the total cost of which is estimated at \$50,000.

Managing environmental risk

Environmental site assessments – Our normal business operation generates environmental risk from such things as back-up power generating systems, fire suppression systems and contaminated property remediation. We direct our efforts based on the probability of risk (the type and age of infrastructure) and the potential severity of impact.



To assess and monitor risk, we conduct regular site assessments. TELUS field team members or environmental advisors completed 597 site assessments in 2006, in excess of our target of 550 for the year. All of our 88 high-risk sites were assessed. These assessments are comprised



of 11 categories of environmental risk, including generators, batteries, pole storage and chemicals, and are based on federal and provincial legislation, accepted industry practice and our own management practices. During the year, we altered our assessment protocol to ensure compliance issues were completely and adequately monitored.

Spills, releases and effluent – TELUS team members are trained to report all spills and releases to our 24-hour network operations centre (NOC). Working with the NOC, our environment team ensures spills are reported to regulators as required, within the appropriate timeframe, and investigates the root causes of all spills. We added a spill response process for our wireless operations in 2006.

One spill in 2006 was not reported to regulators as required. The reporting process failed to disclose the release of eight litres of glycol from a generator system. The glycol was fully contained by protective measures in place, so there was no risk to the environment. However, our internal policy required this release be reported within 24 hours, which was not done.

Overall, the number and volume of spills decreased substantially in 2006. The significant trend of fewer spills and no large spills indicates that training and mitigation practices, including fuel system upgrades, are yielding positive results.

Spills and release reporting ¹			
Spill type	A 2006	A 2005	A 2004
Reportable	8	16	13
Not reportable	20	24	35
Total spills	28	40	48
Approximate volume (L) ²	425	1,800	1,000
Approximate weight (kg) ³	60	1,700	500

1 Spill amounts reflect best estimate based on investigation results.
 2 Volume in litres includes liquid petroleum hydrocarbons, battery acid, glycol and other.
 3 Weight by kilograms includes refrigerants (Chlorofluorocarbons) and fire suppression agents (Halon and FM-200).

2006 target: 100% compliance to legislative reporting requirements.
2006 results: 96% compliance achieved. One reportable spill not reported.
2007 objective: 100% of sites in regulatory compliance for spill reporting.

growing together

14,500 kg

of Halon removed from the TELUS inventory

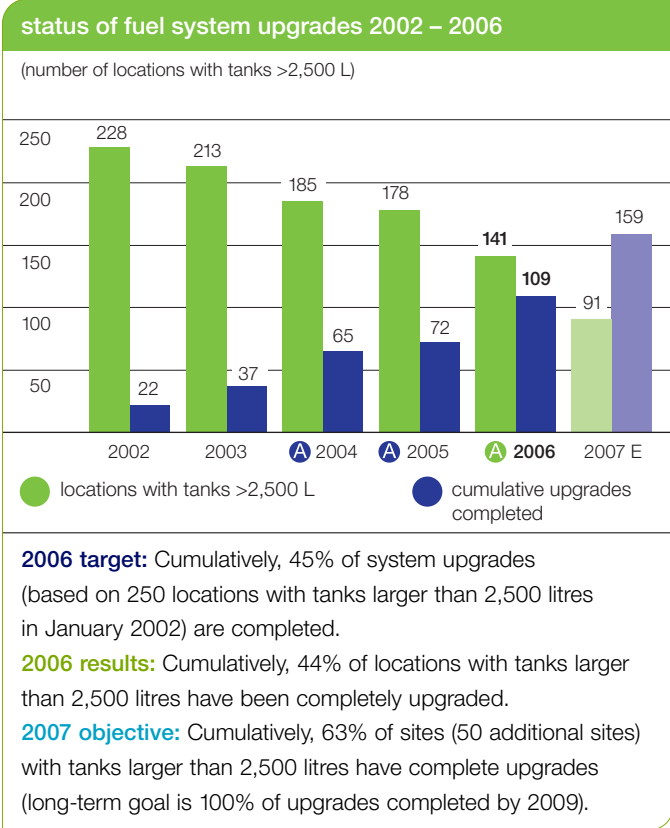
Because of the nature of our business, we have no effluent other than domestic wastewater, which is common to all companies.

Chemical management – TELUS uses numerous chemical products and/or hazardous materials in day-to-day operations. These include cleaning products, compressed gases and lubricants, asbestos insulation, lead in batteries and beryllium in old radio equipment. We manage the risk to team members posed by these chemicals through Workplace Hazardous Material Information System (WHMIS) and transportation of dangerous goods (TDG) training, as well as education on material safety data sheet (MSDS) retrieval. We also publish policies related to proper handling of many hazardous compounds on our internal website.

Environmentally sensitive lands and biodiversity – TELUS owns or leases a number of facilities across Canada including data centres, central offices, radio and wireless towers, man-holes, copper and fibre-optic cables. Specifically, we use 3,700 buildings, representing a total area of 11 million square feet, and more than 3,000 cellular/radio sites across Canada. In addition we have numerous lines, placed aerially, below ground or under water, most of which are within rights of way (ROWs). These ROWs, estimated at more than 150 million square metres for Western Canada alone, pass through many types of environments including sensitive areas such as grasslands and boreal forests. We do not have a reasonable way to estimate what percentage of our footprint affects these various landforms. There has not been a significant change

Footprint of facilities	
	2006
Number of buildings	3,700
Area of buildings	11,000,000 ft ²
Length of rights of way ¹	50,000 km
Area of rights of way	150 km ²

1 Includes ROWs shared with hydro utilities and others.



in our total footprint year over year. We currently have policies and training in place to reduce the environmental impact on water, soil, vegetation and habitat associated with service installation or maintenance.

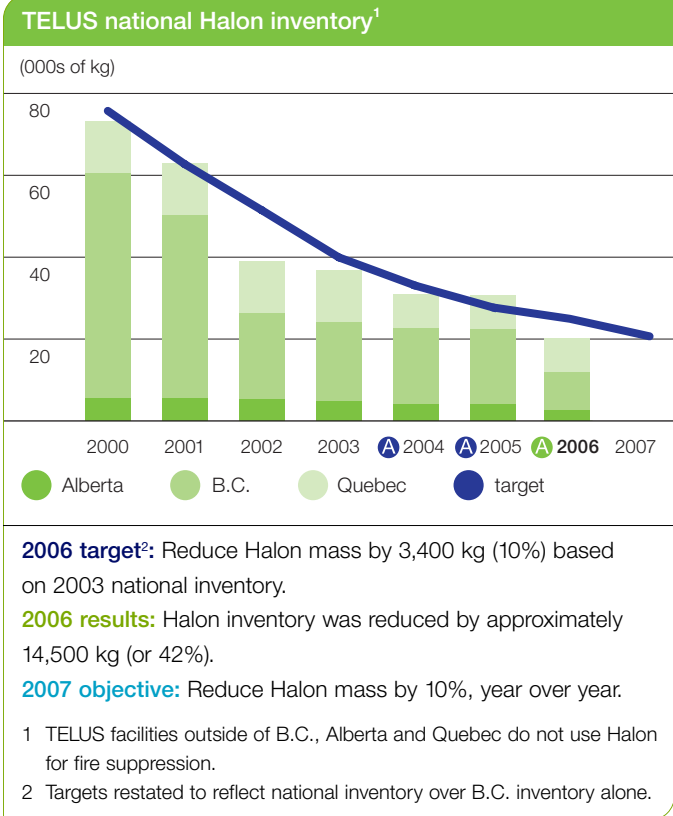
Our environment team led one class-screening assessment and supported six impact assessments related to water crossings in 2006. We also completed four construction site assessments, two related to drilling mud overflows and two related to site disturbances during construction.

In 2006, we entered into a partnership with BC Hydro and the provincial government in which regular activities such as cable replacement have been authorized to proceed without requirement of formal approval, if it can be demonstrated that no environmental impact is expected. We also generated a regional pest management plan in 2006 for our sites and ROWs in the southern interior of B.C. The plan allows for chemical application in dealing with knapweed, especially in the ROWs. All other pest management is proposed to be done through mechanical means.

Fuel systems – We use diesel and propane fuel for generators to provide the sole source of power at remote locations and as back-up for commercial power at critical business locations. We had 250 locations with tanks more than 2,500 litres in size

at the start of our upgrade program in 2002. At the end of 2006, after completing 37 system upgrades in the year, 109 locations had been fully upgraded. We decrease risk to the environment with measures such as reducing quantities of stored fuel, installing secondary containment, continuous monitoring alarms and emergency shut-off devices. In 2007, we plan to increase the resources allocated to this task. A total of \$3.2 million was spent on fuel system upgrades and removals in 2006, and we expect to spend close to \$6 million in 2007.

Ozone depleting substances – Halon, a chlorofluorocarbon (CFC) and an ozone depleting substance (ODS), has been a key component of our fire protection strategy since the mid-1970s. In 1993, we introduced a plan in B.C. to remove Halon from our sites, in alignment with the Montreal Protocol, which includes a provision to monitor and reduce the use of Halon around the world. Our 2006 removal program eliminated close to 14,500 kg of Halon, well above our target for the year. We also worked with licensed chemical handlers to ensure all Halon removed is recycled in accordance with federal regulations. As noted in our spills and releases section, we track the loss of R-22, another CFC used as a refrigerant in many of our cooling systems. The contribution to global warming from Halon and R-22 is included in the air emissions section of this report.



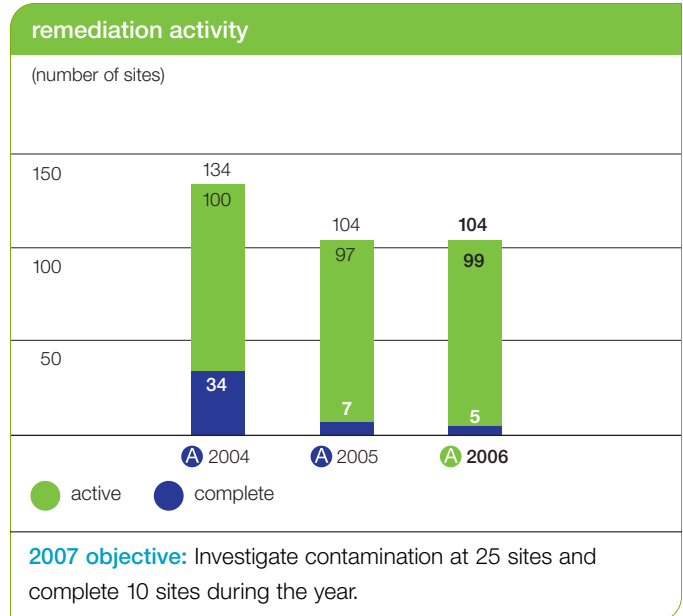
growing together

35%

reduction in risk related to utility pole storage

Utility poles – Treated wood poles can cause local soil contamination in the immediate vicinity of the poles or at locations where the poles are stored. Wood utility poles may be treated with pentachlorophenol, creosote or chromated copper arsenate (CCA) to prolong service life. We own or have joint-use agreements for about 1.5 million poles in Alberta, B.C. and Quebec, and we had 49 pole storage locations across Canada at the start of 2006. Our goal is to reduce the risk posed by pole storage, and in 2006, we terminated storage activities at 17 sites in B.C., and reduced the numbers of poles stored by more than 50 per cent, to 435 from 940. This represents a risk reduction of 35 per cent, well above our goal of a 10 per cent reduction, made possible by a change in storage practices which include partnering with BC Hydro where possible. We will strive to achieve a further 10 per cent risk reduction in 2007.

Remediation of contaminated sites – Despite policies and training, spills or releases occur from time to time, potentially contaminating the soil and groundwater at our sites.



Our properties can also be contaminated by third parties. Based on a risk matrix, TELUS allocates funds to clean up these sites as appropriate. Remediation techniques vary with the extent of the contaminated area, and the degree and type of contamination. Large or complex remediation, or remediation of properties being sold, is performed by independent third-party consultants. Our own environmental advisors monitor all sites and address those with low levels of contamination.

At the end of 2006 we had 99 sites where known contamination was identified or suspected and five sites at which



TELUS energy consumption¹

	A 2006	% change	A 2005	% change	A 2004
Direct sources ²	359,050,000	-3	370,946,000	-5	393,009,000
Indirect energy ³	672,650,000	2	661,624,000	-5	700,567,000
Total	1,031,700,000	-0.1	1,032,570,000	-5	1,093,576,000

1 All results in kW hours. Conversion factors from Environment Canada (Canada's Greenhouse Gas Inventory 1990–2000).

2 Includes all types of direct energy (fuels – natural gas (54%), gasoline (37%), diesel (9%), propane (1%), heating oil (0.1%).

3 Includes indirect energy: electricity (99.7%) and steam (0.3%). Air travel not currently considered.



See more about managing environmental risks at telus.com/csr/environment

work was completed. Completed sites include those where the contaminants have been physically removed from the site soil, air and groundwater, as well as sites that have been assessed to confirm that there are no unacceptable levels of contaminants present, as determined by comparison to either generic or site-specific risk-based criteria. Active sites include those that are being monitored, assessed or remediated. The amount of site assessment and remediation activity completed in 2006 was limited by people, resource and time availability. We have added a 2007 target for the number of sites we will assess and/or complete during the year.

Energy and resource management

Energy use

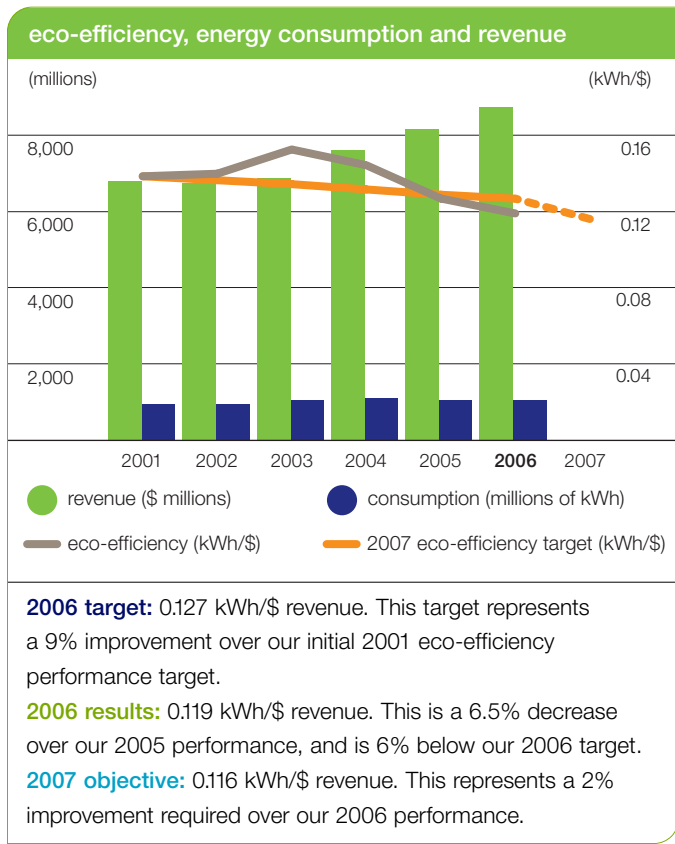
TELUS remains committed to improving our energy efficiency and reducing our emissions of carbon. TELUS has been reporting consolidated energy consumption numbers for our Canadian operations since 2004. Determination of the scope of our direct or indirect energy use is based on the World Business Council for Sustainable Development's GHG protocol (GHGProtocol.org).

Most of the services we sell require the use of energy, such as electricity required to send signals to customers' homes and businesses and gas used to heat our offices. To allow for continued business growth, we have adopted the practice of basing our energy reduction target on the efficient use of energy. We do this by measuring consumption against revenue, an approach known as eco-efficiency. Our target is to reduce energy consumption per unit of revenue generated by 10 per cent by 2007 (below 2001 levels). In 2006, our energy consumption decreased slightly, due to a reduced use of direct energy sources. Our eco-efficiency result in 2006 improved substantially, due to strong revenue growth.

Our total energy consumption in 2006 of 1,032 gigawatt hours translates to 94 kWh per square foot of space (based on our 2006 estimate of 11,000,000 square feet), which is 11 per cent higher than in 2005 (83 kWh/ft²) due to a more intense use of our current real estate footprint. This energy use also represents 0.2 per cent of Canada's total electricity use based on 2003 results. See eia.doe.gov/emeu/cabs/canada.html.



We also track energy metrics specific to our vehicle fleet. For information on this, please visit telus.com/csr/environment.



Energy conservation – In 2006, TELUS focused efforts on retaining an energy management company with expertise in efficiency and monitoring in order to improve our performance. We also adopted LEED silver as the standard for new buildings at TELUS. In 2006, we broke ground on new buildings in Toronto and Ottawa, both of which are intended to meet silver LEED status, incorporating energy savings features as well as making use of green power.

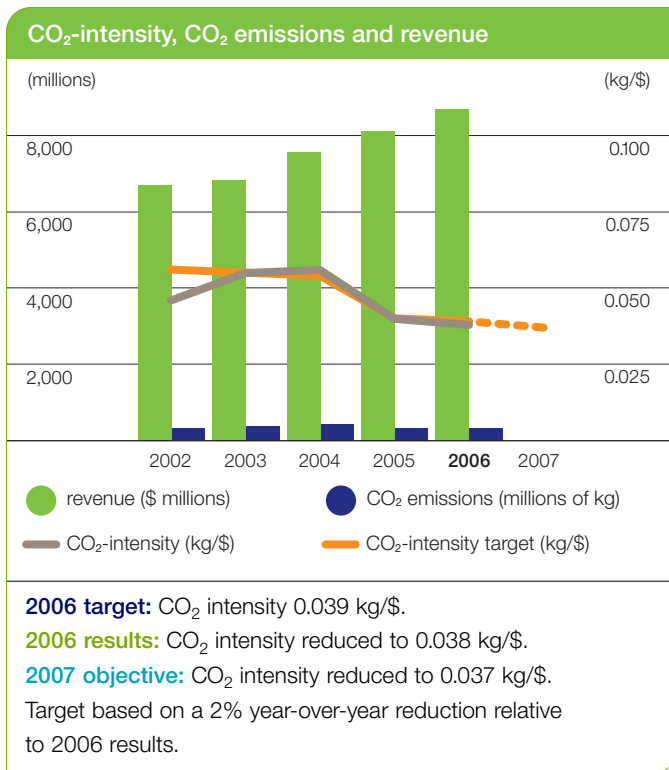
Air emissions – Since TELUS is not a manufacturing company, our direct air emissions (in CO₂ equivalents) are the result of fleet operations, fuel use for power and heat, and releases from fire suppression and refrigeration systems. We also track indirect emissions resulting from energy consumption (e.g., electricity and steam). Our target for carbon dioxide (CO₂) emissions is intensity based (similar to our eco-efficiency target for energy). Specifically, we want to reduce emissions per dollar of revenue by two per cent per year through 2007, using 2003 as our base year. Our CO₂ intensity (measured in kg/\$) decreased in 2006 and was on target, due to purchases of green power in Alberta, enhanced use of green power by the utility companies, as well as our increased revenue. This was despite small increases in absolute greenhouse gas emissions associated with increased electricity consumption. Our CO₂ emissions were 0.04 per cent of Canada's total CO₂ equivalent for 1999 and translate to 0.038 kg/\$ revenue. See ec.gc.ca/pdb/ghg/guidance/protocols/Electric2003/p6_e.cfm.

We saw an improvement in air emissions in 2006 as a result of a contract with EPCOR in Alberta to replace 10 per cent of energy from coal or gas with green energy. We also accrued credits from our internal telework pilot that ran through 2006 (see page 8); however, these credits (totalling approximately 114 tonnes of CO₂e) will not be applied by TELUS as they are not yet certified as offsets.

We agreed to participate in the Government of Canada's one tonne challenge in 2005. However the rollout was interrupted by the labour disruption. When the program was cancelled by the federal government, TELUS moved away from a targeted greenhouse gas (GHG) reduction program. Instead we launched an internal Green Team, which is tasked with identifying energy efficiency opportunities and green power options and leveraging the expertise of the TELUS team. The Green Team plans to implement new programs for corporate and team member engagement in 2007.

	A 2006	% change	A 2005	% change	A 2004
Direct emissions ^{2,4}	78,040	-7	84,130	-1	85,330
Indirect emissions ^{3,4}	251,160	4	241,090	-29	338,610
Total	329,200	1	325,220	-23	423,940

1 All sources, expressed as metric tonnes of carbon dioxide equivalent.
 2 Emissions from fuel (natural gas (45%), gasoline (41%), diesel (10%), propane (1%)) and ODSs (Halon, R-22 (0%)), including methane and nitrous oxide.
 3 Emissions from electricity (99.9%) and steam (scope 1 only).
 4 Emission factors Environment Canada (ec.gc.ca/pdb/ghg/inventory_report/2004_report/ann9_e.cfm).



Climate change – There is increasing awareness and consensus regarding the affect of anthropogenic CO₂ emissions as a contributing factor in global warming and climate change. There is also a growing list of actual and potential impacts from changing climate including increased storm intensity and changes to biodiversity, such as a decrease in the number of frog species in the world. TELUS has aligned our target with the Kyoto process for many years, and as a result, developed a strategy to mitigate against damage to our network from climate-related events, as described in our annual report at telus.com/annualreport. However, we are striving to do more than adapt our systems to potential change. Through the purchase of green power, as well as energy efficiency measures and the use of alternative energy, we continue with our attempts to lower our carbon footprint, despite underlying growth in the business. In 2006, we reduced our direct emissions. However, our indirect emissions increased slightly due to rising energy consumption, a situation we need to address in the coming years.

In 2006, TELUS was asked for the first time to participate in the Carbon Disclosure Project (CDP) survey, as a member of the Global FT500. The CDP represents 280 institutional investors, holding more than \$41 trillion in assets. In an effort to

improve disclosure on this potentially material risk, the CDP survey engages corporations on emissions profiles, mitigation strategies, and opportunities to the company from climate change. More information on the CDP report can be obtained from conferenceboard.ca and more information on climate change science is available at www.ipcc.ch/.

Alternative energy – Where possible, and economically feasible, we remain committed to expanding the use of alternative energy. At year-end 2006, there were 35 solar-powered installations in service, thereby forgoing the need for the equivalent in diesel generator use and the accompanying risks. In 2006, we developed the business case for use of a battery replacement technology at one site, which will reduce generator run time by half. TELUS is also investigating a proposal for wind power at a remote northern Alberta location, as part of a joint venture. We do not expect results from either initiative until late 2007. We undertook a study of our process for developing alternative energy in 2006, with the intent to establish targets for spending in this area in 2007.

2006 conferencing – In 2001, we began reporting carbon and nitrogen oxide avoidance, based on the use of our conferencing services as a replacement for travel. In 2002, video and teleconference calls were combined and we continue to report on the reduced greenhouse gases associated with these services. In 2006, use of conferencing services both internal and external to TELUS increased by 33 per cent overall. The calculation we use to determine the pollutants avoided has been in use since 1999 and was reviewed in 2006. No substantial changes were made at this time to the methodology or the assumptions therein.



Pollutants avoided using video and teleconferencing¹

	2006	2005	2004
Conference calls	740,350	557,400	420,000
Carbon dioxide (t) ²	314,500	236,800	178,000
Nitrous oxides (t) ²	35	26	20

1 The calculation assumes six participants who travelled an average of 300 kilometres by car to attend the meeting. Formulas from Environment Canada, U.S. Environmental Protection Agency, Pollution Probe and Tree Canada.
 2 t – metric tonnes.

Water usage – Although we do not engage in any significant manufacturing processes, we are a large company with many employees and we use a large amount of domestic water. We began tracking water use in 2003, as part of our effort to protect and conserve water. In 2006, we estimate that 88 per cent of our water usage is accounted for, which exceeded our target, and continues to trend in a positive direction. As we work to improve our tracking capability, we also continue our conservation efforts, such as installing automatic faucets and low flush toilets in some of our larger facilities. In addition, implementation of LEED building standards for new facilities, including future large buildings in Ottawa and Toronto, should enable improved tracking of water and water conservation.

TELUS water consumption

	2006	2005	2004
Total measured use (cubic metres)	1.5 million	1.04 million	1.0 million
Total estimated use ¹ (cubic metres)	1.7 million	1.7 million	1.8 million
Estimated per cent of use	88%	60%	55%
Water ² (cubic metres per team member)	65/yr	65/yr	70/yr
Canadian norms (domestic) ³ (cubic metres)	125/yr	125/yr	125/yr

1 Projected based on number of facilities with water consumption as percentage of total.
 2 Based on measured use at selected TELUS facilities, divided by team members at those facilities, not including TELUS International.
 3 Environment Canada website (ec.gc.ca/water).

2006 target: Capture 80% of total water use.
2006 results: 88% of total estimated water use monitored.
2007 objective: Capture 90% of total water use. Monitor approximately 100% by 2008.



See more about energy and resource management at telus.com/csr/environment

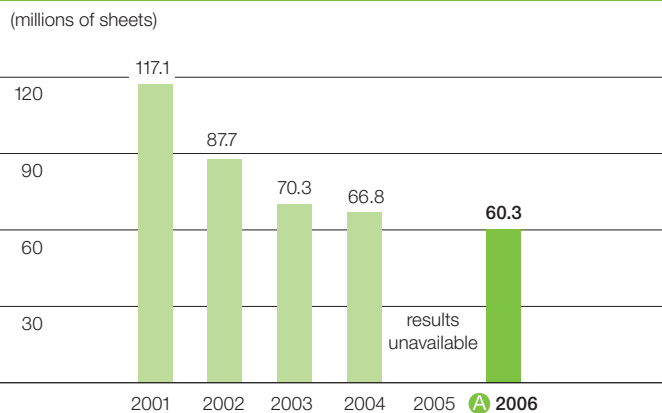
Waste reduction – We continue to be challenged in our efforts to track the amount of waste TELUS creates because of the large number of facilities, the different types of operations, the remote locations of sites, and the varying methods for tracking or paying for waste collection. As a result, we remain unable to report on total waste for the company in a meaningful way. By assessing waste generated at some of our larger facilities, and increasing the tracking of total waste generated, we plan to improve the scope of waste reporting going forward.

In 2006, we handled approximately 38,000 litres (mainly oil and oily water) and more than 4,000 kilograms (mainly batteries) of hazardous materials, all of which were recycled or disposed of by licensed waste handlers.

Recycling

Recycling remains a priority at TELUS. A total of 6,130 tons of materials, mainly electronics and paper materials (including cardboard) were recycled by TELUS in 2006, 14 per cent less than 2004 (7,130 tons), the last year for which data were available. The year-over-year decrease in recycling reflects the substantial removal of telephone directories from our process as well as improved paper consumption. The waste recycled equates to \$370,000 in landfill cost avoided.

paper consumed at TELUS¹



2006 target: 10% reduction in paper over 2004.
2006 results: Paper use reduced by 10%.
2007 objective: 10% reduction year over year.

1 2001 to 2004 results do not include TELUS wireless operations.

saving trees, planting trees

By year end 2006, approximately 26.2 per cent of TELUS shareholders had elected to receive the TELUS annual report online only. On their behalf, TELUS has planted more than 10,400 trees in partnership with Tree Canada. Assuming each tree reaches maturity, more than 14,000 tonnes of CO₂ could be removed from the atmosphere.



Reducing paper at TELUS

TELUS has had a successful program in place since 2001 to reduce the amount of paper used. Through the purchase of duplex printers for double-sided printing, a paperless office initiative and e.bill, which encourages customers to switch to online bills, we have been able to reduce our paper consumption each year. Results for paper consumption were unavailable in 2005 due to the labour disruption. TELUS placed a renewed focus on recycling in 2006 and, as a result, was able to bring down the amount of paper consumed by 10 per cent, even with the addition of our wireless operations to the tracking process.



For a detailed list of materials recycled, visit telus.com/csr/environment

Product responsibility

TELUS return and recycle program

In July 2005, TELUS launched a national phone recycling program designed to support a greener future for Canadians by reducing waste in landfills. The program invites consumers to bring any mobile phone or accessory they no longer use to a TELUS corporate store or participating dealer for recycling. We have experienced limited success. Of the approximate 2.5 million handsets sold by TELUS every year, only 10,200 phones and 79,000 accessories (batteries, chargers, etc.) were recycled through TELUS' program in 2006. To date we have had no targets for this program. However, in 2007, we commit to recovering at least 20,000 handsets.

The electronics (phones, batteries, chargers, etc.) are recovered at dealer locations and shipped to provincial centres where they are sorted. Undamaged equipment is often refurbished and resold with all proceeds donated to charity.

Older items are recycled for components such as plastic, glass and metals. All work is completed by reputable recycling companies which are carefully researched by TELUS to confirm that their processes meet our standards.

We endeavour to ensure that all work in the recycling process is completed in Canada, and while this can prevent useful electronic hardware from reaching developing markets in Africa and Asia where it may be needed, it also ensures Canadian e-waste is not dumped into poorer economies where there is insufficient infrastructure to properly dispose of these wastes.

The mobile phone recovery program forms an important part of other processes we have had in place for electronic waste (e-waste) recovery for many years on a voluntary basis. Recently we have seen regulatory changes to the stewardship of e-waste. However, current definitions of e-waste do not include mobile devices. Despite a lack of regulation, TELUS will continue to divert as much of these products from landfill as possible.

Procurement

TELUS has had an environmentally responsible procurement policy in place since March 2003. The policy states that TELUS supports the purchase of recycled or environmentally preferred products whenever they perform satisfactorily and can be purchased for a reasonably competitive price. TELUS currently utilizes total cost analysis (considering price, social and environmental factors) on a case-by-case basis. For example, while renewing our contracts for the purchase of network switching components, an evaluation was done including source of supplier (local versus international), percentage of components ultimately ending up in landfills, nature of components toxicity, energy (used in construction or required to use the item) and finally cost. We intend to expand the use of total cost analysis in our procurement and network development in 2007.

auditors' report

To: The Board of Directors and Management of TELUS Corporation

We have audited selected quantitative performance information presented in TELUS' Corporate Social Responsibility Report (the Report) for the year ended December 31, 2006. The audited information is marked with the symbol **A**. Preparation of the Report is the responsibility of TELUS management. Our responsibility is to express an opinion on the information marked with the symbol **A**, based on our audit.

Scope and criteria

We examined TELUS' quantitative performance information relating to community investments; charitable donations; environment; health and safety; workplace diversity; employee relations; and other areas marked with the symbol **A**.

We did not examine the narrative sections of the Report except insofar as they incorporated the selected quantitative performance information. Our audit criteria were based on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, relevant regulations, TELUS management definitions, and accepted industry standards.

The economic performance information presented on pages 27 to 32 was extracted from TELUS' audited financial statements for the year ended December 31, 2006. This information was excluded from the scope of our audit.

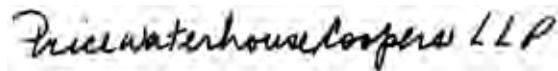
Methodology

We conducted our audit in accordance with the International Standard on Assurance Engagements (ISAE) 3000, developed by the International Federation of Accountants. This Standard requires that we plan and perform an audit in order to obtain reasonable, but not absolute, assurance that the information we examined was free from material error. We believe our work provides a reasonable basis for our opinion.

Our audit procedures included examining, on a test basis, evidence supporting the selected information in the Report, examination of internally and externally generated documents and records, and such other procedures as we considered necessary in the circumstances.

Opinion

In our opinion, the selected information set out in this Report marked with the symbol **A** is fairly stated in all material respects in accordance with the relevant criteria for the year ended December 31, 2006.



PricewaterhouseCoopers LLP
Vancouver, British Columbia
Canada
March 30, 2007

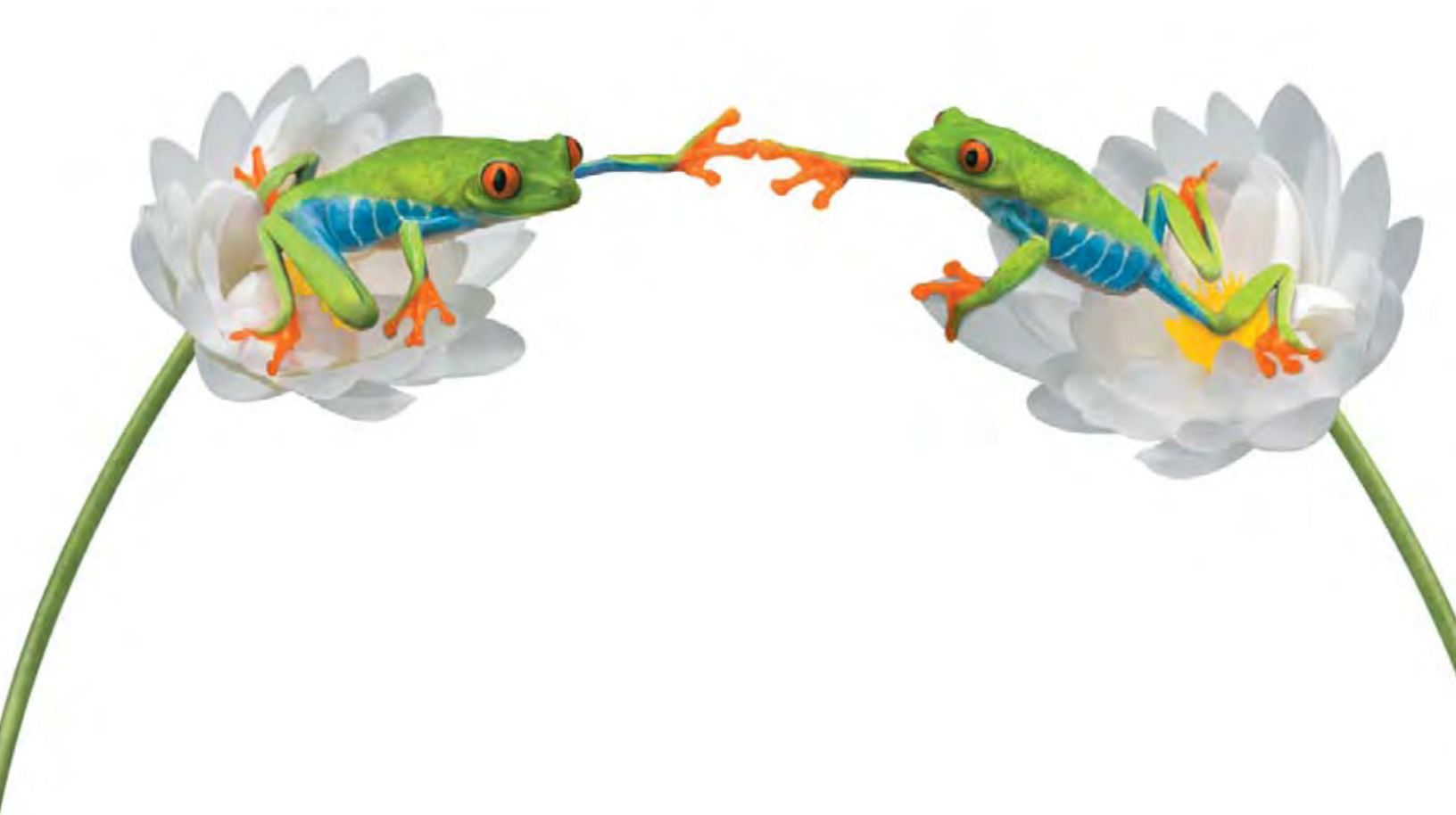
comments from the auditors

Description of our assurance process

TELUS management asked us to audit certain quantitative performance assertions presented in the company's 2006 Corporate Social Responsibility Report and to issue a report on our conclusions. Our work was carried out at TELUS' offices in Vancouver, Calgary, and Edmonton. The audit team comprised professionals with background and experience in corporate sustainability management and assurance.

During our audit we obtained, examined, and evaluated evidence using a variety of procedures, including:

- Interviews with TELUS management and staff;
- Obtaining an understanding of the relevant data management systems and processes and assessing their reliability;
- Examination of internally and externally generated documents and records, including correspondence with external parties;
- Testing and re-calculation of performance data on a sample basis where appropriate; and
- Assessing the information for consistency with our knowledge of TELUS' overall operations.



Global Reporting Initiative (GRI) Guidelines

This report has been prepared using Stratos Inc.'s¹ methodology from its 2005 benchmarking report *Gaining Momentum, Corporate Sustainability Reporting in Canada*, as well as the Global Reporting Initiative (GRI G2) Guidelines, including the telecom sector supplement. Stratos' criteria are of particular relevance to the Canadian context. The index below lists where in the report the reader can find information related to each GRI criterion – either in the report or in the TELUS 2006 annual report (business review and financial review). Combined, these reports form TELUS' reporting package of financial, social and environmental performance.

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Footnotes

- 1 Stratos is a sustainability consultancy. Visit stratos-sts.com.
- 2 Redundant with telus.com.
- 3 NA = not available.
- 4 NR = not relevant.
- 5 Not discussed, internal policy – tracked internally.
- 6 Appears throughout report.

growing together by respecting our past

TELUS is continuing to grow by respecting our legacy and honouring those who have helped TELUS evolve into the leading global communications company it is today. Indeed, it is the innovation, dedication and exceptional leadership of former executives, directors and leaders of TELUS and its predecessor companies that have built the foundation of our company.



Through their continued involvement with TELUS, they give me insight into our history and their valuable perspective contributes to the future success of TELUS. I am fortunate to have the opportunity to collaborate with many of these pioneers, including those pictured on this page, gaining knowledge from their experiences and inspiration from the passion they hold for our company.

I am grateful for their ongoing connection to TELUS, and that of many other TELUS alumni, who work tirelessly as influential champions for our company, volunteering in the communities where we live, work and serve across Canada.

Through the TELUS Community Ambassadors program, our alumni enable TELUS to continue our rich legacy of community involvement and volunteerism. Thanks to their compassion, dedication and hard work, financially disadvantaged children receive much-needed school supplies, people living on the streets receive basic personal hygiene items and seniors in care homes receive warm lap blankets for comfort and wheelchairs for accessibility.

The TELUS Community Ambassadors were also integral to the success of our inaugural TELUS National Day of Service on September 30, 2006. They joined the many team members, families and friends in more than 1,400 different volunteer and community activities on this very special day, which will be an annual event for the TELUS team – past and present.

I extend my heartfelt gratitude to all of our alumni for helping TELUS make a meaningful difference in our communities, supporting our commitment to be Canada's premier corporate citizen.

Sincerely,



Darren Entwistle



telus.com



TELUS Corporation
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EthicsLine hotline

As part of our ethics policy, this hotline allows TELUS team members and others to anonymously and confidentially raise accounting, internal controls and ethical inquiries or complaints.

phone 1-888-265-4112

online telus.ethicspoint.com

Our environmental commitment

TELUS is committed to working in an environmentally responsible manner and to doing our part to help create sustainable communities. The paper used in this report is certified by the Forest Stewardship Council (FSC), which means it comes from well-managed forests and known sources, ensuring local communities benefit and sensitive areas are protected. The entire supply chain used to create this paper – from the forest to the consumer – is FSC-certified, representing a commitment to effective and sustainable forest practices.

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This report is also available online at telus.com/csr. By accessing this information from our website, you will receive the information in a more environmentally friendly manner.

Le Bilan social de TELUS est également disponible en français à l'adresse telus.com.

Questions and comments about our corporate social responsibility report can be sent to sustainability@telus.com.

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