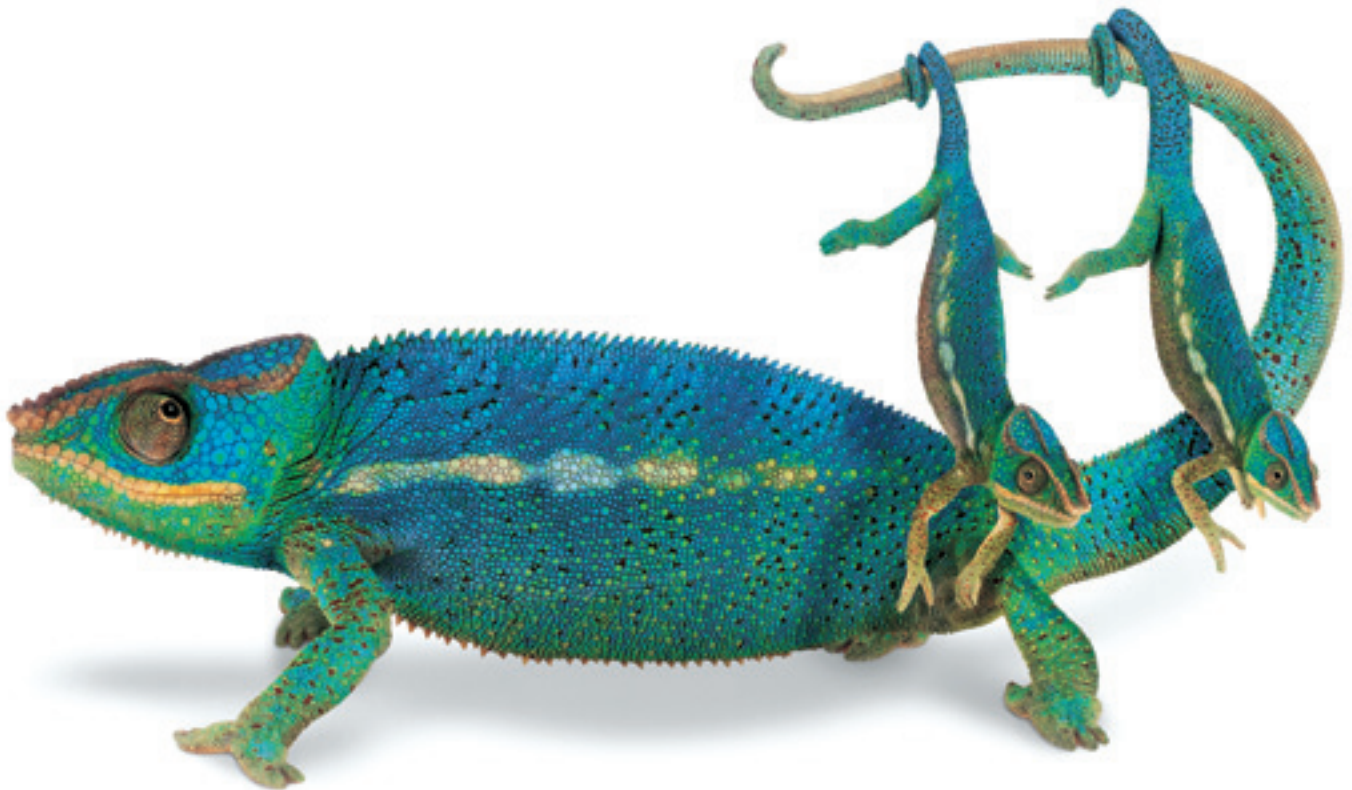


a passion for growth

2011 CORPORATE SOCIAL
RESPONSIBILITY REPORT



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CSR Leadership

Message from our CEO

We have a passion for growth

TELUS is continually striving to be a leading corporate citizen, balancing our company's economic health with the social and environmental well-being of the communities where our team members live, work and serve. We believe that in order to do well in business we must do good in our communities. In this regard, our decisions and actions continue to be guided by our longstanding TELUS leadership values: we have the courage to innovate; we believe in spirited teamwork; we have a passion for growth; and we embrace change and initiate opportunity.

Together with our customers' loyal patronage, we are able to foster the critical symbiotic relationship between our company and our communities. Indeed, our customers' ongoing support has provided the resources to offer leading-edge technology across urban centres and in rural communities, enabled us to build green workspaces to decrease our carbon footprint, and allowed us to help those less fortunate.

Delivering on our future friendly brand promise

TELUS' number one priority, putting Customers First, was established in 2011 and will continue to be our top priority in 2012 and beyond. Indeed, we are striving to provide the best client experience in our industry as measured by our customers' likelihood to recommend our products and services. Across all lines of business, team members are rallying together to deliver future friendly® experiences to our customers that differentiate us from the competition. Our goal is to be the most recommended telecom company by our customers in all business segments and across all of our geographic markets.

Throughout 2011, we launched several key programs and initiatives to support and empower the TELUS team to

provide the best possible customer experience including an innovative rewards program for our customer service champions. We also began sharing our story about our Customers First journey with Canadians and published our [customer declaration](#) that epitomizes our belief that listening to our customers will make us better. Moreover, TELUS introduced new services in direct response to customer feedback, such as the early upgrade program for wireless devices, proactive data usage notifications as well as simplified, and significantly reduced, international roaming pricing.

Our 2011 year-end results indicate that we are making meaningful progress with 69 per cent of TELUS consumer customers stating they would recommend our products and services – an increase of seven percentage points from the prior year. Momentum is growing at TELUS to consistently delight our customers with clear, helpful and reliable service, combined with excellent value for money.

Capitalizing on our wireless and wireline broadband networks

The continuous evolution of our networks is vital to the successful execution of our national growth strategy. Indeed, as we grow our services across Canada, we will provide enhanced phone, wireless, High Speed Internet and entertainment services to even more Canadians.

Despite ongoing economic pressures and intense industry competition in 2011, TELUS continued to make significant progress in the expansion of our wireless and wireline broadband networks, enabling enhanced connectivity for all Canadians, particularly the citizens in remote communities, and providing them with greater access to health, education and government services. In 2011, we

introduced faster dual-cell technology on our national 4G wireless HSPA+ (high-speed packet access plus) network and began building our next generation wireless 4G long-term evolution (LTE) network which launched in February 2012 in major urban centres across Canada.

We also continued the expansion of our broadband services across Western Canada and Quebec. Notably, we welcomed 196,000 new Optik TV™ customers to TELUS in 2011, and secured a strategic technology partnership with the Government of British Columbia – the largest in our company's history. Over the next 10 years, we will be providing 97 per cent of British Columbians with access to High Speed Internet service, upgrading Internet services in 450 schools, extending wireless coverage along 1,700 kilometres of rural highways, and providing leading-edge telecommunications services to all government offices, six regional health authorities and select Crown corporations across the province.

Throughout 2011, we continued to leverage our world-class innovation and technology to tackle the challenges facing our healthcare system. We sustained our focus to better connect patients with the best informed medical experts through Telehealth technology and remote patient monitoring for people in rural communities. Moreover, we strengthened our leadership position in healthcare by further leveraging our wireless and wireline broadband networks and establishing new partnerships with leading electronic medical record providers operating in B.C., Alberta, Ontario and Quebec. In late 2011, we signed an agreement with Alberta Health Services to provide electronic personal health records for citizens across Alberta.

Additionally, in early 2012 TELUS acquired Wolf Medical Systems, Canada's largest and fastest-growing provider of cloud-based electronic medical records, and launched TELUS Physician Solutions. This further advances our ability to offer secure and reliable cloud-based solutions to Canadian physicians and patients. We are uniquely positioned to facilitate the integration of health records from the home, to the doctor's office and to the hospital, which helps ensure the convenient and timely availability of critical health information to care providers over our secure networks.

The TELUS team is dedicated to transforming healthcare through innovative technology solutions, and in 2011 we were honoured by the Branham Group Inc. as the number one Canadian Healthcare Technology Company for the fifth consecutive year.

Invigorating our team's engagement

Building on our tremendous team culture that has received many recognitions and awards such as [Canada's 10 Most Admired Cultures](#), three [Canada's Top 100 Employers](#) awards, four [Canada's Best Diversity Employers](#) awards, six American Society for Training and Development BEST Awards and the first Canadian company to be named the [Most Outstanding Philanthropic Corporation](#) globally by the U.S.-based American Association of Fundraising Professionals, we are realizing exceptional engagement among our team members.

I am exceedingly pleased to share that the TELUS team realized an overall engagement increase of 13 percentage points to 70 per cent as measured in our annual Pulsecheck survey. This remarkable increase elevates our company into the highest engagement, best employer zone. The survey administrator, Aon Hewitt, has commended the TELUS team and stated that we are the first company of our size and diverse makeup in Canada to achieve an engagement result of this magnitude.



I believe that our high engagement and client-centric culture give us a tremendous advantage over our competitors. An engaged and highly motivated team is crucial to the delivery of exceptional customer experiences. Accordingly, TELUS offers programs and incentives to attract, retain and reward top talent.

Additionally, our innovative Work Styles program continues to provide team members with flexible working arrangements and leading-edge technology so they can work more effectively and efficiently where and when it is most convenient for them, whilst at the same time reducing our carbon footprint. Through the continued advancement of this program and ongoing real estate consolidation, we hope to have 70 per cent of our team regularly working outside the office by 2015. As a result of consolidating and more efficiently using our space, in coordination with the implementation of the Work Styles program, TELUS expects to save in excess of \$320 million over the next 15 years.

TELUS also believes in rewarding our team members for a job well done. We have been honoured with the Best Overall Recognition Program by [Recognition Professionals International](#) for our innovative internal team member recognition programs such as:

- Bravo, which allows team members to send and receive recognition, such as e-cards and gifts, through our extensive online catalogue;
- Legends Awards, which pays tribute to outstanding team members with 20 or more years of service;
- Customers First Champions, which recognizes team members who consistently support, advocate and advance our Customers First culture;
- Chloe Awards, which recognizes strong female leaders and those who support them; and
- Passion for Growth Awards, which recognizes team members for their significant achievements impacting our business, our customers and our team.

Promoting diversity and inclusivity in the workplace and in our communities continues to be a key priority within our organization. TELUS continues to support the individuality of our team through the TELUS Diversity and Inclusiveness Council, with representation from our Respectful Workplace Office, Employment Equity Committee as well as individuals representing the 3,500 team members involved in our five team resource groups: Connections, the TELUS women's support network; Spectrum, our lesbian, gay, bisexual, transgender and queer (LGBTQ) team member resource group; Eagles, our network for Aboriginal team members;

the TELUS Abilities Network, supporting team members and family members with varying abilities; and our resource group for new Canadians.

Embracing our charitable giving philosophy

TELUS is committed to building healthy and sustainable communities where our team members live, work and serve. We have a simple philosophy that says – we give where we live™. In 2011, TELUS, our team members and retirees donated more than \$46 million dollars to charitable and not-for-profit organizations. The TELUS team is improving lives, positively impacting communities and creating a meaningful legacy. Since 2000, we have donated more than \$260 million to charitable organizations and volunteered an unparalleled 4.2 million hours of service across Canada with our hands and our hearts.

We believe that charitable giving decisions should be made locally and have established 11 TELUS Community Boards across Canada in this regard, led by outstanding local citizens who make funding decisions on behalf of TELUS. In 2011, we launched community boards in Quebec City and the Thompson Okanagan region of British Columbia as well as our first international boards in the Philippines, El Salvador and Guatemala. Collectively, TELUS Community Boards allocated \$5 million to 418 grassroots projects in 2011 and have donated \$30 million in support of more than 2,300 grassroots community projects since their inception in 2005.

Team members and retirees are also making a positive difference through our Team TELUS Charitable Giving and Dollars for Doers volunteer programs and our annual volunteer event, the TELUS Day of Giving™. In 2011, a record 11,400 team members, retirees, family and friends spent the day at more than 300 activities in communities across Canada sorting donations at local food banks, serving meals to those less fortunate, picking up litter and planting trees. Our 2,500 TELUS Community Ambassadors® also made and delivered 63,500 care items to homeless, displaced or impoverished citizens in 2011.

We continue to align our business with our corporate philanthropy by providing customers with opportunities to support their local communities when they make a

purchase from TELUS. Through our TV for Good™ and Phones for Good® community campaigns, we donated \$100 for every new TELUS TV® customer or smartphone activation, directly connecting our marketing efforts with local social outcomes. In 2011, these campaigns raised \$3.9 million in 18 communities for organizations such as the Lethbridge Public Library, the Kelowna General Hospital Foundation and Canuck Place Abbotsford.

TELUS continues to focus on supporting youth and improving their health, well-being and educational opportunities. In January 2012, Jeneece Place, a home-away-from-home for Vancouver Island families with children receiving medical care in Victoria, opened its doors. TELUS donated \$1 million in 2010 to launch the fundraising campaign spearheaded by then 16-year old Jeneece Edroff, and has supported the project through various fundraising initiatives and technology support. Through our support of the TELUS Walk to Cure Diabetes since 2000, we have donated \$5.7 million to the Juvenile Diabetes Research Foundation to help find a cure for type 1 diabetes. Additionally, we continue to partner with Computers for Schools, to whom we donated 334 printers and computers in 2011.

Minimizing our impact on the environment

TELUS' goal is to reduce absolute energy consumption by 10 per cent and greenhouse gas emissions by 25 per cent by 2020 compared to 2009 levels. Accordingly, we continue to promote green choices for our customers. In 2011, we recycled 236,391 mobile phones, exceeding our goal of 160,000 and reduced our paper purchases by 28 per cent or over 11 million sheets from 2010, converting nearly 300,000 customers to electronic billing. Through the introduction of our wireless trade-in program in early 2012, our customers can now return their old wireless device to a TELUS retail location to have it disposed of safely and be rewarded with an in-store credit or donation to Tree Canada in their name. Additionally, we are continuing to leverage our technology to bridge time and distance for citizens in a way that reduces their carbon footprint.

Our tremendous results are being supported in part by TELUS team members who continue to be engaged

in our environmental efforts with 15 volunteer Green Teams located across Canada. These teams promote environmental sustainability in the workplace and at home by holding local events and educating colleagues on how they can reduce their carbon footprint, minimize consumption of resources and reduce waste. Moreover, we established our first international Green Teams in Guatemala and El Salvador in 2011.

We are also mindful of the buildings where team members work and their impact on the environment. All new TELUS office spaces and newly renovated buildings adhere to Leadership in Energy and Environmental Design (LEED) standards. In 2011, we began the planning and construction of two new Internet data centres in Rimouski, Quebec and Kamloops, British Columbia, which will be amongst the most environmentally-friendly facilities of their kind globally.

Additionally, we announced our new development, TELUS Garden, to be built jointly by TELUS and leading developer, Westbank, in the heart of downtown Vancouver. TELUS Garden will feature a 53-storey residential tower built to LEED Gold certification and a 24-storey signature office tower that is targeted to be Canada's first LEED Platinum-certified building based on the new 2009 standards. When complete, the TELUS Garden office tower will use approximately 30 per cent less energy than similar office environments. With the additional use of recaptured heat from the nearby TELUS data centre, the total development will achieve an anticipated 80 per cent reduction in grid energy demand for heating and cooling. In all, TELUS Garden will reduce carbon dioxide emissions by over 1,000,000 kilograms annually, equivalent to planting 400,000 trees a year.

TELUS continues our ongoing partnerships with groups such as Tree Canada and the Nature Conservancy of Canada and our team was honoured to be recognized for the sixth time in nine years by Corporate Knights as one of Canada's Top 50 Corporate Citizens for our environmental and social efforts.

Looking ahead

For 2012 and beyond, TELUS will maintain our strong commitment to corporate social responsibility and to achieving sustainable growth by balancing our economic, environmental and social goals. Based on a foundation of excellence in corporate governance, we will continue to leverage our technology and our passion for giving to truly deliver on our brand promise – the future is friendly® – to become the most recommended telecommunications company in the markets we serve. We are doing all this for the benefit of our shareholders, customers, team members and communities.

Thank you for your continued support.

Kind regards,

A handwritten signature in dark ink, appearing to read "Darren". The signature is fluid and cursive, with a large initial "D" and a trailing flourish.**Darren Entwistle**

Member of the TELUS Team

June 5, 2012

Message from our CFO

Growing value supports CSR

In 2011, thanks to support from our customers, TELUS produced strong financial growth and many industry-best results. We believe our financial strength, unrelenting focus on our growth strategy and disciplined adherence to our financial policies will position TELUS for continued success, which will benefit our many stakeholders. For example, our financial strength enables us to continue making strategic capital investments that are helping us bring the latest communications innovations to Canadians. In addition, it provides a strong foundation upon which we continue to fulfill our role as a leading corporate citizen that is able to give where we live.

We apply a disciplined approach to our corporate social responsibility (CSR) program, setting annual long-term targets, measuring and monitoring our CSR progress and then reporting back on our results. We have disclosed our environmental performance since 1992 and we have produced a CSR report for 15 consecutive years. Each year, we endeavour to expand the scope of our report and to present information in a transparent, balanced and comprehensive manner.

Our CSR scorecard

Our CSR scorecard summarizes the 2011 CSR targets, actual results and highlights, as well as our 2012 CSR priorities and targets. We have engaged Deloitte & Touche LLP (Deloitte) to review certain key performance indicators and provide an assurance statement as to the accuracy of the reported results.

To gauge our success, we follow the [Global Reporting Initiative](#) (GRI) definition of CSR, which is:

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

This year, we self-assessed our 2011 CSR disclosure at an [A+ GRI Application Level](#) and Deloitte confirmed our rating.

TELUS supports the [United Nations Global Compact](#) (UNGC), which helps businesses align their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. We became a signatory of the UNGC in 2010 and report on our adherence to its principles.

Disclosure and governance

We take a proactive approach to corporate disclosure and have adopted a number of leading-edge governance policies. Our Board of Directors was among the first in Canada to voluntarily give shareholders the right to vote on executive pay and the Board is very engaged in discussions and oversight of key enterprise risks. Notably, we provide updates to the Board through its Corporate Governance Committee on our environmental and CSR performance each quarter.

Our commitment to governance was demonstrated in February 2012, with the announcement that TELUS was giving shareholders the opportunity to decide whether to eliminate the Corporation's dual class share structure based on a one-for-one conversion ratio of non-voting shares into common shares. This was to be done by holders of both shares classes voting separately at TELUS' annual meeting of shareholders on May 9, 2012. The proposed share conversion was responsive to shareholder feedback, would simplify the share structure to one class and extend voting rights to all shareholders, all of which is consistent with good corporate governance.

However, the company withdrew the proposal on May 8, 2012 in the face of opposition (including an April 20 dissident proxy circular) from U.S. based Mason Capital, who had rapidly acquired approximately 33 million common shares or 19.0 per cent of that class. This did not allow TELUS to reach the 66 2/3rds approval level of votes cast in that share class for the proposal to proceed. Disturbingly,

Mason had also sold short an almost equal amount of non-voting and common shares so that its net economic interest in TELUS was only 416 thousand shares or about 0.13 per cent of TELUS total shares. In the May 8 release, TELUS noted that if Mason's shares were factored out, the proposal was on track to be overwhelmingly approved by both classes of shareholders, with 92.4 per cent of voted shares in favour of the proposal. TELUS stated that its best option was to reintroduce a new proposal in due course and that it remained committed to a one-for-one share conversion ratio.

Our disclosure practices continue to gain external recognition. Our 2010 annual report was ranked eighth best in the world by the Annual Report on Annual Reports, a global ranking of 1,500 companies. IR Magazine, through a survey of more than 250 investment professionals, recognized TELUS early in 2012 for having the best financial reporting and fourth best investor relations program in Canada.

As well, the [Canadian Institute of Chartered Accountants](#) (CICA) recognized TELUS with the Overall Award of Excellence for Corporate Reporting, CICA's highest award in Canada, for the fourth time in the last five years. We also received Honourable Mention (second) for Excellence in Sustainable Development Reporting.

Improving our CSR reporting

We expanded the scope of our 2010 CSR Report to include a greater focus on our customers and our concentrated efforts to enhance customer experience. We have further increased this focus in our 2011 CSR report as putting customers first is our top corporate priority. Also this year, we have provided better integrated information about our international operations in our report.

Looking ahead, we remain committed to continuing to drive CSR accountability across TELUS' strategic planning and performance management processes with a specific emphasis on bolstering innovative reporting for the benefit of our customers, team members, investors and communities.

Sincerely,



Robert McFarlane

Executive Vice-President and Chief Financial Officer
Member of the TELUS Team
June 5, 2012



Growing Corporate Responsibility

OUR CORPORATE COMMITMENT

TELUS is committed to Corporate Social Responsibility (CSR) and achieving sustainable growth. Our triple bottom line approach to business balances economic growth with environmental and social goals. We understand that in order to realize our objective of delivering on TELUS' future friendly® brand promise by putting customers first, we need to be one of Canada's leading corporate citizens – a company our customers are proud to connect with.

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

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

TELUS' commitment to integrate CSR considerations into our business and foster a culture of sustainability allows us to grow programs that ensure we can fulfill our CSR commitments in both good and challenging economic times. In part, we do this by:

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

At a business operations level, our view of CSR includes but is not limited to:

Becoming a leading corporate citizen

| Economic | Social | Environmental |
|--|---|---|
| <ul style="list-style-type: none"> ■ Sustainable revenue generation & return on investment ■ Robust internal financial controls & disclosure mechanisms ■ Investment in technology research & development ■ Contribution to corporate tax base ■ Contribution to sustainable national economic growth | <p>Communities & customers</p> <ul style="list-style-type: none"> ■ Investment through TELUS community boards ■ Strategic partnerships ■ Philanthropy & volunteerism ■ Social impacts of our products & services ■ Customer satisfaction ■ Cause Marketing <p>Team members</p> <ul style="list-style-type: none"> ■ Engagement ■ Recruitment, retention and development ■ Labour relations ■ Health and safety products & services ■ Diversity and inclusiveness | <ul style="list-style-type: none"> ■ Impact of TELUS operations ■ Product life-cycle responsibility ■ Influence in the supply chain ■ Help customers minimize their impacts ■ Climate change ■ Energy ■ Waste management |

TELUS continues to incorporate CSR into key business decisions and processes



BUSINESS AND MANAGEMENT PRACTICES

Enterprise risk management

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

Consistent with our triple-bottom-line approach, TELUS uses an enterprise-wide risk and control assessment process that solicits and incorporates the expertise and insight of team members from all areas of the organization. This process includes soliciting the views of the TELUS Board of Directors to identify and manage key risks to TELUS, including those related to CSR. For example, we seek to continuously improve enterprise risk governance by voluntarily:

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

More information on our risk assessment process is available in section 10 (Risks and risk management) of the Management's discussion and analysis (MD&A) within the [2011 annual report](#). Information on financial liabilities is listed in the [consolidated financial statements](#) and notes section of the annual report.

MANAGEMENT APPROACHES

We have a robust approach to the adoption and refinement of CSR practices in our business. The following management approach discussions provide a deeper view of our CSR practices and align with our efforts to report in accordance to the Global Reporting Initiative:

- Economic
- Customer
- Community investment
- Team members
- Human rights
- Environment
- Supply chain management

Economic

Contributing to our economy

TELUS is focused on building sustainable economic growth for the benefit of our investors, customers, team members, suppliers and the communities where we live, work and serve. Our products and services enhance the lives of Canadians, enable the success of our customers and contribute to the development of sustainable communities, while delivering long-term, positive results for our investors.

TELUS' wireless and wireline broadband investments provided the foundation for improved financial and operational performance in 2011 and enhanced TELUS' competitive position. This enabled us to continue contributing to our economy by:

- Paying salaries and benefits to our team members and pension payments to retirees
- Purchasing from Canadian suppliers
- Paying government taxes
- Driving innovation through research and development
- Investing in next generation network technology
- Donating generously to our communities
- Distributing increased dividends to our equity investors
- Paying interest to our debt holders
- Supporting our customers' economic growth through innovative solutions

The distribution of these benefits depends on our ability to generate economic value. We measure this success against our economic targets as well as other measures, such as community investment.

In 2012, our corporate priorities are to:

- Deliver on TELUS' future friendly® brand promise by putting customers first
- Increase our competitive advantage through technology leadership
- Drive TELUS' leadership position in its chosen business and public sector markets
- Accelerate TELUS' leadership position in healthcare information technology
- Further improve our operational efficiency and effectiveness
- Build upon our culture for sustained competitive advantage

For details, including our 2011 financial highlights, strategic investments, taxes and more, visit the Economy section of this report.



Customer

Customers First – our number one corporate priority

Putting customers first is our Company's top priority – for 2011, 2012 and into the future. TELUS aims to provide the best client experience in our industry as measured by our customers' likelihood to recommend our products and services. Our overall goal is, within a few years, to become the most recommended company across our markets.

We are seeing growing momentum throughout the organization to put customers first. Across all lines of business, team members are rallying together to deliver future friendly® experiences to our customers and create a culture that differentiates us from the competition. Through Customers First, we put our focus on listening to our customers and taking action on their feedback. Our [customer declaration](#) demonstrates our commitment to our customers and holds us accountable for delivering on our brand promise.

An innovative, homegrown Likelihood to Recommend (L2R) framework was developed to help us better understand what is important to our customers, as determined by various client surveys, conducted several times throughout the year. These surveys focus on several dimensions of the customer experience with respect to our entire product set across all customer segments. Survey insights are used to educate team members on how critical every decision and action made within our organization is to delivering on our brand promise. By truly understanding what is important to customers, we can make tangible changes that enhance their experience and further differentiate TELUS from its competition.

Community investment

We give where we live™

In support of our brand promise — the future is friendly® — we have a community investment strategy that is national in scope and local in delivery. It is designed to support charitable organizations in communities where TELUS operates and enable us to fulfill our commitment to give where we live. Our objectives are to:

- Create positive social outcomes and healthy communities
- Educate and empower youth
- Support innovative uses of technology through social innovation
- Support TELUS business operations (by enhancing our customers' connection with our brand)
- Increase TELUS team engagement.

Our commitment to educate and empower youth to improve their quality of life and to enable them to reach their full potential

At TELUS we believe that the most effective way to help youth is through education, inspiration, empowerment, reward and advocacy. These five principles have a symbiotic connection to the partners that TELUS invests in:

- **Educating:** by providing youth with the tools to pursue their passion for growth
- **Inspiring:** by empowering youth with opportunities that enable them to take action for causes they care most about
- **Empowering:** by supporting youth who are embracing change to realize their full potential
- **Rewarding:** by recognizing youth who initiate opportunities and become activists for change in their own backyards
- **Advocating:** by mobilizing youth to use the power of spirited teamwork to drive positive social outcomes for others.

We work to achieve these objectives through our five key focus areas:

- Community Boards
- Local and national partnerships
- Humanitarian relief
- Customer engagement and cause marketing
- Community involvement of the TELUS team.

TELUS' community investment strategy has evolved with support and direction from our Executive Leadership Team. We measure the success of our community investment programs through progress achieved year-over-year in terms of the number of people impacted (as reported by our partners) as well as overall dollars donated and hours volunteered. As a member of the [London Benchmarking Group](#) (LBG) we use their guidelines to evaluate and organize our community contributions. LBG Canada is part of a recognized global standard built upon more than 15 years of experience and used by more than 250 companies around the world. Further, as an Imagine Canada Caring Company, we target to donate a minimum of one per cent of pre-tax profits to Canadian communities on an annual basis and maintain a leadership position with this designation.

For details about our charitable giving programs, including community engagement, Community Boards, and strategic partnerships, visit the Community investment section of this report.

Team members

Success at work and beyond

To us, being an employer carries responsibilities beyond the workplace. We believe we can have a positive influence on three facets of a team member's life: professional career, personal life and community service.



Our commitment to our team members is reflected in our workplace policies, which range from diversity and inclusiveness to ethics, respect and labour relations. Our goal is to be an employer of choice offering team members possibilities to:

- Foster collaborative networks of diverse, skilled team members
- Drive results and innovation in a dynamic, fast-paced environment
- Create work life flexibility and personalized benefits
- Participate in a voluntary employee share plan to encourage savings, ownership and participation in the success of TELUS
- Be part of an exciting and learning-focused culture
- Make a difference for our customers, our team, our community and our environment.

We invest in our team members with a variety of career and leadership development programs, including classroom learning, mentoring, webinars, online learning, wikis, blogs and other social media tools. Our volunteer Diversity and Inclusiveness Council assists in developing programs that promote diversity and fair opportunity. We provide a range of health and safety programs, reporting safety statistics quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors. Where a collective agreement is in place, joint management and union committees provide additional guidance on health and safety matters.

We measure our success in providing a welcoming, safe and professional workplace through indicators such as team member engagement, return on learning, access and participation to a range of wellness programs, attrition rates, work time lost due to workplace injury and team member participation in our community giving and volunteerism programs. For details about our employment practices, visit the Team members section of this report.

Human rights

Our commitment to human rights

TELUS has a long-standing commitment to respecting and protecting human rights as outlined in our Ethics policy and reflected in our respectful workplace, employment equity and diversity practices. As a signatory to the [United Nations Global Compact](#) (UNGC), we support the elimination of discrimination with respect to employment, the elimination of child labour and all forms of forced labour and supporting freedom of association and the right to collective bargaining with our vendors, suppliers, community partners and others with whom we associate.

The [TELUS Ethics policy](#) ties together our policies regulating business behaviour and provides guidelines for the standards of ethical conduct by all team members, including members of the [TELUS Board of Directors](#) and the [Executive Leadership Team](#). All members of the TELUS team are expected to act honestly in all dealings, comply with laws and regulations governing our businesses and maintain an ethical work environment. The policy, which specifically addresses human rights, is updated annually and housed on TELUS' internal and external websites. Team members are required to complete the updated ethics course annually.

TELUS seeks to build inviting and inclusive workplaces:

- Working conditions at TELUS are designed to meet or exceed legal standards in the countries where we do business



- Appropriate management control processes are in place to monitor company practices
- Collective agreements set out the steps of the grievance and arbitration processes available to team members covered by such agreements
- Internal complaints about respectful workplace practices are investigated and addressed by the Respectful Workplace Office, which reports quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors.

Environment

Caring for our environment

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

The Environment and Corporate Social Responsibility team, which is located within the Risk Management department of the Finance business unit, is comprised of professionals from across Canada responsible for our environmental management systems and some of our corporate social responsibility programs. These programs are management's tools for setting policies, implementing programs, tracking performance, reducing environmental impacts and enhancing our stewardship activities.

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

For details about our energy and emissions, paper consumption, waste and recycling and other environmental practices, visit the Environment section of this report.

Supply chain management

Optimizing our supply chain

Over the past two years the TELUS team has made significant strides in transforming our procurement and supply chain operations and we are committed to becoming best-in-class.

At TELUS, we pursue strategic alliances that complement our core skills and provide groundbreaking innovative next-generation solutions for our customers. We form alliances with organizations that share the TELUS vision and deliver superior customer experiences including world-class technology. These alliances are with partners with whom we have formalized long-term agreements, active cross-enterprise initiatives, tight linkages to our strategic direction, business relationships that extend beyond TELUS' core competencies and incorporate shared risk and win/win benefits to be realized.

We examine five areas of focus when rating potential alliances:

- **Strategic fit:** is there alignment to the strategy - data/IP/wireless?
- **Commercial fit:** can the alliance create significant financial value?
Is it a long-term player?
- **Technical fit:** can the products/services be easily defined?
Is there clear scope?
- **Cultural fit:** can all parties agree to the collaboration/decision-making process?
- **Contractual fit:** can all parties agree to legal terms?
How is liability assigned?

Benefits of being in a strategic alliance include the ability to deliver technological advantages, access to new revenues, improved operational efficiency and cost-effective solutions.

We took major steps in 2011 by launching our [Supplier Code of Conduct](#) and [Supplier Diversity](#) programs to advance our commitment to adhere to environmental and social responsibility standards. For further details please see the supply chain section of this report.



Priorities and results

Our triple bottom line

We take a triple bottom line approach to business, balancing economic growth with a diligent focus on environmental and social goals. The scorecard illustrates, at a glance, TELUS' CSR results and highlights from 2011 compared to our 2012 CSR priorities. The chart is designed to provide general highlights and strategic direction, while the targets table provides detailed metrics and results.

| Issue | 2010 CSR priority | 2011 results | 2012 CSR priority |
|--|--|---|---|
| Economic growth | Realize TELUS' 2011 consolidated targets: revenue, EBITDA ¹ , EPS and capital expenditures, while maintaining compliance with long-term financial guidelines and policies | <p>Three of four original 2012 consolidated targets were achieved</p> <p>Consolidated capital expenditures exceeded target due to an accelerated timeline to build our urban 4G LTE wireless network, as well as success-based capital spending resulting from strong growth of Optik TV™</p> <p>TELUS maintained compliance with its long-term financial policies and guidelines</p> | Realize TELUS' 2012 consolidated targets: revenue, EBITDA, EPS and capital expenditures, while maintaining compliance with long-term financial guidelines and policies, including semi-annual dividend increases |
| Governance, integrity and transparency | <p>Certify under Section 404 of SOX on a continuous basis, conduct annual fraud risk assessment</p> <p>Adopt, implement and enhance Board oversight of top enterprise-wide risks</p> <p>Continue to drive CSR accountability across TELUS' strategic planning and performance management processes</p> | <p>Achieved SOX certification for fifth consecutive year. Completed fraud risk assessment for fourth consecutive year. IFRS conversion completed</p> <p>Results of annual risk and control assessment shared with the Board and risk oversight responsibilities were reviewed and allocated between the Board and its committees for each of the key enterprise risks</p> <p>CSR integration into strategic planning processes continued, including identification of key metrics and practices that were part of corporate 2011 strategic planning process</p> | <p>Certify under Section 404 of SOX on a continuous basis, conduct annual fraud risk assessment</p> <p>Continue to support ongoing Board oversight of key enterprise-wide risks</p> <p>Continue to drive CSR accountability across TELUS' strategic planning and performance management processes with a specific emphasis on bolstering innovation reporting</p> |
| Community welfare | <p>Advance our commitment to give where we live by improving social outcomes for our neighbours and creating a personal affinity to TELUS through our cause marketing campaigns, TELUS Community Boards, TELUS Ambassadors and Team TELUS Cares programs</p> <p>Maintain and enhance alignment between community investment strategy and execution with TELUS' strategic intent, business priorities and financial performance</p> | <p>TELUS improved social outcomes for our neighbours by contributing to charities and community projects that directly impacted millions of people across Canada</p> <p>TELUS enhanced alignment by providing customers another reason to purchase from TELUS through our cause marketing programs, and by enhancing our brand affinity with our customers through advertising and communicating our community investment and engagement program</p> | <p>Create an even stronger bond with our clients in our neighbourhoods by advancing our global leadership in helping our fellow citizens in need, build stronger communities by exemplifying our philosophy "we give where we live™"</p> <p>Maintain and enhance alignment between community investment strategy and execution with TELUS' strategic intent, business priorities and financial performance specifically in regards to putting customers first and advancing our Likelihood to Recommend score</p> <p>Continue to advertise and communicate TELUS' community investment and engagement strategy to enhance TELUS brand affiliation with our customers and to support our goal of becoming the most recommended company in the markets we serve</p> |
| Customer | Increase the percentage of our consumer and small and medium business (SMB) customers who would recommend us as a provider of home, mobility and business solutions by developing and implementing a framework for customer service excellence | Established baseline results measured by a newly developed and implemented Likelihood to Recommend framework for consumer customers and aligned our SMB and enterprise customer relationship measurement framework with the Likelihood to Recommend framework | Increase the percentage of our consumer, SMB and enterprise customers who would recommend us as a provider of home, mobility and business solutions by developing and implementing a framework for customer service excellence |

| | | | |
|------------------------------|--|--|--|
| Workplace well-being | Ratification of a new collective agreement between TELUS and the Telecommunications Workers Union (TWU) | A new collective agreement was ratified between TELUS and the TWU on June 9, 2011 | Ratification of a new collective agreement between TELUS and the Syndicat des agents de maîtrise de TELUS |
| | Continue to strengthen engagement score with programs such as recognition, career and performance development and wellness | Overall engagement, as measured by our Pulsecheck survey, increased reflecting our achievement in driving improvements in the workplace for team members | Continue to strengthen engagement score with programs such as work processes, career opportunities, performance development and compensation |
| | Continue offering a wide range of wellness programs and increase Active Living participation | Expanded our suite of active living programs, with a focus on our online healthy living challenge | Continue offering a wide range of wellness programs and increase Active Living program participation |
| | Increase engagement by enhancing enterprise-wide HR programs such as TELUS Leadership Philosophy | Engagement results through year-over-year growth in TELUS Leadership Philosophy specifically formal, informal and social learning opportunities | Continue to increase engagement by encouraging participation in the TELUS Leadership Philosophy |
| Environmental sustainability | Develop detailed plan to execute on strategy, including interim targets | Energy management program initiated and interim targets developed | Climate change metric included in CEO CSR objective for 2012 |
| | Execute on Environmental Management System (EMS) plan and align fuel management and pole storage management with the ISO 14001:2004 standard | Pole storage standard was created and aligned with ISO 14001:2004. Fuel management standard was started but not fully aligned by year end | Execute on EMS plan and align halocarbon management with ISO 14001:2004 standard |
| | | | Complete an external EMS and Compliance Audit |

1 EBITDA previously referred to as 'operating earnings'.



Results and targets

Meeting and exceeding our targets

This section of the report is a summary of TELUS' key economic, social and environmental performance results for 2011 and 2012 targets. To determine the content of each report, TELUS assesses the CSR materiality of certain aspects of its business, as well as using the pertinent [Global Reporting Initiative \(GRI-G3\)](#) reporting guidelines to help direct its disclosure. The GRI-G3 guidelines provide a baseline for the type of discussion, as well as the volume and type of metrics that can be found within the report. For the second consecutive year, we have received assurance on key indicators and as a result have self-assessed our GRI-G3 compliance level as "A+".

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

Economic

Economic results

| Performance measure | Original target for 2011 ¹ | | 2011 results | 2012 target ² | GRI-G3 |
|--|---------------------------------------|----|------------------|-----------------------------------|----------|
| Consolidated | | | | | |
| Revenues | \$9.925 to \$10.225 billion | ✓✓ | \$10.397 billion | \$10.7 to \$11.0 billion | EC1 Core |
| EBITDA ³ | \$3.675 to 3.875 billion | ✓ | \$3.778 billion | \$3.8 to \$4.0 billion | — |
| EPS – basic ⁴ | \$3.50 to \$3.90 | ✓ | \$3.76 | \$3.75 to \$4.15 | — |
| Capital expenditures | Approx. \$1.7 billion | ✗ | \$1.847 billion | Approx. \$1.85 billion | — |
| Wireless segment | | | | | |
| Revenue (external) | \$5.2 to \$5.35 billion | ✓✓ | \$5.462 billion | \$5.75 to \$5.9 billion | EC1 Core |
| EBITDA ³ | \$2.15 to \$2.25 billion | ✓ | \$2.186 billion | \$2.3 to \$2.4 billion | — |
| Wireline segment | | | | | |
| Revenue (external) | \$4.725 to \$4.875 billion | ✓✓ | \$4.935 billion | \$4.95 to \$5.1 billion | EC1 Core |
| EBITDA ³ | \$1.525 to \$1.625 billion | ✓ | \$1.592 billion | \$1.5 to \$1.6 billion | — |
| Long-term financial guidelines and policies | | | | | |
| Net debt to EBITDA (excluding restructuring costs) | 1.5 to 2 times | ✓ | 1.8 times | 1.5 to 2 times | — |
| Unutilized liquidity | Maintain a minimum of \$1 billion | ✓ | \$1.28 billion | Maintain a minimum of \$1 billion | — |

1 The original 2011 economic targets were announced December 14, 2010.
 2 Refer to Caution regarding forward-looking statements summary. The targets were announced on December 16, 2011.
 3 Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP measure.
 4 Excluding any potential capital expenditures for wireless spectrum in 2012.

Customer

Customer results

| Performance measure | 2011 target | 2011 results ¹ | 2012 target ² | GRI-G3 |
|---|----------------------------|--|--|--------|
| Likelihood to Recommend | Baseline to be established | Baseline established with the following results achieved: Consumer – 69% ³ Small and medium business (SMB) – 38% Enterprise – 55% TELUS Health and Finance Solutions (THFS) – 70% | Consumer – 77% ⁴ SMB – 45% Enterprise – 60% THFS – 77% | |
| CRTC and CCTS complaints | 2,000 | 2,385 | 2,623 ⁵ | |
| CCTS complaints resolved or closed at pre-investigation stage | 75% | 86% | 75% | |
| Wireless churn per month ² | 1.66% | 1.68% | We will continue to track but no longer report on a target for this metric | |

1 Refer to Caution regarding forward-looking statements summary.

2 Likelihood to Recommend ranges amongst competitors in each market were as follows: consumer - 62 to 88 per cent, SMB – 37 to 51 per cent, Enterprise – 30 to 55 per cent, THFS – 33 to 75 per cent (for TQ business only).

3 2011 Consumer Likelihood to Recommend is 70 per cent with inclusion of Koodo results.

4 2012 Consumer Likelihood to Recommend target reflects the inclusion of Koodo results.

5 TELUS expects the number of complaints filed against all telecommunications service providers with the CCTS will continue to grow as the organization becomes better known.

Community investment

Community investment results

| Performance measure | 2011 target | 2011 results | 2012 target ¹ | GRI-G3 |
|------------------------------|---|--------------|--|---|
| Community | Maintain a leadership position in community investment while remaining focused on alignment to TELUS' strategic intent, business priorities and financial performance | ✓✓ | TELUS maintained its leadership position by expanding our portfolio of partnerships and increasing total donations and in-kind contributions | Establish two national partnerships specific to social enterprises to foster social and for-profit entrepreneurship |
| | Achieve Imagine Canada Caring Company status of contributing more than 1% of our pre-tax profits to support Canadian charitable organizations | ✓✓ | TELUS achieved its status of an Imagine Canada Caring company by contributing 2.9% of our pre-tax profits | Maintain TELUS' Community Investment leadership by contributing more than 2% of our pre-tax profits to support Canadian charitable organizations, doubling requirements to achieve Imagine Canada Caring Company status |
| Team TELUS Cares programs | Achieve 34% team member participation in Team TELUS Cares programs | ✗ | Achieved 32.2% team member participation in Team TELUS Cares programs | Engage 12,000 volunteers in TELUS Day of Giving™ |
| | Record 500,000 volunteer hours | ✓✓ | Team members and retirees recorded 555,813 volunteer hours | Record 562,000 volunteer hours |
| TELUS Community Ambassadors® | Produce 61,000 care items | ✓ | 63,582 care items produced | We will continue to track but no longer report a target on this metric |

1 Refer to Caution regarding forward-looking statements summary.

Team members

Team performance results

| Performance measure | 2011 target | 2011 results | 2012 target ¹ | GRI-G3 |
|---|----------------|------------------|--|-----------|
| Engagement (domestic) | 60% | ✔ 70% | 76% | |
| Engagement – TELUS International Philippines (new target) | 76% | 70% | 74% | |
| Engagement – TELUS International Central America (new target) | n/a | 65% | 69% | |
| Average Canadian voluntary turnover ² | 7.6% | ✘ 8.6% | 8.2% ³ | LA2 Core |
| Team member recognition spend | \$8.8 million | ✔ \$9.76 million | \$8.53 million | |
| Investment in learning | \$19.6 million | ✔ \$20.4 million | \$23.1 million | LA10 Core |
| Return on Learning ⁴ | n/a | 69% | 71% | |
| Wellness reach rate ⁵ | 80% | ✘ 71% | 75% of team members nationally have access to face-to-face wellness programs | LA8 Core |
| Wellness onsite fitness membership | 25% | ✘ 20% | As Work Styles expands the relevancy of this measure declines. We will continue to track Active Living participation but will not report targets | LA8 Core |
| Safety – lost time accidents per 200,000 person-hours worked ⁶ | 0.82 | ✔✔ 0.74 | Maintain our 0.74 ratio | LA7 Core |

1 Refer to Caution regarding forward-looking statements summary.

2 Data presented is for TELUS domestic team members tracked in primary Human Resources Management system.

3 Target is 8.2 per cent, which is lower than the 2011 Conference Board of Canada communications/telecommunications average voluntary turnover rate of 8.8 per cent.

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

5 Tracking formula changed in 2011 to reflect actual participation rate in wellness programs. In past years, we tracked "opportunity" to participate at onsite events. Beginning in 2011, we tracked the actual participation rate for all virtual and onsite events as we feel this shows more accurately the uptake of our offerings.

6 Data presented is for TELUS Canadian domestic team members tracked in primary Human Resources Management system.

Environment

Environmental results

| Performance measure | 2010 target | | 2010 results | 2011 target ¹ | GRI-G3 |
|---------------------------------------|---|----|--|---|---------------------|
| Environmental management system (EMS) | Execute on plan and align fuel management | ✘ | Fuel management standard was started but not fully aligned by year end | Execute on our plan and align the halocarbon management with the ISO 14001:2004 standard | EN26 Core |
| | Align pole storage management with the ISO 14001:2004 standard | ✔ | Pole storage standard was created and aligned with ISO 14001:2004 | Complete an external EMS and Compliance Audit | |
| CO ₂ e emissions | Begin developing interim targets to achieve 10-year reduction goals | ✔ | Internal interim targets were set | 2.5% emission reduction over 2009 | |
| Energy reduction targets | Begin developing interim targets to achieve 10-year reduction goals | ✔ | Internal interim targets were set | 1% reduction in energy consumption (scope 1 and 2 domestic) | |
| Eco-efficiency | Begin developing interim targets to achieve 10-year reduction goals | ✔ | Began to develop interim efficiency targets related to customer connections and terabyte use | Given the lack of agreed upon industry definitions or standard measurement methodology, with respect to eco-efficiency, we will continue to track and report our progress on this based upon our own definition | EN5 |
| Paper purchased | 10% reduction | ✔✔ | 28% reduction | 10% reduction | EN1, EN 26 Core |
| Wireless device recycling | Recycle 160,000 wireless devices | ✔✔ | Recycled 236,391 wireless devices | Recycle 250,000 wireless devices | EN26 Core |
| | Comply with all e-waste and recycling regulations | ✔ | Complied with e-waste recycling regulations and developed e-waste stewardship plan in BC | Develop e-waste plan for Canadian operations | |
| Water consumption | Re-evaluate our water tracking strategy | ✔ | We are now able to report water consumption at our owned properties | Begin developing a water management strategy to improve water use efficiency | EN8 Core |
| Environmental site assessments | Complete 1,750 assessments, (50 by Environment team members) | ✔ | Completed 1,790 assessments (50 by Environment team members) | Complete 1,750 assessments (50 by Environment team members) | EN26 Core |
| Spills and releases | 100% reporting | ✘ | 97% of reportable spills | Develop new methodology for O Category A spills | EN26 Core |
| Fuel system upgrades ² | 18 fuel system upgrades | ✘ | 13 fuel system upgrades | 15 fuel system upgrades | EN26 Core |
| Contaminated sites | Investigate 20 sites and | ✔✔ | Investigated 33 sites | Investigate 20 sites | EN14, EN2, EN6 Core |
| | complete 2 sites | ✘ | Completed 0 sites | Complete 2 sites | |

1 Refer to Caution regarding forward-looking statements summary.

2 Includes both upgrades and removals.



About this report

Report at a glance

CSR reporting highlights

Year-over-year, we strive to bolster not only our CSR practices but also how we report on them. We focus on:

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

For the fourth consecutive year, we have chosen to produce an online-only report to limit the amount of material we print. This year, we have also focussed on enhancing the layout, navigation and search functionality of our website to deliver a report that allows our stakeholders to more easily find the information that is important to them. In 2011 we will also deliver CSR content on mobile devices to reflect the increasing trend of stakeholders to rely on mobile options for accessing information.

In terms of printed material, for the first time, we will not produce brochures or postcards to raise awareness of the report. This is part of a multiple-year effort to reduce printing. At the same time, we are disclosing more information about our sustainability practices, including additional data from our international operations and our customer surveys as included in our Likelihood to Recommend framework. As such, we are declaring our report at a GRI-G3 A+ level and have asked Deloitte & Touche LLP (Deloitte) to confirm our rating.

In alignment with our commitment to incorporate customer and stakeholder feedback, we have also continued to enhance the Customer section of our report. In this section we share the challenges, opportunities and successes that are most significant to customers.

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

Information contained in this 2011 report covers the period from January 1, 2011 to December 31, 2011, unless otherwise stated. The material includes



TELUS' wireline and wireless operations across Canada, as well as TELUS International. As our TELUS International footprint expands, we will ensure results are integrated with our key performance indicators. Also contained in this report are 2011 targets and results and 2012 targets for key performance indicators in three main categories related to CSR – the economy, society and the environment – reflective of our triple bottom line approach.

We use the following symbol  to highlight information that was independently reviewed in 2012 by an independent registered chartered accounting firm, Deloitte.

The 2010 CSR report was issued on August 4, 2011.

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

Material Issues

For the purposes of this report, we consider material issues those that could affect long-term strategy, impact the environment or society, and influence the perception and behaviours of stakeholders. Additionally, we consider GRI guidance indicating that material topics for a reporting organization should include those topics that have a direct or indirect impact on an organization's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.

In early 2012, we held a CSR materiality workshop facilitated by the Sustainability and Climate Change practice of Deloitte and Touche LLP. The purpose of the materiality session was to gain consensus amongst participants on TELUS' key stakeholders and material issues by applying a structured, evidential process for assessing materiality in order to guide future years' report content and strategy. The output of this workshop was a materiality matrix classifying issues in terms of importance to both TELUS' key stakeholders and to TELUS.

We believe that it is increasingly important to review the scope of our CSR report so that it is strategically aligned and useful to stakeholders. Additionally, this insight enables us to identify emerging issues and factor them into strategy development as opportunities before they become business risks.

In 2012, we will review and revise the data based on further analysis and communicate the outcomes in our 2012 CSR report.

Stakeholder engagement

Engaging customers

TELUS' stakeholder engagement is an important part of our business improvement processes. In 2011, we focused on improving our customer experience with the goal of becoming the most recommended company in the markets we serve. For 2012, we have set a corporate priority to deliver on our future friendly® brand promise by putting customers first. Every interaction our team members have with our customers is an opportunity to listen, gather feedback and ensure our products and services are delivering superior value.

We measure our customer experience using our Likelihood to Recommend (L2R) framework. This framework is supported by the four pillars of products and services, contact experience, brand and reputation as well as pricing and transparency. Every quarter, Canadian consumers are surveyed on whether they would recommend their provider of telecommunications products and services to friends or family members. TELUS also regularly asks our business customers in the small and medium business, enterprise (large organizations) and health sectors how likely they are to refer TELUS' products and services to their colleagues or other businesses. Responses are used to determine our L2R scores, which provide a tangible measure of how we are tracking to our goal of becoming the most recommended company across all of our markets. We share these results with our team members which allows us to share best practices and identify further opportunities and actions that will benefit the customer experience and customers' likelihood to recommend our products and services.

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

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

Engaging our team members

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

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

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

Engaging other stakeholders

While we continue to prioritize the engagement of our customers and team members, we also engage many other stakeholder groups which are identified on a program by program basis. Where senior leaders (including the Corporate Social Responsibility leadership team) or the program team identify stakeholders who are impacted by or contribute to our programs, we engage them in the interest of enhancing our performance. For example, we include external community members with expertise in certain areas on the TELUS Community Boards to help make decisions about what community projects TELUS should fund. Through the many stakeholder engagement processes at TELUS, the following groups have been identified as TELUS stakeholders:

- Customers
- Shareholders
- Debt holders
- Federal, provincial and municipal governments
- Internal stakeholders – team members, business unit leaders and executive leaders
- TELUS alumni/retirees
- TELUS Community Board members
- Community partners
- Suppliers and strategic partners
- Aboriginal Peoples and their communities
- TELUS Community Ambassadors®



- Non-governmental organizations
- Academic organizations
- Investment companies with socially responsible mandates
- Credit rating agencies and sustainability indices
- Peer organizations
- TELUS enterprise risk assessment participants.

In 2012, in line with our Passion for Growth value, TELUS plans to continue to seek out and participate in various stakeholder engagement sessions.

Governance and Disclosure

Proactive governance

At TELUS, we take a proactive approach to corporate governance and reporting, often going beyond what is required and, where optimal, adopting emerging best practices early. The result has been a [series of initiatives](#) across the company that further the effective management of TELUS and help increase investor confidence.

In addition to this proactive approach, we believe strong corporate governance is necessary to provide a solid foundation for CSR leadership. It encompasses considerations such as:

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

TELUS' strategic CSR vision is to contribute to a better world by delivering long-term corporate economic viability, supporting the communities where we live, work and serve and being stewards of the environment.

We employ a continuous improvement cycle informed by input from our internal and external stakeholders, develop CSR programs with measurable outcomes and evaluate and report on our performance.

TELUS corporate strategy

Since 2000, TELUS' strategic intent has been to unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move. TELUS' strategy for growth is to focus on its core telecommunications business in Canada supported by international contact centre and outsourcing capabilities.

In 2000, TELUS developed six strategic imperatives, which we believe remain relevant today. A consistent focus on these imperatives guides our actions and contributes to our operating and financial goals. We believe focusing on these imperatives continues to position TELUS for future growth.

Our [strategic imperatives](#) are:

- Building national capabilities
- Focusing relentlessly on data and wireless
- Partnering, acquiring and divesting
- Providing integrated solutions
- Investing in internal capabilities
- Going to market with one brand

To execute this strategy, we have a customer-focused organizational structure and a set of core leadership values:



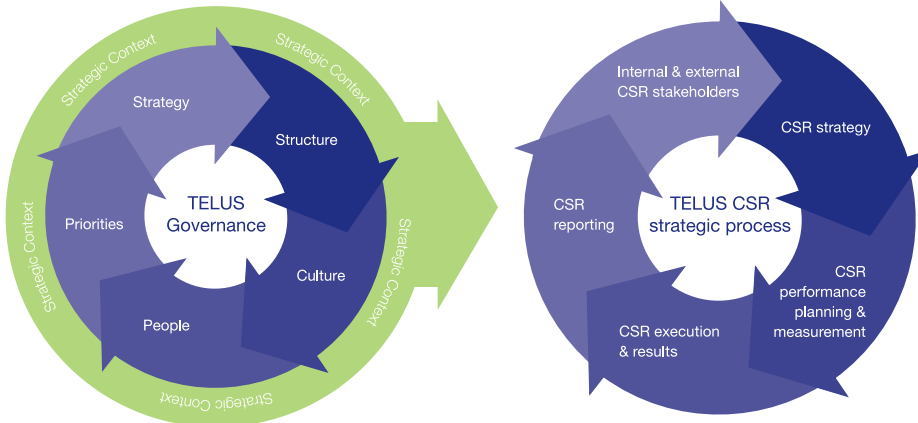
We embrace change & initiate opportunity

We have a passion for growth

We believe in spirited teamwork

We have the courage to innovate

Each year, we also set [corporate priorities](#) to help advance our national growth strategy. This model is informed by the strategic context in which TELUS operates, including industry economics and technological change, the competitive landscape, customer requirements, the regulatory environment and our core competencies.



Overall responsibility for the organization's CSR performance resides with the [Executive Leadership Team](#). A CSR leadership team was established in 2006, and continues to foster a culture of sustainability at TELUS. The team represents all TELUS business units and meets at least every quarter to review progress against CSR objectives and assess new or ongoing CSR initiatives. The team members focus on further entrenching CSR practices, measures and objectives throughout TELUS. In 2011, we began to provide progress reviews each quarter to the Corporate Governance Committee of [TELUS' Board of Directors](#) (pre-2011 was Audit Committee). We continue to provide periodic updates to the Audit Committee on CSR reporting progress, typically in the first and second quarters of each year.

Based on strategic input from external and internal sources, the CSR leadership team is responsible for executing our CSR strategy, identifying issues and opportunities and delivering programs to address them. TELUS' Executive Leadership Team and business unit vice-presidents are responsible for the approval of the overall strategic direction of our CSR programs. Our annual CSR report discloses our performance and communicates our commitments for the future. Furthermore, it is a catalyst for soliciting stakeholder feedback on our programs and performance.

Key governance bodies

TELUS Board of Directors

The [TELUS Board of Directors](#) has 12 members, all of whom were elected at the Company's May 2012 annual and special meeting. All of our directors are independent, except for Darren Entwistle, president and chief executive officer (CEO). He is the only director who is a member of management of the Company and, as such, is not independent. The Board determines independence using a set of criteria that goes beyond applicable securities rules and has chosen to voluntarily comply with all elements of the

independence test pronounced by the New York Stock Exchange (NYSE), including those that are not binding on TELUS. Accordingly, the independence tests applied by the Board comply with Canadian securities rules and the independence rules of the NYSE. It has been a long-standing policy of the Board to require that at least a majority of its directors be independent, that the Board Chair is required to be independent and the positions of Board Chair and CEO must be separate. These established requirements are captured in TELUS' Board Policy Manual and better ensure the independence of the Board. In late 2010, we established board@telus.com, an email address for shareholders to enhance shareholder communication and engagement. While more than 140 emails were received in 2011, only two were Board related while the rest were mostly customer related. A response was sent for each of the Board-related emails, which primarily concerned Say on Pay, and the other 138 emails were referred to more appropriate areas for response, such as Client Care.

Audit Committee

The Audit Committee supports the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting, internal controls and disclosure controls, legal and regulatory compliance, the independence and performance of the Company's external and internal auditors, the management of the company's risks, creditworthiness, treasury plans and financial policy and the company's whistleblower and complaint procedures. In 2011, the committee also oversaw the Ethics policy together with the Human Resources and Compensation Committee and Corporate Social Responsibility strategy.

All members of the Audit Committee are independent.

Corporate Governance Committee

The Corporate Governance Committee's mandate is to assist the Board in fulfilling its oversight responsibilities to ensure that the company has an effective corporate governance regime. The committee is responsible for monitoring corporate governance developments, emerging best practices and the effectiveness of the company's governance practices. The committee is also responsible for identifying, recruiting and recommending nominees for election as directors, providing ongoing development for directors and overseeing Board and director evaluations. In 2011, one new director, Stockwell Day, was appointed as part of the program to recruit high-calibre individuals that strengthen the Board. The committee assesses and makes recommendations to the Board for its determination of the independence, financial literacy, financial expertise, and accounting or related financial management expertise of directors, as defined under corporate governance rules and guidelines. In 2011, the Corporate Governance Committee began overseeing the Company's Corporate Social Responsibility strategy,

Environmental policy, and insurance and property risk governance.

All members of the Corporate Governance Committee are independent.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee of the Board of Directors is responsible for developing the compensation philosophy and guidelines on executive compensation as well as overseeing succession planning for the executive team and Respectful Workplace practices. The committee also determines CEO goals and objectives relative to compensation, evaluates CEO performance and recommends to the Board CEO compensation based on its evaluation.

The committee manages the supplemental retirement arrangements (other than registered pension plans) for the executive team and all of the Company's equity-based incentive plans. In addition, they determine executive compensation and evaluate the risks associated with executive pay. In 2011, the Human Resources and Compensation Committee began overseeing the Ethics policy together with the Audit Committee. The committee also oversees health and safety policies, business continuity and disaster/emergency operation planning.

All members of the Human Resources and Compensation Committee are independent.

The Pension Committee

The mandate of the Pension Committee is to oversee the administration, financial reporting and investment activities of the Pension Plan for Management and Professional Employees of TELUS Corporation, the TELUS Defined Contribution Pension Plan, the TELUS Edmonton Pension Plan, the TELUS Corporation Pension Plan, the TELUS Québec Defined Benefit Pension Plan, any successor plans, any related supplemental retirement arrangements as mandated by the Board and the related trust funds (collectively the Pension Plans). The committee is responsible for reporting to the Board with respect to the actuarial soundness of the Pension Plans, the administrative aspects of the Pension Plans, investment policy, performance of the investment portfolios and compliance with government legislation. The committee may, from time to time, recommend to the Board for approval, fundamental changes in the nature of the pension arrangement for any Pension Plan, and changes in the governance structure for the Pension Plans.

All members of the Pension Committee are independent.



Assurance report

To: The Board of Directors and Management of TELUS

What we looked at: scope of our work

We have reviewed selected corporate-wide and business unit performance indicators in TELUS' 2011 Corporate Social Responsibility Report on Sustainability (the Report) for the year ended December 31, 2011. TELUS management is responsible for collection and presentation of the indicators and information set out in the Report. A review does not constitute an audit and, consequently, we do not express an audit opinion on the selected performance indicators.

TELUS was responsible for selecting performance indicators as well as their presentation in the report. We reviewed the selected quantitative indicators noted in Appendix A and TELUS' self-declaration that it has met the A+ level of conformance with the GRI requirements. We did not review the narrative sections of the Report, included as footnotes, except where they incorporated the selected performance indicators. Our responsibility is to express an independent conclusion on whether anything has come to our attention that causes us to believe that the selected performance indicators are not presented fairly, in all material respects, in accordance with the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines (2006 version). The GRI G3 definitions can be found at www.globalreporting.org.

What we did: assurance standards and key assurance procedures

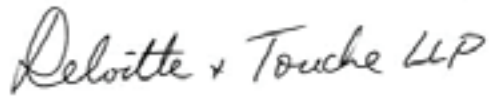
We conducted our review in accordance with the International Standard on Assurance Engagements (ISAE) 3000 developed by the International Federation of Accountants. As such, we planned and performed our work in order to provide limited assurance with respect to the selected performance indicators that we reviewed. Our review criteria were based on the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines (2006 version). Our procedures included:

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

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

What we found – Our conclusion

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



Deloitte & Touche LLP
Chartered Accountants
Vancouver, British Columbia, Canada
June 5, 2012

Member of Deloitte Touche Tohmatsu Limited

Appendix A– Selected performance indicators reviewed

Selected performance indicators reviewed

The following selected performance indicators were included in our review of TELUS' Corporate Social Responsibility Report for the year ended December 31, 2011.

| GRI Ref | Performance Indicator | Coverage | 2011 Value |
|---------|--|--------------|---|
| EC1 | Community investment | Canada | \$46,199,651 |
| EN1 | Paper consumption | Canada | 29 million sheets |
| EN3 | Total energy use – Direct sources | Company-wide | 315,925 kwh (000s) |
| EN4 | Total energy use – Indirect sources | Canada | 773,607 kwh (000s) |
| EN16 | Total direct greenhouse gas emissions | Canada | 70,000 tonnes CO2e |
| EN16 | Total indirect greenhouse gas emissions | Canada | 294,000 tonnes CO2e |
| EN23 | Number of reportable spills and releases | Canada | 35 |
| EN23 | Number of non-reportable spills and releases | Canada | 176 |
| EN23 | Estimate total volume of spills and releases | Canada | Liquids: 9827 litres Gases: 1656 kg |
| EN26 | Number of completed environmental site assessments and inspections | Canada | By Environmental Advisors:50 By field staff: 1740 |
| EN26 | Number of fuel system upgrades | Canada | 13 |
| EN26 | Number of active and closed remediation sites | Canada | 33 |
| HR4 | Number of human rights cases opened and closed | Canada | Carried over from previous year:10 New cases opened: 24 Cases closed: 10 Cases still in progress: 24 |
| LA1 | Total workforce – By region | Company-wide | British Columbia: 8,123 Alberta: 6,324 Ontario: 7,592 Quebec: 5,456 International: 13,588 TOTAL: 41,083 |
| LA1 | Total workforce – By employment type | Company-wide | Regular (Canada): 40,296 Temporary (Canada): 787 Regular (International): 13,053 Temporary (International): 123 Total: 41,083 |
| LA2 | Voluntary employee turnover rate | Canada | 8.6% |
| LA4 | Unionization – Percent of workforce unionized | Company-wide | Wireline: 50% Wireless: 36% TELUS International: 0% |
| LA7 | Lost time accident rate | Canada | 0.74 |
| LA7 | Absenteeism rate | Canada | 7.21 |
| LA10 | Learning investment expenditures | Canada | \$20,400,000 |
| LA13 | Workforce demographics – Gender and minorities as a percent of TELUS workforce | Canada | Women: 37.5% Visible minorities: 16% Persons with disability: 3% 1.6% Aboriginal |
| n/a | Employee recognition expenditures | Canada | \$9,760,000 |

| GRI Ref | Performance Indicator | Coverage | 2011 Value |
|---------|--|--------------|------------|
| n/a | Employee engagement – Percentage of employees expressing job satisfaction | Company-wide | 70% |
| SO3 | Percent of employees completing ethics training | Canada | 100% |
| SO4 | Total number of inquiries and complaints made to TELUS Ethics Office | Canada | 302 |
| SO4 | Number of inquiries and complaints made to TELUS Ethics Office relating to the company's ethics policy | Canada | 265 |
| SO4 | Number of concerns determined to be breaches of ethics policy | Canada | 65 |

United Nations Global Compact

UN Global Compact – reporting

The United Nations has developed a [global agreement](#), or compact, to help businesses align their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. TELUS supports the compact and we report in line with its principles. We became a signatory of the UN Global Compact (UNGC) in 2010 and continued our support in 2011.



Human rights

Supporting human rights

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

TELUS has a long-standing commitment to respecting and protecting human rights as outlined in our Ethics policy and reflected in our respectful workplace, employment equity and diversity practices.

The [TELUS Ethics policy](#) ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct by all team members, including officers and members of the [TELUS' Board of Directors](#), wherever we conduct business. The Ethics policy formalizes our commitment to safeguard internationally proclaimed human rights. The policy is updated annually and posted on TELUS' internal and external websites. Team members are required to complete the updated ethics course annually. Further details are provided for team members in the Respectful Workplace policy, which also applies at all sites where business activities are undertaken for TELUS.

In addition to complying with these two policies, TELUS International follows local legislation that protects human rights in all international jurisdictions where we operate. TELUS International delivers contact centre, IT and business process outsourcing solutions in multiple locations and languages to both TELUS and global companies. These contact centres are located in various countries including the Philippines, two Central American nations and the U.S.

Each year, TELUS requires its team members and contractors to complete an online training course that outlines key aspects of the Ethics, Respectful Workplace, Security and privacy policies. Entitled Integrity 2011, the course was completed by all team members and over 90 per cent of contractors. Also, TELUS has implemented specific training based upon its Respectful Workplace policy.

Appropriate management control processes are in place to monitor Company practices. Collective agreements set out the steps of the grievance and arbitration processes available to team members covered by such agreements. Internal complaints about respectful workplace practices are investigated and addressed by the Respectful Workplace office, which reports quarterly to the Human Resources and Compensation Committee of TELUS' Board of Directors. The TELUS EthicsLine provides further support to anyone who has ethical questions/issues regarding the Company. Everyone is invited to use the TELUS EthicsLine to anonymously and confidentially ask questions, request support or make a good faith report about a real or perceived violation of the Ethics policy, government law or regulation, questionable business practice or accounting/auditing matter. All reports to the EthicsLine are taken seriously and are addressed by the Ethics office, which reports quarterly to both the Human Resources and Compensation Committee and to the Audit Committee of TELUS' Board of Directors.

TELUS also finalized our [Supplier Code of Conduct](#) in 2011, which sets out social and environmental practices that TELUS business partners must adhere to. The code aligns to the 10 principles of the UNGC and will be implemented in 2012.

With the Supplier Code of Conduct, we strive to award business to suppliers who:

- Demonstrate a strong commitment to sustainable development that aligns with ours
- Ensure the well-being of their employees, contractors and communities by adopting ethical, labour-focused and environmentally friendly principles.

The TELUS Supplier Code of Conduct is based on generally accepted standards of ethical business conduct for all of our suppliers.

We expect our suppliers to:

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



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

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

Each year, key points from TELUS' Respectful Workplace policy are covered in the mandatory Integrity training course, including human rights. In addition, all newly hired employees are provided training on the policy. Our overriding goals are to help team members understand the law and what is considered acceptable behaviour in the workplace, as well as the protections and processes available to them should an inappropriate workplace issue arise.

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

Labour standards

Supporting rights to freedom of association and collective bargaining

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

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

TELUS team members are free to join a union wherever permitted by law. A new collective agreement between TELUS and the Telecommunications Workers Union was ratified by union members and took effect on June 9, 2011. The agreement covers approximately 11,250 members and expires on December 31, 2015. Highlights of the new agreement include improved hours of work and scheduling provisions for frontline customer experience team members, improved ability to re-engage retired team members and provisions to enable continued participation in TELUS' At Home Agent and Work Styles programs.

The collective agreement with the Syndicat des agents de maîtrise de TELUS (SAMT), covering approximately 510 team members in Quebec, expired

on December 31, 2011. According to the collective agreement and the Canada Labour Code, the terms of the agreement between TELUS and the SAMT continue to apply during the course of negotiations. Talks to renew the collective agreement are ongoing.

A collective agreement was reached with the Syndicat Québécois des employés de TELUS (SQET) in August 2010, which currently covers approximately 960 trades, clerical and operator services team members in TELUS' wireline operations in Quebec. The agreement is in effect until December 31, 2014. Highlights of the agreement include improvements to contracting out with improved transfer and voluntary severance plans for affected team members, introduction of common interest forums between TELUS and SQET and adoption of the corporate flexible benefit plan.

In 2010, the affiliate TELUS Sourcing Solutions Inc. successfully renegotiated both of its collective agreements. The agreement with the British Columbia Government and Services Employees' Union, covering approximately 60 team members expires on April 30, 2013 and the agreement with Canadian Union of Public Employees, which covers about 20 team members, expires on December 31, 2012.

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

TELUS does not use nor support forced labour at any of our operations. The TELUS Ethics policy also states that all team members have the right to a safe and violence-free workplace and violence in the workplace is considered a criminal issue. TELUS has a Violence Prevention in the Workplace Investigation and Reporting policy. The TELUS Supplier Code of Conduct addresses forced labour and does not allow the use of forced labour in our supply chain.

UNGC Principle 5: The effective abolition of child labour.

TELUS does not use nor support child labour at any of our operations. The TELUS Supplier Code of Conduct addresses child labour and does not allow the use of child labour in our supply chain.

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

The TELUS Ethics policy states that every team member has the right to a workplace that is free from discrimination and harassment. The TELUS team places great importance on maintaining a culture that encourages the achievement of our business objectives in a manner consistent with our values. To promote company-wide awareness of this issue, all team members must



complete annual online integrity training as a term of employment as noted above under Principle 1.

Environment

Supporting environmental initiatives

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

Responsibility for managing TELUS' environmental footprint is shared by senior leaders from across TELUS who have specific areas of expertise such as Risk Management, Technology Strategy, Network Operations, Real Estate Operations, Supply Operations, Procurement and our environmental consultants. The Corporate Governance Committee of TELUS' Board of Directors receives quarterly reports in regards to TELUS' ongoing environmental risk management activities, a responsibility previously held by our Audit Committee of the [TELUS Board of Directors](#).

The Environment and Corporate Social Responsibility team, which is located within the Risk Management department of the Finance business unit, is comprised of professionals from across Canada responsible for TELUS environmental programs, including our environmental management system. The [Environmental policy](#) explains TELUS' commitment to environmental responsibility. TELUS has had a formal environmental management system (EMS) since the mid-1990s. Our current goal, set in 2009, is to align our EMS programs with ISO 14001:2004 by 2014. In 2011, we continued executing the implementation plan and aligned our utility pole storage program with the ISO14001:2004 standard.

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

The strength of our environmental and sustainability culture at TELUS is the result of almost two decades of dedicated work in this field. Since we published our first environmental report in 1992, we have continued to evolve our environmental management and sustainability program to support what we believe is a best-in-class corporate responsibility program. Our disclosure now aligns to the Global Reporting Initiative A+ level and we have been included as either a World or North American leader on the Dow Jones Sustainability Index for the past decade. In addition, we have been twice named a Carbon Disclosure Leader by the Carbon Disclosure Project. The Environment section of the 2011 CSR Report details all of our initiatives that promote greater environmental responsibility.

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

TELUS has a host of environmentally friendly technology offerings both internal and external. The internal technologies not only serve the sustainability efforts and help meet our own goals, they benefit society as a whole in that they reduce resource use and GHG emissions. We are currently investing in innovative energy reduction projects such as:

- TELUS is building two modular, LEED Gold standard Internet Data Centres in Quebec and British Columbia. These high-efficiency facilities are designed to industry leading 1.15 Power Usage Effectiveness (PUE)
- Test piloting new heating, ventilation and cooling projects at more than 20 sites and launching network utilization projects resulting in the elimination of close to 1 million kWh of waste
- TELUS Real Estate Services implemented building consolidation projects and launched TELUS' Work Styles program resulting in a reduction of almost 20 million kWh in energy consumption
- TELUS' National Service and Infrastructure Support team retired legacy equipment, launched network optimization projects and improved efficiency within existing infrastructure resulting in the elimination of close to 3 million kWh from the network
- TELUS Business Transformation server rationalization projects yielded close to 450,000 kWh of energy waste elimination
- TELUS Network Transformation projects such as installation of temperature control systems, infrastructure upgrades, data centre free-cooling projects and HVAC upgrades resulted in just over 9.5 million kWh of energy waste elimination
- TELUS actively engages with many major companies through a sustainability network, where we discuss and share best practices.

TELUS' video and telephone conferencing technologies provide customers and team members with an environmentally friendly alternative to travel. The telecommunication industry as a whole provides a mechanism for information sharing that reduces the need for people to travel.

Anti-corruption

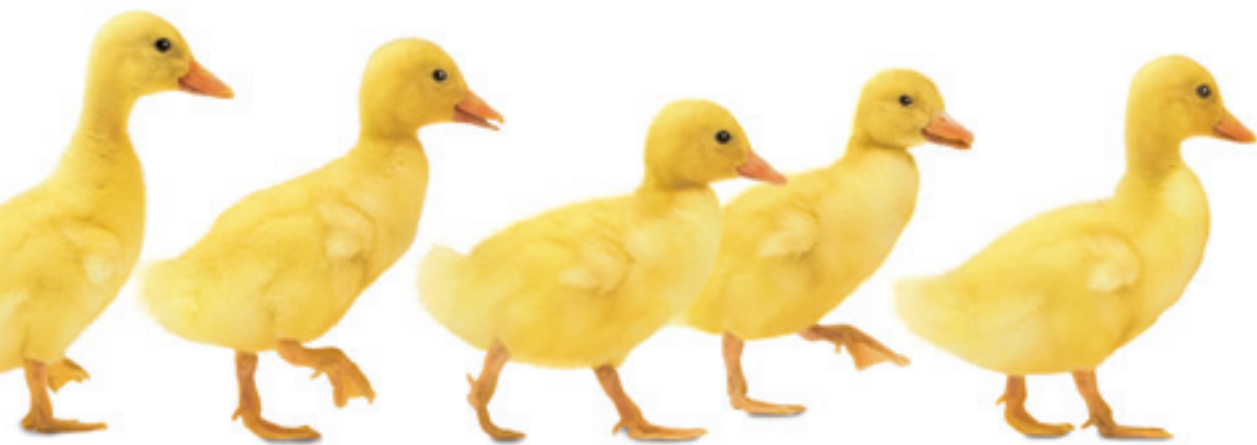
Taking an ethical stand

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

The TELUS Ethics policy states that we do not support any form of dishonesty, including bribery, kick-backs and extortion, either directly or indirectly through an agent or third party. As noted under Principle 1, our

Ethics policy is updated annually and all team members must complete ethics training each year.

Our 2011 policy update was conducted in conjunction with a review of current literature and legislation regarding anti-bribery and corruption legislation, including the UK Bribery Act of 2010 to ensure we align with all requirements. The TELUS Code of Conduct for Business Sales (internal document) also states that TELUS team members either working abroad or dealing with foreign officials in Canada must comply with laws in Canada and elsewhere prohibiting bribery and corruption. For example, Canada's Corruption of Foreign Public Officials Act prohibits any loan, reward, advantage or benefit "of any kind" to induce an official to use his position to influence the decisions of a foreign state. If any team member has reason to think that a colleague is involved in any bribery, corruption or fraudulent schemes with respect to a customer, he or she must also report this immediately to a leader. Any such activity is contrary to our business practices, our Ethics policy and this Code of Conduct, and could have significant consequences for the individuals involved as well as the company. Our new [Supplier Code of Conduct](#) also stipulates that our suppliers are expected to refrain from engaging in any form of corruption, including bribes, kickbacks and extortion.



Global Reporting Initiatives (GRI) Guidelines

GRI Guidelines

This report has been prepared using the Global Reporting Initiative (GRI-G3) Guidelines. The index below lists where you can find information related to each GRI criterion – either in the report or in the [TELUS 2011 annual report](#). Combined, these reports form TELUS' reporting package of economic, social and environmental performance.

The 2011 Corporate Social Responsibility (CSR) reporting period consists of the 2011 calendar year and information reported within is confined to that period. TELUS has been publishing annual CSR reports since 1997. Questions concerning content of information within the 2011 CSR report should be directed to sustainability@telus.com.

Throughout the year we also provide information to the Dow Jones Sustainability Indexes, FTSE4Good, the Carbon Disclosure Project and other organizations that help investors

understand the economic, environmental and social performance of companies.

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



TELUS supports the UN Global Compact and its 10 principles covering human rights, labour, environment and anti-corruption. The Communications of Progress section our Corporate Social Responsibility Report cover TELUS' progress in 2010 in these areas and we reference the UNGC Principles in the GRI table.

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

*Sector supplement in final version

Profile

| Description | Page number | UNGC Principle |
|---|--------------|----------------------|
| 1.1 Statement from CEO | 5-9 | Statement of support |
| 1.2 Statement of key impacts, risks and opportunities | 5-9 10-11 | Principle 7, 8, 9 |

| Description | Page number | UNGC Principle |
|--|-------------|----------------|
| 3.12 Table identifying the location of the Standard Disclosures in the report | 49 | |
| 3.13 Policy and current practice with regard to seeking external assurance for the report. | 37 | |

Organizational Profile

| Description | Page number | UNGC Principle |
|--|---|----------------|
| 2.1 Name of reporting organization | 2 | |
| 2.2 Major services | 2 | |
| 2.3 Operational structure-main division, operating companies | http://about.telus.com/community/english/about_us/company_overview | |
| 2.4 Location of headquarters | http://about.telus.com/community/english/investor_relations/contacts | |
| 2.5 Countries in which TELUS operates | http://www.telusinternational.com/about/locations | |
| 2.6 Nature of ownership | http://about.telus.com/community/english/about_us/company_overview | |
| 2.7 Markets served | 54 | |
| 2.8 Scale of reporting organization | 24, 113 | |
| 2.9 Significant changes – openings, closings, structure | 5-9 | |
| 2.10 Awards received in the reporting period | Online only | |

Governance, commitments, and engagement

| Description | Page number | UNGC Principle |
|--|---|----------------|
| 4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | 34 | |
| 4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement). | Online only | |
| 4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | 34 | |
| 4.4 Mechanism for stakeholders to provide direction | http://about.telus.com/community/english/investor_relations/contacts | |
| 4.5 Linkages between executive compensation and achievement of organizational goals | Compensation discussed in Information Circular page 61 | |
| 4.6 Process for governance body to ensure conflict of interest avoided | 34 | |
| 4.7 Process for ensuring required expertise of Board members | Discussed in Information Circular | |
| 4.8 Mission and value statements, codes of conduct, policies relevant to economic, social and environmental performance | 134, 14, 32 | |
| 4.9 Process of governance body for overseeing the organization's management of economic, social and environmental performance and status of implementations | 32, 14 | |
| 4.10 Process for evaluating the highest governance body performance with respect to economic, social and environmental performance | 32 | |
| 4.11 Discussion on whether and how the precautionary principle is addressed | 14 | |
| 4.12 Externally developed economic, social and environmental charters or principles to which the organization prescribes or endorses | 41, 48 | |
| 4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic | 41, 89-94 | |
| 4.14 Stakeholders engaged by the organization | 30 | Principle 10 |

Reporting parameters

| Description | Page number | UNGC Principle |
|---|---|----------------|
| 3.1 Reporting period | 28 | |
| 3.2 Date of most recent previous report | 28 | |
| 3.3 Reporting cycle | Annual | |
| 3.4 Contact point for questions | 29 | |
| 3.5 Process for defining report content | 29, 32, 48, 73 | |
| 3.6 Boundary of report | 28 | |
| 3.7 Limitations on scope of report | 28 | |
| 3.8 Basis for reporting on ventures that can affect comparability from period to period | No applicable to our scope of reporting | |
| 3.9 Decision to apply or not apply GRI principles | 48 | |
| 3.10 Explanations for restated information from previous reports | Any restatements are clearly stated within the report | |
| 3.11 Significant changes in measurement methods | Not applicable | |

| | Description | Page number | UNGC Principle |
|------|---|-------------|----------------|
| 4.15 | Basis for identification and selection of stakeholders | 30 | Principle 10 |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by types and by stakeholder group | 30 | Principle 10 |
| 4.17 | Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting | 30 | Principle 10 |

Economic performance indicators

| | Core/ Add | Description | Page number | UNGC Principle |
|----------------------------------|-----------|---|--|----------------|
| Management Approach | | | | |
| | | Economic | 15 | |
| Economic Performance | | | | |
| EC1 | core | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments | 24, 89, 102, 105, 106, 107, 142 | |
| EC2 | core | Financial implications and other risks and opportunities for the organization's activities due to climate change | 154 | Principle 7 |
| EC3 | core | Coverage of the organization's defined benefit plan obligations | 60, 142 | |
| EC4 | core | Significant financial assistance received from government | http://about.telus.com/investors/annualreport2011/files/pdf/en/ar.pdf Page 168 | |
| Market Presence | | | | |
| EC5 | add | Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation | 142 | |
| EC6 | core | Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation | 64 | |
| EC7 | core | Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations | 131 | |
| Indirect Economic Impacts | | | | |
| EC8 | core | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind and pro bono engagement | 5, 54, 64, 66 | |
| EC9 | add | Understanding and describing significant indirect economic impacts, including the extent of impacts | | |

Social performance indicators

| | Core/ Add | Description | Page number | UNGC Principle |
|---------------------------------------|-----------|--|--------------------------------------|--------------------|
| Management Approach | | | | |
| | | Community Investment | 16 | |
| | | Team Members | 18 | |
| | | Human Rights | 19 | Principles 1, 2, 6 |
| Employment | | | | |
| LA1 | core | Total workforce by employment type, employment contract, and region | 113, 117, 115, 120 | |
| LA2 | core | Total number and rate of employee turnover by age group, gender, and region | 131 | |
| LA3 | add | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations | 142 | |
| Labour/Management Relations | | | | |
| LA4 | core | Percentage of employees covered by collective bargaining agreements | 114 | Principles 1, 3 |
| LA5 | core | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements | 114 | Principle 3 |
| Occupational Health and Safety | | | | |
| LA6 | add | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | 114 | Principle 1 |
| LA7 | core | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region | 114, 146 | Principle 1 |
| LA8 | core | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases | 142 | Principle 1 |
| LA9 | add | Health and safety topics covered in formal agreements with trade unions | TELUS does not deem this significant | |
| Training and Education | | | | |
| LA10 | core | Average hours of training per year per employee by employee category | 124 | |
| LA11 | add | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 124 | |
| LA12 | add | Percentage of employees receiving regular performance and career development reviews | 32, 124 | |

| Core/ Add | Description | Page number | UNGC Principle | |
|---|-------------|---|---|-----------------------------|
| Diversity and Equal Opportunity | | | | |
| LA13 | core | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity | 33, 113 | Principles 1, 6 |
| LA14 | core | Ratio of basic salary of men to women by employee category | 131 | |
| Social Performance Human Rights | | | | |
| HR1 | core | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening | 21 | Principles 1, 2, 3, 4, 5, 6 |
| HR2 | core | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken | 21 | Principles 1, 2, 3, 4, 5, 6 |
| HR3 | add | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | 134 | Principles 1, 2, 3, 4, 5, 6 |
| Non-Discrimination | | | | |
| HR4 | core | Total number of incidents of discrimination and actions taken | 134 | |
| Freedom of Association and Collective Bargaining | | | | |
| HR5 | core | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights | TELUS' allows for all employees to exercise freedom of association and collective bargaining as supported by our Respectful Workplace policy. | Principles 1, 2, 3 |
| Child Labor | | | | |
| HR6 | core | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor | Page 41 | Principle 5 |
| | | TELUS does not allow for child labour. TELUS is also a signatory of the UNGC supporting the abolition of child labour. This is also covered in our Supplier Code of Conduct | | |

| Core/ Add | Description | Page number | UNGC Principle | |
|------------------------------------|-------------|--|--|----------------|
| Forced and Compulsory Labor | | | | |
| HR7 | core | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor | Page 41 | Principle 4 |
| | | TELUS does not allow for forced or compulsory labour and we are a signatory of the UNGC which calls for the elimination of forced labour. This is also covered in our Supplier Code of Conduct | | |
| Security Practices | | | | |
| HR8 | add | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations | 41, 134 | Principle 1, 2 |
| Indigenous Rights | | | | |
| HR9 | core | Total number of incidents of violations involving rights of indigenous people and actions taken | TELUS has no incidents/ actions of violations involving indigenous people | |
| Social Performance: Society | | | | |
| Community | | | | |
| SO1 | core | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting | This is discussed throughout the report extensively. Key aspects include: Pages 64, 67, 72, 84, 86 | |
| Corruption | | | | |
| SO2 | core | Percentage and total number of business units analyzed for risks related to corruption | 14, 17 | Principle 10 |
| SO3 | core | Percentage of employees trained in organization's anti-corruption policies and procedures | 134 | Principle 10 |
| SO4 | core | Actions taken in response to incidents of corruption | 134 | Principle 10 |
| Public Policy | | | | |
| SO5 | core | Public policy positions and participation in public policy development and lobbying | 72 | Principle 1-10 |
| SO6 | add | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country | | |
| Anti-Competitive Behavior | | | | |
| SO7 | add | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | http://about.telus.com/investors/annualreport2011/files/pdf/en/ar.pdf (Section 10.9) | |

| Core/ Add | Description | Page number | UNGC Principle |
|------------|-------------|---|--|
| Compliance | | | |
| SO8 | core | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | http://about.telus.com/investors/annualreport2011/files/pdf/en/ar.pdf (Section 10.9) |

Social Performance: Product Responsibility

Customer Health and Safety

| | | | | |
|-----|------|---|--|-------------------|
| PR1 | core | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures | TELUS does not have mechanism in place nor have we assessed or reported on lifecycle stages or health and safety of our products. However, our products and services are approved by all legal/governing bodies relevant to the product or service that we provide | Principle 1 to 10 |
| PR2 | add | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes | 165 | |

Products and Service Labeling

| | | | | |
|-----|------|---|--|--|
| PR3 | core | Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements | TELUS does not discuss this in the Report, however our products and services adhere to all laws and labeling requirements | |
| PR4 | add | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | http://about.telus.com/investors/annualreport2011/files/pdf/en/ar.pdf (Section 10.9) | |
| PR5 | add | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction | 73 | |

Marketing Communications

| | | | | |
|-----|------|---|--------------|--|
| PR6 | core | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship | 14, 32 | |
| PR7 | add | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes | Not reported | |

| Core/ Add | Description | Page number | UNGC Principle |
|------------------|-------------|---|----------------|
| Customer Privacy | | | |
| PR8 | add | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | Not reported |

Compliance

| | | | |
|-----|------|--|--|
| PR9 | core | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | http://about.telus.com/investors/annualreport2011/files/pdf/en/ar.pdf (Section 10.9) |
|-----|------|--|--|

Environmental performance indicators

| Core/ Add | Description | Page number | UNGC Principle | |
|---------------------|--------------|--|--|-------------------|
| Management Approach | | | | |
| | Environment | 20 | Principle 7 | |
| | Supply chain | 21 | Principle 1,7,8,9 | |
| Materials | | | | |
| EN1 | core | Materials used by weight or volume | This metric is not material to our business operations as we are not a manufacturer, thus it is not reported on | |
| EN2 | core | Percentage of materials used that are recycled input materials | This metric is not material to our business operations as we are not a manufacturer. However, TELUS switched office paper to 30 per cent PCR in 2011 and is transitioning to 50 per cent PCR in 2012 | |
| Energy | | | | |
| EN3 | core | Direct energy consumption by primary energy source | 154 | Principle 7, 8 |
| EN4 | core | Indirect energy consumption by primary source | 154 | Principle 7, 8 |
| EN5 | add | Energy saved due to conservation and efficiency improvements | 154 | Principle 7, 8 |
| EN6 | add | Initiatives to provide energy-efficient or renewable energy based products and services, and reduction in energy requirements as a result of these initiatives | 154 | Principle 7, 8, 9 |
| EN7 | add | Initiatives to reduce indirect energy consumption and reductions achieved | 154 | Principle 7, 8 |
| Water | | | | |
| EN8 | core | Total water withdrawal by source | 165 | |
| EN9 | add | Water sources significantly affected by withdrawal of water | This is not material to our business operations | |
| EN10 | add | Percentage and total volume of water recycled and reused | TELUS does not measure this | |

| Core/ Add | Description | Page number | UNGC Principle |
|---------------------------------------|---|--|---|
| Biodiversity | | | |
| EN11 | core Land owned, leased, managed in biodiversity rich habitats | | TELUS does not deem this to be significantly material. |
| EN12 | add Significant impacts on biodiversity | | TELUS does not deem this to be significant as we do not undertake construction in biologically sensitive areas or do we have significant impact on biodiversity |
| EN13 | add Habitats protected and restored | | TELUS does not deem this to be significantly material |
| EN14 | add Strategies, current actions and future plans for managing impacts on biodiversity | | TELUS does not deem this to be significantly material |
| EN15 | add Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | | TELUS does not deem this to be significantly material |
| Emissions, Effluents and Waste | | | |
| EN16 | core Total direct and indirect GHG emissions by weight | 154 | Principle 7, 8 |
| EN17 | core Other relevant indirect GHG emissions by weight | 154 | Principle 7, 8 |
| EN18 | add Initiatives to reduce GHG emissions and reductions achieved | 154 | Principle 7, 8, 9 |
| EN19 | core Emissions of ozone depleting substances by weight | Part of tonnes of CO ₂ e calculations | Principle 7, 8 |
| EN20 | core NO, SO and other significant air emissions by type and weight | Part of tonnes of CO ₂ e calculations | Principle 7, 8 |
| EN21 | core Total water discharge by quality and destination | | TELUS does not report on this as it not material to our operations. |
| EN22 | core Total weight of waste by type and disposal method | 162 | Principle 7, 8 |
| EN23 | core Total number and volume of significant spills | 166 | Principle 8 |
| EN24 | add Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex and percentage of transported waste shipped internationally | | TELUS does not deem this to be significantly material |
| EN25 | add Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | | TELUS does not deem this to be significantly material |

| Core/ Add | Description | Page number | UNGC Principle |
|------------------------------|--|--------------------------------|---|
| Products and Services | | | |
| EN26 | core Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation | Environment section throughout | Principles 7,8,9 |
| EN27 | core Percent of products sold and their packaging materials that are reclaimed by category | | TELUS does not have a system in place to track this |
| Compliance | | | |
| EN28 | core Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | 165 | Principle 8 |
| Transport | | | |
| EN29 | add Significant environmental impacts of transporting other goods and materials used for the organization's operations and transporting members of the workforce | | Not reported |
| Overall | | | |
| EN30 | add Total environmental protection expenditures and investments by type | | Not reported |



Economy

Growing a sustainable economy

TELUS is focused on building sustainable economic growth for the benefit of our investors, customers, team members, suppliers and the communities where we live, work and serve. Our products and services enhance the lives of Canadians, enable the success of our customers and contribute to the development of sustainable communities and Canada's digital economy, while delivering long-term positive results for our investors. We contribute to the economy through our purchasing decisions and by paying taxes, providing jobs, driving innovation through the provision of state-of-the-art information communication technology, services and know-how for our customers, as well as through research and development and investing in next generation technology.

TELUS pursues an active research and development (R&D) program to meet market demand for faster and more comprehensive telecommunications services for consumers. We believe the value of research and development on innovation and productivity comes from commercialization and adoption of new products, services and processes. To augment TELUS' R&D approach, [TELUS Ventures](#), co-invests with leading venture capital groups to support start-up companies in the telecom sector that are focused on the convergence of voice, enhanced data, digital media and wireless. Since July 2001, TELUS Ventures has invested nearly \$92 million in 30 companies, including 12 Canadian companies. There are currently 12 active companies in the portfolio and investments of approximately \$1.6 million were made in 2011.

In 2011, Canada's economic growth slowed to an estimated 2.4 per cent, from 3.2 per cent in 2010. The Bank of Canada reported in its January 2012 Monetary Policy Report that it expects Canada's economic growth to be 2.0 per cent in 2012 and 2.8 per cent in 2013. Western Canadian provincial economies are projected to grow at the fastest rates, due to strong global demand for commodities.

In 2011, revenues in the Canadian telecommunications industry (including TV and excluding media) grew by an estimated three per cent to just over \$51 billion, with wireless and data services continuing to be growth engines for the sector. Offsetting this growth was continued wireline industry weakness in

legacy voice service revenues. Bell Canada (excluding media) and its affiliated companies represented about 34 per cent of the total industry revenue.

As one of the largest telecommunications companies in Canada, TELUS generated \$10.4 billion in revenues in 2011, or approximately 20 per cent of the total industry revenue. TELUS' annual revenue increased by 6.2 per cent, with revenues in the high growth areas of wireless along with wireline data representing approximately 77 per cent of total revenues (74 per cent in 2010). The Company has targeted consolidated revenue growth of three to six per cent in 2012.

Growing wireless

The Canadian wireless industry experienced continued growth in 2011 with estimated year-over-year revenue and earnings before income, tax, depreciation, and amortization (EBITDA) increases of approximately 4.5 per cent and two per cent, respectively (five per cent and three per cent, respectively, in 2010).

The Canadian wireless market continues to grow at a healthy pace with an estimated 1.6 million new subscribers in 2011 compared to 1.7 million in 2010. This reflects an increase in the penetration rate (subscribers as a percentage of population) in 2011 of approximately 4.3 percentage points to just over 77 per cent, compared to an increase of approximately 4.4 percentage points in 2010. The wireless penetration rate in Canada is expected to increase further in 2012 by between 4.0 and 4.5 percentage points. At 77 per cent penetration, the wireless market in Canada continues to support good growth, which is indicated by the generally comparable market in the U.S that has a penetration rate of approximately 101 per cent.

Growing revenue

A key driver of wireless revenue growth continues to be the increased adoption and usage of data services such as text messaging, social networking, web browsing, application usage, gaming and video-streaming. In 2011, wireless data in Canada represented an estimated 30 per cent of industry's average revenue per subscriber unit (ARPU). This compares to approximately 39 per cent in the U.S., 31 per cent in Europe and 52 per cent in the Asia-Pacific region, suggesting a significant ongoing growth opportunity in Canada. The higher proportion of data usage in Asia is due in part to a very low rate of penetration of wireline Internet service to households in many Asian countries. The higher proportion of data usage in the U.S. is due in part to the introduction of the iPhone by Apple two years earlier than in Canada.

Growing data

Data growth is being driven by the increasing availability, model range and popularity of iPhone, Android and BlackBerry smartphones, as well as



increased adoption of tablets and mobile Internet keys. Increasing sales of more expensive smartphones are, however, impacting industry margins. With a multi-year sales agreement, there is usually a large upfront device subsidy provided to the customer. Although this initially results in a negative profile margin, it also is associated with higher ARPU and lower churn rates, which result in higher average lifetime revenue and value. Tablet devices operating on mobile networks are expected to be a growth segment in 2012. Customers want mobile connectivity to the Internet, and are increasingly using enhanced portable computing services.

It is expected that major mobile platforms will increasingly sell streaming content services in 2012, such as music, TV and video, as consumers become more comfortable with cloud-based computing, a web-based way to cost-effectively process, manage and store data. It is expected that major mobile platforms will transition to supporting cloud-based services that will allow customers to access both corporate and personal data (e.g. photos, streaming video and music) from virtually anywhere, on multiple devices.

Growing wireless data services

The demand for wireless data services is expected to continue to grow.

Factors related to this increasing demand include:

- Ongoing investment in faster network technologies such as high-speed packet access plus (HSPA+) dual-cell and long-term evolution (LTE) that provide a richer user experience and more useful applications
- Increasing need for personal connectivity and networking
- Increasing affordability and selection of smartphones and Internet-only devices, including mobile Internet keys and products such as tablets and e-book readers
- Intensifying wireless competition
- More affordable data plans.

Growing data traffic

Increasing data traffic represents a growing challenge to wireless carriers' networks and their ability to manage and serve this traffic. Industry Canada announced rules for the auction of additional wireless spectrum, including the 700 MHz spectrum, with an auction expected to be held in late 2013 for that spectrum. Industry Canada also announced plans for a further spectrum auction of 2500 MHz in the 2014 timeframe, which is best suited for urban areas. It is critical that additional spectrum be made widely available to sustain the ongoing high level of data growth, and that TELUS has the ability to acquire spectrum in both urban and rural markets to support increasing demand.

Network and technology growth

To better manage anticipated increases in data traffic and to capitalize on Canada's wireless growth opportunity, established Canadian providers

continue to roll out faster, next generation high-speed wireless networks with increasing capacity. TELUS successfully launched an extensive next generation network based on HSPA+ technology in 2009, and enhanced this network in March 2011 with a commercial launch of HSPA+ dual-cell technology, offering manufacturer-rated data speeds of up to 42 Mbps (expected average download speeds of 7 to 14 Mbps with a compatible device, while actual speed may vary by device being used, topography and environmental conditions, network congestion, signal strength and other factors). In addition to the superior capabilities and higher capacity delivered by HSPA+, this wireless infrastructure supported TELUS' migration to LTE, which is rapidly emerging as the global standard for wireless broadband.

Established companies such as TELUS continue to upgrade networks and invest in new LTE technology to bring innovative services and the latest data-capable devices to their customers, while new entrants have focused on price discounting and basic services in major urban markets. TELUS launched services on its urban LTE network in February 2012 and expects to expand urban coverage to reach more than 70 per cent of the Canadian population by the end of 2012. LTE technologies are expected to deliver manufacturer-rated peak data download speeds of up to 75 Mbps (typical speeds of 12 to 25 Mbps expected), while at the same time introducing significant improvements in network capacity and performance. The potential roll-out of LTE into rural Canada will be dependent on TELUS acquiring spectrum in the expected Industry Canada spectrum auction of frequencies in the 700 MHz spectrum band expected in 2013.

Growing competition

Competitive intensity among established carriers and new entrants in the wireless market in 2012 is expected to remain high.

To better compete in the wireless market, TELUS has significantly intensified its focus on customer experience. We continue to enhance the strong TELUS brand with the evolution of our Clear and Simple customer approach first launched in late 2009. This includes significantly reducing the number of rate plans; sending data usage notifications; offering in-store learning centres; streamlining the device line-up; facilitating early device upgrades; and offering simplified and lowered international roaming rates. This Customers First approach has contributed to achieving one of the lowest churn rates in the Canadian wireless industry. In 2011, TELUS also enhanced the offering of its very successful value-oriented Koodo brand by way of an expanded range of smartphones and nationwide calling.

Given TELUS' high and growing exposure to wireless (52.5 per cent and 58 per cent, respectively, of 2011 revenue and EBITDA), strong brands, leading-edge value-added products, high-value smartphone growth and new broadband



network technologies, we are well positioned to bring wireless to more and more Canadians and benefit from ongoing growth in the Canadian wireless market.

Growing wireline with focus on data

The wireline telecommunications market is expected to remain very competitive in 2012 with low revenue growth and flat or declining EBITDA, as legacy services such as local and long distance telephony continue to decline due to consumer migration to email and messaging services, as well as to wireless and voice over IP (VoIP) services. Canada's four major cable-TV companies had an installed base of approximately 3.9 million telephony subscribers at the end of 2011 or a national consumer market share of approximately 32 per cent, up 1 per cent from 2010. Other non-facilities-based competitors also offer local and long distance VoIP services and resell high-speed Internet solutions. This competition, along with technological substitution such as to wireless, continue to erode TELUS' residential network access lines (NALs) and associated local and long distance revenues. In 2011, TELUS' total NALs decreased by 3.9 per cent or 146,000, comparing favourably to 2010 (when TELUS NALs decreased by 5.7 per cent or 227,000), as well as to North American peers. Improvement in 2011 was partly due to enhanced retention and loyalty in response to multiple service offerings and bundling with Optik TV™ and Optik High Speed™ Internet.

Growing TV

Cable-TV companies continue to increase the speed of their Internet services and intensify customer acquisition offers. Canada's four major cable-TV companies have over 5.6 million Internet subscribers, up from approximately 5.4 million in 2010, while telecommunications companies have 4.4 million Internet subscribers, up from approximately 4.3 million in 2010. Although the high-speed Internet market is maturing with over 76 per cent penetration in TELUS' incumbent region in Western Canada and almost 75 per cent penetration across Canada, subscriber growth is expected to continue over the next several years.

The growing popularity of watching TV anywhere is expected to continue as customers demand the ability to view content on multiple screens, including computers, smartphones and tablets, as well as on TVs. In early 2012, TELUS launched Optik™ on the go, allowing TELUS customers to watch certain on-demand movies and shows anywhere, anytime on a laptop, tablet or smartphone. In addition, over-the-top (OTT) content providers like Netflix, Hulu, Apple and Google, are competing for their share of viewership. However, it is not clear if this competition replaces or simply complements, existing TV services. Wireline service providers are monitoring developments in the OTT space and evolving their content strategy and approach to the market to compete with these non-traditional offerings.



Growing loyalty through choice

To help alleviate the competitive challenges in legacy wireline services, TELUS' Future Friendly® Home strategy has successfully increased revenues, retention and loyalty through multiple service offerings. In mid-2010, the Company launched new TELUS brands Optik TV™ (IP TV based on the Microsoft Mediaroom platform) and Optik High Speed™ Internet in urban Alberta and B.C. markets, and later in Eastern Quebec. Optik™ offers an enhanced TV experience with premium and differentiated services such as PVR Anywhere (enabling customers to record and play back shows on up to six TVs in the home), Remote Recording (enabling customers to use their smartphone, tablet or Internet-connected computer to schedule their PVR recordings when away from home) and other features such as Facebook TV.

TELUS Satellite TV® service in Alberta and B.C. complements the Company's Optik TV™ service, enabling TELUS to serve households that are outside of the urban/suburban Optik TV™ network footprint, and leverages TELUS' strong distribution and mass marketing capabilities. This expands the addressable market for TELUS TV® to more than 90 per cent of households in the two provinces.

In 2011, TELUS added 196,000 new TV subscribers and increased its TV subscriber base by 62 per cent to 509,000.

Growing IP-based services

TELUS' new IP-based services are supported by our wireline broadband network, which has been upgraded significantly from 2009 to 2011 to meet the evolving bandwidth needs of customers. In 2011, TELUS expanded its broadband network in communities in Alberta, B.C. and Eastern Quebec. By early 2012, coverage with asymmetric digital subscriber line 2 plus (ADSL2+) or very high bit-rate digital subscriber line 2 (VDSL2) technology reached nearly 2.3 million homes. ADSL2+ allows broadband download speeds of up to 15 Mbps, and the VDSL2 technology overlay allows download speeds of up to 30 Mbps (enabling delivery of three simultaneous HD signals into the home).

Bundling

Combined with wireline local and long distance, wireless and high-speed Internet and entertainment services, TELUS is increasingly offering bundled products to achieve competitive differentiation with an integrated set of services that provides customers more freedom, flexibility and choice. Cable-TV companies are continuing to roll out higher-speed Internet services, Internet telephony and digital cable-TV services to support growth. In 2011, TELUS' TV and high-speed Internet net subscriber additions more than offset NAL losses for the first time in seven years, as broadband investments and bundled offers including its premium Optik TV™ service, allowed us to improve our competitive position relative to our main cable-TV competitor.

Content ownership

The Canadian broadcasting industry has become more vertically integrated, with most of TELUS' competitors owning broadcast content. In 2011, after public hearings, the Canadian Radio-television and Telecommunications Commission set clear safeguards to ensure healthy competition. TELUS' differentiated approach, consistent with our content strategy, is to aggregate, integrate and make accessible the best content and applications to customers, through whichever device they choose. TELUS believes that it is not necessary to own content to make it accessible on an economically attractive basis.

Our consistent strategic focus on providing a full suite of valuable and reliable telecommunications services; exposure to growth services such as wireless, data and IP, including Optik TV™ and Optik High Speed™ Internet and ongoing investments to enhance our wireless and broadband networks, position us well for revenue and EBITDA growth.

Financial and operating highlights

Broadband investments driving growth

TELUS' wireless and wireline broadband investments continued to drive enhanced financial and operating performance in 2011. These investments strengthened TELUS' competitive position and helped attract new customers and retain existing ones.

Consolidated revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) continued to grow in 2011, increasing by \$605 million and \$128 million to \$10.4 billion and \$3.8 billion, respectively. This growth reflects increasing customer connections, higher wireless average revenue per subscriber unit (ARPU) and ongoing benefits from enhanced operational efficiency. TELUS' consistent execution of its national growth strategy, focused on wireless and data, has resulted in total wireless revenues and wireline data revenues increasing to 77 per cent of consolidated revenues in 2011, up from 74 per cent in 2010.

Increasing by
\$605 million & \$128 million to
\$10.4 billion & \$3.8 billion

Growing wireless

In wireless, total revenues increased by nine per cent to \$5.5 billion in 2011, due to growth in subscribers and a \$537 million (47 per cent) increase in data revenue growth. This resulted in a 2.5 per cent ARPU increase in 2011, as compared to a one per cent ARPU decline in 2010. These results reflect TELUS' strong growth in smartphone sales, adoption of [Clear & Simple](#)® rate plans and a wide variety of compelling devices following TELUS' launch of Canada's fastest* coast-to-coast HSPA+ wireless network in late 2009. Wireless EBITDA increased by 8.2 per cent to \$2.2 billion in 2011 reflecting

In wireless, total revenues
increased by nine per cent
to \$5.5 billion

the increase in revenue, partially offset by higher combined acquisition and retention costs associated with increased subscriber volumes and continued smartphone adoption. The wireless EBITDA margin remained in the 40 per cent range.

Wireless gross subscriber additions increased by five per cent in 2011, with higher-value postpaid gross additions up by 11 per cent. While overall net subscriber additions were down by 17 per cent, higher-value postpaid net additions increased by 2.4 per cent, a notable achievement given continued intense competition throughout the year, the loss of 77 thousand subscribers related to the loss of a low value government contract, and continuing new entrant expansion across Canada. At December 31, 2011, smartphone subscribers represented 53 per cent of the total postpaid subscriber base, a very strong 20 point increase compared to 33 per cent a year earlier.

*Based on TELUS' tests of data throughput speeds in large Canadian urban centres available from national HSPA+ service providers. Limitations apply.

Growing Wireline

Wireline total revenues increased by three per cent to \$4.9 billion in 2011, primarily due to a 13.7 per cent increase in data revenues, which was partially offset by a nine per cent decrease in legacy voice and long distance revenues. Data revenue growth was driven by TELUS TV[®] and Internet services. Launched in mid-2010, TELUS' Optik[™] brand offers an enhanced, premium suite of advanced IP-based entertainment services for the home. This has accelerated TV subscriptions which were up by 62 per cent to 509,000 at the end of 2011. TV subscriber additions are generally accompanied by upfront earnings dilution from introductory promotions offered to our customers. In 2011, TELUS acquired control of, and increased its equity to 95 per cent in Transactel (Barbados) Inc., a business process outsourcing and call centre company with facilities in Central America. This contributed \$39 million of data revenue growth. Wireline EBITDA decreased 2.3 per cent to just under \$1.6 billion in 2011, and EBITDA margin declined from 33 per cent to 31 per cent, as growth in lower margin data services did not fully offset declines in higher margin legacy services.

Wireline total revenues increased by three per cent to \$4.9 billion

Free cash flow

In 2011, free cash flow increased by six per cent to \$997 million due to improved EBITDA, and lower interest and income tax payments, partially offset by higher capital expenditures and increased contributions to defined pension benefit plans for retirees. The increase in TELUS' free cash flow position and prospects for continued earnings growth has allowed TELUS to increase the Company's dividend by 10.5 per cent in 2010 to \$2.32 on an annualized basis. In February 2012, TELUS announced one of two expected bi-annual dividend increases for 2012. The quarterly dividend was increased by three

cents or 5.2 per cent to 61 cents per quarter beginning with the July 2012 dividend payment and resulting in an annualized dividend of \$2.44, up by 10.9 per cent from a year earlier.



For 2012, TELUS is targeting a consolidated revenue increase of three to six per cent and an

EBITDA increase of one to six per cent. Revenue and EBITDA are expected to benefit from TELUS' continued strong execution in data and wireless. Earnings per share (EPS) is targeted to grow in a range of zero to 10 per cent due to EBITDA growth and lower financing costs. While not a target, growth in free cash flow from ongoing operations is expected to be even higher.

Free cash flow at TELUS has been reduced in 2011 and 2012 due to the decision to make discretionary additional pension contributions of \$200 and \$100 million respectively. These have maintained a strong pension funding position that is among the best in corporate Canada.

TELUS has a solid track record of attaining the challenging targets we set publicly each year. In the past decade, we have met or exceeded 77 per cent of our 52 consolidated financial targets, including three out of four in 2011. Capital expenditures exceeded the initial 2011 target due to an accelerated timeline to commence building of our urban 4G LTE wireless network, as well as success-based capital spending resulting from strong growth of Optik TV™.

For a longer term view of our financial performance or to learn more, visit [TELUS' 2011 Annual Report](#).

2011 financial and operating highlights

| \$ in millions, except per share amounts | 2011 (IFRS- ASB) | 2010 (IFRS- IASB) | % change (2010 to 2011) | 2009 (Previous Canadian GAAP) |
|--|------------------------|-------------------------|-------------------------------|-------------------------------------|
| Operations | | | | |
| Operating revenues | 10,397 | 9,792 | 6.2 | 9,606 |
| EBITDA ¹ | 3,778 | 3,650 | 3.5 | 3,491 |
| Net income attributable to Common Shares & Non-Voting shares | 1,219 | 1,048 | 16.3 | 998 |
| Basic earnings per share (EPS) | 3.76 | 3.27 | 15.0 | 3.14 |
| Basic EPS, as adjusted ² | 3.66 | 3.33 | 9.9 | 2.84 |
| Capital expenditures | 1,847 | 1,721 | 7.3 | 2,103 |
| Free cash flow (before dividends) | 997 | 939 | 6.2 | 485 |
| Subscriber information (000s) | | | | |
| Wireless subscribers | 7,340 | 6,971 | 5.3 | 6,524 |
| Residential and business network access lines | 3,593 | 3,739 | (3.9) | 3,966 |
| Internet subscribers | 1,286 | 1,229 | 6.2 | 1,215 |
| TV subscribers ³ | 509 | 314 | 62.1 | 170 |
| Total customer connections | 12,728 | 12,253 | 3.9 | 11,875 |

1 Earnings before interest, taxes, depreciation and amortization, which is equivalent to Operating income before depreciation and amortization.

2 In 2011, excludes positive income tax-related adjustments of six cents per share and gain on acquisition of control of Transactel of four cents per share. In 2010, excluded positive income tax-related adjustments of nine cents per share, loss on debt redemption of 12 cents per share and regulatory financing charge of three cents per share. In 2009, excluded income tax-related adjustments of 52 cents per share and loss on debt redemption of 22 cents per share.

3 TV subscribers consist of Optik TV™ and TELUS Satellite TV®.

Economic value distributed

| \$ in millions | IFRS-IASB ¹ 2011 | IFRS-IASB ¹ 2010 | Previous Canadian GAAP 2009 |
|--|--------------------------------|--------------------------------|--------------------------------|
| Goods and services purchased | 4,726 | 4,236 | 3,995 |
| Employee benefits expense, excluding net employee defined benefit plans expenses | 1,925 | 1,915 | 2,100 |
| Employer contributions to defined benefit plans | 298 | 140 | 180 |
| Capital expenditures | 1,847 | 1,721 | 2,103 |
| Dividends declared for the holders of Common Shares and Non-Voting Shares | 715 | 642 | 601 |
| Interest on long-term debt | 374 | 442 | 474 |
| Loss on redemption of long-term debt | – | 52 | 99 |
| Other interest expenses | 15 | 33 | 9 |
| Income taxes (inclusive of investment tax credits) paid, net | 150 | 33 | 9 |
| Total | 10,050 | 9,492 | 9,827 |

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



Supporting Canadian businesses

Strengthening the Canadian economy

TELUS helps strengthen Canada's economy through our support of Canadian companies. In 2011, we paid approximately \$7.6 billion in total vendor payments (including goods and services tax and provincial sales tax), which represented 73 per cent of consolidated revenues. Approximately 90 per cent or \$6.8 billion of total vendor payments went to Canadian companies or multi-national companies with locations in Canada.

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

Vendor payments by location

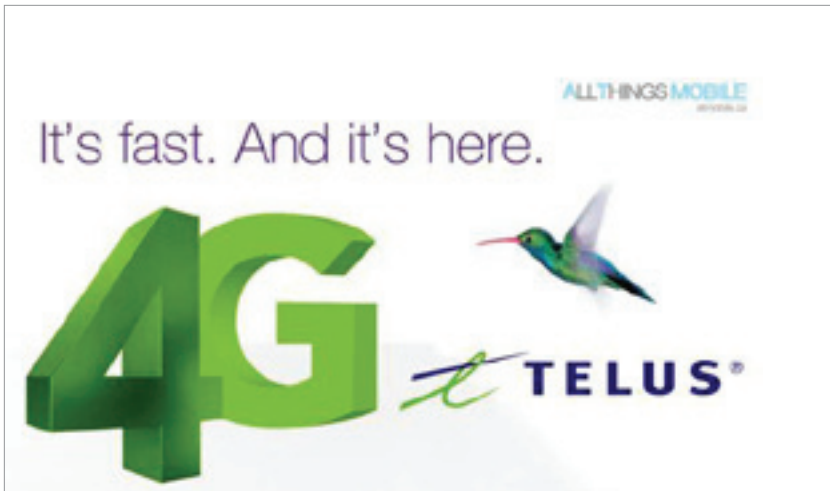
| \$ in millions | 2011 | 2010 | 2009 |
|----------------------------------|-------|-------|-------|
| Vendors with locations in Canada | 6,848 | 6,318 | 6,040 |
| Non-Canadian vendors | 781 | 745 | 833 |
| Total vendor payments | 7,629 | 7,063 | 6,873 |

Strategic investments benefiting Canadians

Growing for success

TELUS has made significant investments in recent years to benefit Canadians by extending the speed, reach and capabilities of our advanced wireless and wireline broadband networks. This included the build-out, launch and subsequent upgrade of our nationwide next generation high speed packet access plus (HSPA+) wireless network capable of supporting manufacturer-rated peak wireless data download speeds of up to 21 megabits per second. It also included enhancements to our wireline broadband network, which significantly expanded the performance and customer reach of our high-speed Internet and our IP-based TV services.

In 2011, TELUS capital expenditures were \$1.85 billion, or 18 per cent of operating revenues. This included upgrading three-quarters of our HSPA+ network with HSPA+ dual-cell technology which doubled manufacturer-rated wireless data download speeds to up to 42 megabits per second. The investment in HSPA+ infrastructure, including cell-sites backhaul over fibre, and software-upgradeable radio networks, facilitated the upgrade to LTE technology. In 2011, we began upgrading our network with LTE to further increase network capacity and speed, and launched LTE services commercially in major urban markets in February 2012. We plan to expand LTE coverage to even more cities and towns across Canada in 2012.



In addition to high-speed wireless network enhancements, TELUS expanded its combined ADSL2+ and VDSL2 high-speed Internet coverage to 2.3 million households in British Columbia, Alberta and Eastern Quebec by early 2012. These investments support innovative IP-delivered services such as our premium differentiated Optik TV™ and Optik Internet™. Since 2000, TELUS has made capital investments of close to \$22 billion in technology benefiting Canadians.

TELUS announced that it plans to invest approximately \$3 billion in the province of British Columbia and \$2 billion in Alberta from 2012 to 2014, which illustrates TELUS' commitment to Canada on a regional basis. In B.C., this investment is expected to include: bringing the world's fastest wireless service to four million people in the province, bridging the digital divide, building one of the world's greenest data centres in Kamloops and starting construction on B.C.'s first Leadership in Energy and Environmental Design (LEED) Platinum office tower. Specific examples just in the province of B.C. include:

- TELUS' new 4G LTE wireless network will be extended from Vancouver to more than four million British Columbians in 20 communities in 2012 – close to 90 per cent of the province's population.
- TELUS will invest \$350 million so that 97 per cent of all British Columbians have access to high-speed Internet. That investment will see fibre optic cable installed to connect 450 schools, providing our students and teachers with a global technology advantage. Up to 119 communities will benefit from faster Internet speeds and importantly, we will extend wireless coverage along 1,700 kilometres of remote highways to enhance communication and safety for British Columbians.
- We plan to connect 35 remote and geographically challenging B.C. communities to broadband Internet this year, such as Manning Park, Cluculz Lake, Kitwanga and Pender Harbour.
- Through our partnership with the All Nations Trust Company, we plan to connect 50 First Nations communities to high-speed Internet over the next three years. This is supporting First Nations communities such as the Doig River First Nation.

Capital expenditures by region

| \$ in millions | 2011 | 2010 | 2009 |
|----------------------------|-------|-------|-------|
| British Columbia | 723 | 670 | 696 |
| Alberta | 640 | 673 | 711 |
| Saskatchewan | – | – | 1 |
| Manitoba | 20 | 14 | 6 |
| Ontario | 172 | 116 | 414 |
| Quebec | 271 | 236 | 252 |
| Atlantic Canada | 4 | – | 2 |
| Outside Canada | 17 | 12 | 21 |
| Total capital expenditures | 1,847 | 1,721 | 2,103 |

Capital expenditures in 2012 are expected to be similar to 2011 at approximately \$1.85 billion as TELUS expects to continue its wireless capacity upgrades and ongoing deployment of the new LTE wireless network in urban areas. The rural deployment of LTE is dependent on acquiring 700 MHz spectrum in upcoming spectrum auctions expected in the first half of 2013. Although wireline capital expenditures are expected to decline, TELUS intends to continue to invest in broadband infrastructure expansion and upgrades supporting Optik TV™ and Internet services in B.C. and Eastern Quebec, including the completion of the overlay of VDSL2 technology.

While spending almost \$1.3 billion B.C. and Alberta in 2012, TELUS is also spending more than \$500 million in Ontario and Quebec. Included in this capital spending are two new intelligent Internet Data Centres in Rimouski Quebec and Kamloops B.C., which are being built to LEED Gold standards. They will be a cornerstone of TELUS' ongoing support of secure cloud-based services for Canadian consumers and businesses.

Research and development

Growing with the support of new technologies

TELUS invested \$183 million (primarily included in capital expenditures) in research and development (R&D) in 2011, compared with \$124 million in 2010. The increase over 2010 related largely to the development of TELUS' recently launched long-term evolution (LTE) network and ongoing investments in our Optik TV™ product.

In 2011, we invested a significant portion of our research and development funds in our next generation wireless and broadband networks, including the continued development of our LTE urban network launched in February 2012, as well as in new interactive IP-based applications and capabilities for our Optik TV™ product.

We test and trial emerging new technologies and fund collaborative research and development activities with various universities and other communications research organizations. In 2011, over 70 per cent of those investments went directly to university research programs with well over 85 per cent of the funds going to Canadian university researchers. Over 10 years of development, TELUS has involved more than 10 major Canadian and US universities with an objective to find and exploit the most advanced technology innovations to provide the highest possible quality of services to Canadians.

In the chart below, the large R&D investment in 2009 related to the development and building of a brand new technology platform and network across Canada (HSPA+), which facilitated the move to LTE.

Estimated investment in research and development

| \$ in millions | 2011 | 2010 | 2009 |
|--------------------------|------|------|------|
| Research and development | 183 | 124 | 653 |

Taxes TELUS Pays

Supporting services for Canadians

Over the past seven years, TELUS has remitted taxes of more than \$8 billion to federal, provincial and international governments, which in turn, supports services for Canadians.

In 2011, TELUS remitted \$1.38 billion to government. This included a net payment of \$150 million in federal, provincial and international corporate income taxes, and \$172 million in payroll, property tax, provincial corporation capital taxes and sales taxes on goods and services used by TELUS, net of Quebec provincial tax credits, and goods and services taxes (GST), harmonized sales taxes (HST), Quebec sales taxes (QST) and international value-added taxes (VAT) and other forms of indirect tax credits for goods and services acquired by TELUS in the operation of its business. Corporate cash taxes paid were down significantly from the previous year, mainly due to a larger final payment of income taxes from the first quarter of 2010. In addition, TELUS collected \$1 billion in sales taxes from our customers, which was remitted to federal, provincial and international government agencies.

TELUS follows a comprehensive Tax Conduct and Risk Management Policy (“the Tax policy”) that has been adopted by the TELUS Board of Directors. The Tax policy, in being consistent with the overarching TELUS Ethics policy, outlines the principles underlying and guiding the roles of team members, their responsibilities, personal conduct, the method of conducting business in relation to tax law and the approaches to working relationships with external taxing authorities and external advisors. The Tax policy recognizes the requirement



of TELUS to comply with tax laws in the context of the rights that TELUS has as a taxpayer in the various jurisdictions in which we operate. The Tax policy also recognizes the strategic intent of its tax management for the purpose of maximizing TELUS' cash flow and shareholder value, which in turn is dependent on TELUS' role as either a taxpayer or when TELUS acts as an agent on behalf of various government entities (for example, billing, collecting and administering GST, HST, PST etc. and/or remitting payroll and payroll-related taxes).

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

For income, capital and tax on certain sales or products and services acquired by the company, TELUS pays tax that is legally due and observes the provisions of the relevant law and related jurisprudence. There are many areas where the tax law and related jurisprudence is not clear and different interpretations are possible. When this occurs, TELUS will take reasonable positions that may or may not be the same as those of taxing authorities. TELUS will not take any position that clearly falls outside of the relevant governing legislation and prevailing jurisprudence.

For payroll and indirect tax (i.e. commodity tax), including GST, HST, QST and other forms of VAT, where TELUS collects tax from employees and customers and remits them to the government as de facto agent, TELUS, in general, endeavors to apply a standard of what a reasonable prudent person should do to comply with the legislation and interpretations.

In the case of property taxes, TELUS recognizes the importance of its role in contributing to the public infrastructure and service in the municipalities in which it operates and accordingly supports paying a fair share of property taxes for the taxable real property and operating plant that it owns and maintains. At the same time, in order to safeguard its assets, TELUS will appeal amounts that appear to be excessive on a relative basis.

Based on the assumption of the continuation of the rate of TELUS earnings, the existing legal entity structure, and no substantive changes to tax regulations, we expect net cash income tax payments in 2012 to be approximately \$150 million to \$200 million. Given TELUS' external financial guidance, this should result in the estimated total taxes remitted for 2012 to be on the order of \$1.4 billion to \$1.5 billion.

After spending approximately \$9 million in 2010 to convert our systems to HST for B.C. and Ontario, a province-wide referendum held in B.C. in 2011, voted down the BC HST. As a result, unfortunately, in 2012 TELUS will now need to spend an additional estimated \$5 million to revert back to the inferior B.C. PST/GST tax collection system effective April 1, 2013.

Total federal and provincial taxes remitted

| \$ in millions | 2011 | 2010 | 2009 |
|--|----------------|----------------|----------------|
| Federal and provincial corporate income tax paid | 150.4 | 308.4 | 261.2 |
| International corporate income tax paid | 0.1 | 2.9 | 4.4 |
| Total income tax payments | 150.5 | 311.3 | 265.6 |
| Other tax payments^{1,2} | | | |
| Canadian Federal Government | 641.9 | 448.3 | 326.3 |
| British Columbia ² | 44.6 | 54.8 | 70.7 |
| Alberta | 26.9 | 26.8 | 23.9 |
| Saskatchewan | 0.1 | 0.1 | 0.2 |
| Manitoba | 1.0 | 0.7 | 0.9 |
| Ontario ² | 6.3 | 21.9 | 34.4 |
| Quebec ³ | 105.8 | 97.7 | 100.0 |
| Maritime provinces | 0.1 | 0.2 | 0.2 |
| International | 6.4 | 8.0 | 10.2 |
| Total other tax payments | 833.1 | 658.5 | 566.8 |
| Sales tax collected | | | |
| Cdn Goods and services tax and harmonized sales tax ² | 899.7 | 657.7 | 458.5 |
| British Columbia ² | 0.0 | 58.2 | 128.1 |
| Saskatchewan | 2.7 | 1.8 | 1.5 |
| Manitoba | 4.4 | 4.7 | 4.6 |
| Ontario ² | 0.0 | 57.2 | 115.7 |
| Quebec ³ | 143.1 | 118.5 | 112.5 |
| Maritime provinces | 1.3 | 1.1 | 0.8 |
| International | 5.8 | 7.5 | 6.2 |
| Total sales taxes collected | 1,057.0 | 906.7 | 827.9 |
| Sub total | 2,040.6 | 1,876.5 | 1,660.3 |
| Quebec tax credits claimed and received | -13.6 | -13.3 | -12.4 |
| (GST, HST and QST) ITC and ITR's claimed and received | -644.1 | -447.2 | -328.5 |
| International indirect tax credits claimed and received ⁴ | -2.9 | -4.2 | -3.5 |
| Net federal and provincial taxes remitted | 1,380.0 | 1,411.8 | 1,315.9 |

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

2 HST implemented in B.C. and Ontario effective July 1, 2010, replacing PST/GST.

3 Quebec Sales Tax ("QST") is applicable on a larger tax base of goods and services than the Provincial Sales Tax ("PST") provinces of PEI, Manitoba, and Saskatchewan.

4 Includes value-added taxes from various international jurisdictions.



Considering the interests of our equity and debt holders

TELUS dividends

In 2011, TELUS declared \$715 million in dividends to our equity investors and announced two dividend increases in May and November of 4.8 and 5.5 per cent respectively, taking the annualized dividend to a record high of \$2.32. Also, in February 2012, TELUS announced a 5.2 per cent increase to the quarterly dividend, taking the annualized dividend to \$2.44. From 2004 to the beginning of 2012, TELUS has increased its dividend 10 times and returned \$6.8 billion, or more than \$21 per share, to our shareholders in dividends and share buybacks.

TELUS has a long-term dividend payout ratio guideline of 55 to 65 per cent of prospective sustainable net earnings. Notably, in May 2011, we announced our intention to target two dividend increases per year to 2013 in the range of approximately 10 per cent annually. These guidelines provide investors with greater clarity and a framework to assess the potential for future dividend increases. They demonstrate confidence in the outlook for the company's earnings and cash flow, anticipated moderating capital intensity and align with our dividend growth model.

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

Dividends and interest paid to equity and debt owners

| | IFRS-IASB 2011 | IFRS-IASB 2010 | Previous Canadian GAAP 2009 |
|--|-------------------|-------------------|--------------------------------|
| Dividend declared per Common Share and Non-Voting Share | \$2.205 | \$2.00 | \$1.90 |
| Dividend payout ratio ¹ | 62% | 64% | 61% |
| Dividends declared for the holders of Common Shares and Non-Voting Shares (millions) | \$ 715 | \$ 642 | \$601 |
| Interest on long-term debt (millions) | \$ 374 | \$ 442 | \$474 |
| Loss on redemption of long-term debt (millions) | - | \$ 52 | \$99 |
| Interest on short-term obligations and other (millions) | \$ 11 | \$ 29 | \$9 |

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

Growing commitment to corporate governance and disclosure

Demonstrating our commitment to excellence

TELUS has a strong commitment to excellence in corporate governance, as well as full and fair disclosure. We aim for the highest standards and pursue new approaches that ensure greater transparency and integrity in all we do.

TELUS was one of the first companies in Canada to voluntarily adopt a say-on-pay vote, which we announced in 2010. The first vote in May 2011 received an 80 per cent approval from common shareholders and the second vote in May 2012 received a 97 per cent approval.

Our commitment to governance was demonstrated in February 2012, with the announcement that TELUS was giving shareholders the opportunity to decide whether to eliminate the Corporation's dual class share structure based on a one-for-one conversion ratio of non-voting shares into common shares. This was to be done by holders of both shares classes voting separately at TELUS' annual meeting of shareholders on May 9, 2012. The proposed share conversion was responsive to shareholder feedback, would simplify the share structure to one class and extend voting rights to all shareholders, all of which is consistent with good corporate governance.

However, the company withdrew the proposal on May 8, 2012 in the face of opposition (including an April 20 dissident proxy circular) from U.S. based Mason Capital, who had rapidly acquired approximately 33 million common shares or 19.0 per cent of that class. This did not allow TELUS to reach the 66 2/3rds approval level of votes cast in that share class for the proposal to proceed. Disturbingly, Mason had also sold short an almost equal amount of non-voting and common shares so that its net economic interest in TELUS was only 416 thousand shares or about 0.13 per cent of TELUS total shares. In the May 8 release, TELUS noted that if Mason's shares were factored out, the proposal was on track to be overwhelmingly approved by both classes of shareholders, with 92.4 per cent of voted shares in favour of the proposal. TELUS stated that its best option was to reintroduce a new proposal in due course and that it remained committed to a one-for-one share conversion ratio.

We continue to gain external recognition for our disclosure practices. The [Canadian Institute of Chartered Accountants](#) (CICA) once again recognized TELUS' leadership in late 2011. We received the Overall Award for Excellence for Corporate Reporting, and Honourable Mention (second best) for Excellence in Sustainable Development Reporting. The overall award comes from being among the top scorers in financial reporting, corporate governance,



sustainability reporting and online website. TELUS has received the top award for four of the last five years.

In 2011, the TELUS 2010 annual report was again rated amongst the best in the world, according to a global survey of annual reports. The Annual Report on Annual Reports by e.com awarded TELUS an A and ranked our report eighth best in the world, making TELUS the only company in the world that has ranked in the top 10 for eight straight years.



Public policy activities

Our commitment to action in public policy

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

In 2011, the subject matter of TELUS' federal lobbying included telecommunications foreign ownership rules, broadcasting regulations, copyright, radio-frequency spectrum auctions and access, broadband deployments, labour, tax and various legislative initiatives.

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

Political Donations

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

In 2011, TELUS contributed a total of \$177,410 to provincial political parties, campaigns and candidates in Canada, in accordance with provincial limits. Details of provincial contributions are available on each province's elections agency website. TELUS did not contribute to any municipal parties, campaigns or candidates in 2011.

Society

Customers

Customers First

We're listening – a strategy for growth

Listening is at the heart of our journey to put Customers First. We are listening to our customers in our call centres, in our stores, in the field and online in an effort to make their experience with TELUS even friendlier. By better understanding what is important to our customers, we can work to improve the overall customer experience.

For instance, when our customers told us that they wanted a friendlier wireless client experience, we continued to evolve our Clear and Simple strategy. In 2011, we further enhanced our Early Device Upgrade program by removing large cancellation fees and enabling customers to upgrade to a new device at any time by paying the remaining portion of their device discount. In addition, we launched our new Clear and Simple international travel pricing, which included significantly reduced international roaming rates.

When our customers told us our wireless repair service was not meeting their needs, we focused on a number of key improvements that would reduce customer wait times for handset repair and we launched an automated messaging platform to inform customers when their repair had been completed.

Also, when our customers told us that they wanted fairness and more choice, we provided them with [Flex Data](#) and [Data Sharing](#) plans.

Putting customers first is our Company's top priority – for 2011, 2012 and into the future. We are committed to getting better by listening to our customers and staying focused on the issues they care about.

Sharing our journey with our customers

In November 2011, we began sharing our Customers First journey with Canadians through a public communications program that conveys our commitment. This program was anchored by the key message 'At TELUS, we put you first'.

In 2012, we are evolving our communications to share our focus on how we're listening to our customers to make their TELUS experience even better. We're listening in our call centres, in our stores, in the field and online. We are letting customers know that we're translating their feedback into action by offering more choice, a better experience and by being fair and transparent.

Our journey also continues with a strong focus on celebrating the difference our team members make in putting our customers first, and how listening to our team members is key to helping TELUS, in a few years, become the most recommended company across our markets.

[Watch now](#) to learn how we are putting customers first.

Likelihood to Recommend

An innovative, homegrown Likelihood to Recommend (L2R) framework was developed to help us better understand what is important to our customers and extend the accountability for our customer satisfaction results across our organization. Customer insight is gathered through various client surveys conducted several times during the year. These surveys focus on several dimensions of the customer experience with respect to our entire product set across all customer segments.

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

The results of our surveys are shared broadly across the organization. Each area reviews the results, sets priorities, and through collaboration drives improvements to better meet our customer commitments. Results are also shared through news stories on our internal website.

Consumer market

In 2010, we began building our L2R framework for our consumer segment, surveying our customers on a quarterly basis. Results showed we are starting to make progress as we listen to and work directly with our most important partners – our customers. At the end of 2011, 69 per cent of our consumer customers told us that they were likely to recommend TELUS to friends or



family members. This increase of seven percentage points from 2010 enabled us to surpass our internal goal by three percentage points.

Small and medium business and enterprise markets

In 2011, TELUS' SMB and enterprise business units adopted L2R as their primary measure of understanding how likely business clients are to refer TELUS' products and services to other businesses. This alignment will help in applying a consistent focus on becoming the most recommended company, as well as tracking how any changes we make are affecting the customer experience. The 2011 results show that 38 per cent of our SMB clients and 55 per cent of our enterprise customers would recommend TELUS to their colleagues or other businesses. These results indicate that in these fast-growing and intensely competitive markets, TELUS has significant opportunities for improvement. TELUS will continue to undertake steps to address the needs of this important customer base to meet our L2R objectives.

Aggregated results from enterprise and SMB clients served by TELUS Health and Financial Solutions (THFS) indicate that 70 per cent of our customers would recommend our solutions to colleagues and organizations in their respective industries. Traditionally, THFS surveyed clients on an annual basis using a slightly different framework. In 2011, THFS adopted the L2R model, which will allow our health team to establish their L2R baseline and draw from the valuable customer intelligence gathered to build a strong plan to reach 2012 goals.

To progress toward becoming the most recommended company in the markets we serve, the following targets have been set for 2012:

Likelihood to Recommend targets

| | 2011 target | 2011 actual ¹ | 2012 target |
|------------|-----------------------------|--------------------------|------------------|
| Consumer | Baseline established at 66% | 69% ² | 77% ³ |
| SMB | n/a | 38% | 45% |
| Enterprise | n/a | 55% | 60% |
| THFS | n/a | 70% | 77% |

1 Likelihood to Recommend ranges amongst competitors in each market were as follows: Consumer - 62 to 88 per cent, SMB - 37 to 51 per cent, Enterprise - 30 to 55 per cent, THFS - 33 to 75 per cent (for TQ business only).

2 2011 Consumer Likelihood to Recommend is 70 per cent with inclusion of Koodo results.

3 2012 Consumer Likelihood to Recommend target reflects the inclusion of Koodo results.

Commissioner of Complaints for Telecommunications Services

Consumer and small business customers who are unable to resolve their issues relating to local, long distance, wireless and Internet-based products through established TELUS escalation processes may submit their complaint to the independent Commissioner of Complaints for Telecommunications

Services (CCTS). The CCTS reporting period is from August to July and thus spans two of TELUS' calendar-year fiscal periods.

In the 2010-11 reporting cycle, TELUS saw an increase in the number of complaints received. However, complaints filed against TELUS remain stable at only 17 per cent of the total complaints filed. Consumer awareness continues to increase as TELUS provides information about the CCTS in our published directories, on our websites and four times annually on TELUS billing statements. The CCTS also continues to be in the media spotlight, which has increased awareness of the organization as an alternative dispute resolution option for consumers. TELUS expects that the number of complaints filed against all telecommunications service providers with the CCTS will continue to grow as the organization becomes better known.

Eighty-six per cent of TELUS complaints filed with the CCTS in the 2010-11 reporting cycle were resolved or closed at the pre-investigation stage of the complaint resolution process, a material improvement over 2009-10 when 72 per cent of complaints were resolved at the pre-investigation stage. This improvement can be attributed to a greater commitment and process improvements with respect to customer escalation handling. The CCTS has a five-stage complaint handling process. During this same period, only four complaints reached the stage where the CCTS was of the view that TELUS did not meet its obligations toward the customer or had not offered a reasonable resolution. In addition, no complaints against TELUS went to the final stage wherein the CCTS Commissioner issues a public written decision.

CCTS complaints summary

| | TELUS 2009-2010 ¹ | Total ² | TELUS 2009-2010 ¹ | Total ² |
|--|---------------------------------|--------------------|---------------------------------|--------------------|
| Complaints accepted | 657 | 3,747 | 1,387 | 8,007 |
| TELUS Percentage of total | 18% | | 17% | |
| Pre-investigation: | | | | |
| Resolved | 435 | 2,297 | 1,149 | 5,203 |
| Closed | 40 | 225 | 48 | 228 |
| Percentage closed at pre-investigation stage | 72% | | 86% | |
| Investigations: | | | | |
| Resolved | 77 | 663 | 162 | 1,535 |
| Closed | 28 | 312 | 71 | 646 |
| Recommendations:³ | | | | |
| Recommendations issued | 2 | 25 | 4 | 60 |
| Recommendations rejected | 0 | 4 | 0 | 10 |
| Decisions: | | | | |
| Decisions issued | 0 | 4 | 0 | 10 |
| Decisions accepted | 0 | 4 | 0 | 2 |
| Decisions rejected | 0 | 0 | 0 | 8 |

- 1 The CCTS reporting period is from August to July and thus spans two of TELUS' calendar-year fiscal periods.
- 2 All participating service providers.
- 3 Recommendations: The complaint was fully investigated. Often, the service provider has not made an offer to informally resolve the complaint, or the offer is not found to be reasonable and fair in light of the specific circumstances of the complainant. As such, CCTS will make a recommendation requesting that the service provider take specific actions to resolve the matter.

TELUS continues to work effectively with CCTS staff to resolve complaints in an expeditious manner. Our objective remains to ensure that TELUS complies with the CCTS requirement to respond fully to a complaint within 30 calendar days. For complaints filed with the Canadian Radio-television Telecommunications Commission (CRTC) related to TELUS' regulated services, the number of days to respond has been reduced from 30 to 20 days pursuant to new Rules of Procedure. TELUS' goal is to ensure that all CRTC complaints are responded to within this timeframe.



Putting YOU first through continuous improvement

Senior leadership engagement

Engaging the TELUS team is at the heart of delivering exceptional customer experiences and it starts with our leadership team. In 2011, senior leaders from across the organization participated in a three-day leadership forum. A significant focus of the forum was placed on what we need to do as an organization to further realize our Customers First culture in alignment with our number one corporate priority to deliver on our future friendly® brand promise to our clients. To help us progress in this regard, the forum also focused on quality across our people, networks, systems and processes. Additionally, we examined the importance of collaboration by the entire TELUS team to ensure we are consistently delivering an exceptional customer experience. Each of the participants committed to building an individual action plan with measurable objectives, to strengthen each of the following three priority areas within their area of responsibility:

- Delivering on our brand promise – the future is friendly® – and our Customers First commitment to provide the best client experience in the industry as measured by our customers' likelihood to recommend our products and services

- Approaching the client experience as one team, leveraging collaboration with our customers and one another as a competitive advantage. Identify and optimize our functional interdependencies in serving our clients and establish a discipline of regularly learning from the insights of frontline team members in our own team and from the teams we interface with
- Elevating quality and reliability in the eyes of our customers through initiatives addressing the stability of our broadband, video and wireless networks; the performance of the systems that support these networks and our frontline teams; and embracing a culture of high quality.

To further strengthen the commitment made by senior leaders and ensure accountability, comprehensive action plan reviews will be conducted across the company to accelerate our progress and determine next steps as we work to achieve our client L2R targets.

Closer to the Customer

Over the past two years, as part of our commitment to putting customers first and achieving leadership in the likelihood of our clients recommending our products and services, TELUS brought together senior leaders and frontline team members to generate greater awareness and understanding of the experience our customers have when they interact with TELUS.

The first one-day event, which built on an existing frontline experience initiative of the Customer Solutions team, realized many benefits and became an annual event called Closer to the Customer (C2C). Some business units, such as TELUS Customer Solutions (TCS), have also introduced their own regular C2C events. In 2011, nearly two thousand TCS leaders participated and then shared their experiences with their teams. More than 40 process or policy changes were implemented as a result, contributing to the significant seven per cent improvement last year in our consumer market L2R score.

C2C events will continue in 2012. In fact, Human Resources (HR) will leverage the success of these events, introducing their own C2C event where leaders will spend half a day with a frontline colleague in an HR operational area with the aim of enhancing the customer experience.

TELUS Sales and Support tool

To adopt a customers first culture, it is important for team members to better understand the importance of customer experience, and have the tools to make improvements. After receiving feedback from team members during frontline forums TELUS launched an internal feedback mechanism called the customer-to-team member (C2T) tool. Since then, the tool has grown in popularity and helped team members across TELUS solve unresolved service issues for clients and fast track sales referrals.

In 2011, C2T was renamed the Sales and Support tool (SOS). This name better reflects our commitment to deliver on our future friendly® brand promise through resolving issues and providing products and services that meet our customers' needs. SOS is an online tool made available on the TELUS Intranet where employees can submit escalations for clients with unresolved service issues through our regular in-store, online and phone channels, with guaranteed follow-up within two business days. Employees can also use the tool to sign up friends, family or any potential customer to learn more information about our wireless, home telephony and entertainment products and services.

Since its launch in May 2010, SOS has helped team members address more than 3,700 service issues and fast track sales referrals for clients.

Personal Performance Objectives

Supporting the cultural change required for TELUS to become the most recommended company in the markets we serve is not just the responsibility of our senior leadership team; every team member within the organization has the ability to influence customer experience in a positive way. In 2011, we set the objective for 2012, that most team members will focus a minimum 50 per cent of their annual performance objectives on supporting the client experience. This focus will drive accountability while in a few years supporting each member of the TELUS team in understanding their role in achieving our goal of becoming the most recommended company across our markets.

Customers First Champions

Reinforcing the positive behaviours that support making our customers' experience better is an important part of driving toward the delivery of the best customer service in our industry. In September 2011, we developed our Customers First Champions (CFC) program which recognizes team members who consistently support, advocate and advance a Customers First culture by going above and beyond to deliver an exceptional experience – each and every day. CFC provides an opportunity to highlight and celebrate customer experience wins and share examples of what exceptional looks like within our organization. The program year runs from July to June. In 2011, we announced our first inductees into the CFC hall of fame with a total of 65 champions announced by March 2012.

Growth through continuous improvement

In 2009, the Process Improvement Centre of Excellence (PICoE) was created and now has a corporate-wide focus, supporting every business unit within the company. TELUS takes a holistic approach to process excellence that includes using various methodologies such as Lean Six Sigma, as well as a strong focus on change management and project management capabilities.



Process improvements driven by this team resulted in \$65 million in cumulative annualized savings from 2009 to the end of 2011.

TELUS achieved the following standings at the Americas' Process Excellence Awards: Best Process Improvement Project Under 90 Days (top six), Deployment Leader of the Year (top four) and Master Black Belt of the Year (top four). The Process Excellence Awards present an ideal way to publicly benchmark and recognize your process excellence business results. We were also recognized as one of the top 10 best places to work through the [iSixSigma's Best Places to Work](#) competition. Best Places to work recognizes how well companies foster a supportive Six Sigma culture.



own.it

In 2009, TELUS introduced own.it, a problem-solving methodology that engages frontline team members in brainstorming activities regarding business challenges to help drive rapid resolution through 90-day initiatives to improve customer experiences. In 2011, own.it targets were embedded across the organization and results tracked at the corporate level.

The 2011 Pulsecheck results indicate that own.it and other work process improvements are making a difference for team member engagement. Team members are identifying and resolving obstacles they face and improving customer interactions.

The success of own.it is highlighted by the milestones we achieved in 2011. Through the execution of 74 own.it sessions, financial benefits of almost \$11 million were realized, with additional benefits expected through ongoing projects and initiatives. The problem-solving sessions engaged more than 750 team members and led to the implementation of numerous process improvements in support of strengthening our clients' likelihood to recommend our products and services. For example, own.it initiatives led to a better appointment re-booking process and call transfer reductions.

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

Healthcare solutions

In January 2008, TELUS and [Emergis](#) came together to create a powerful new enterprise, called TELUS Health Solutions, designed to serve the healthcare sector. We provide professionals with solutions to support the delivery of the highest quality of healthcare. Our solutions include electronic patient records, allowing practitioners instant access to everything they need to know about a patient, and pharmacy solutions designed to empower pharmacists with leading edge tools to deliver pharmacotherapy and wellness counselling.

TELUS Health Solutions is a leader in telehealth, electronic health records, remote patient monitoring, mobile home and community care, consumer health, benefits management and pharmacy management. Our solutions give health authorities, providers, physicians, patients and consumers the power to enhance decision making and improve health outcomes for Canadians. TELUS Health Solutions is transforming how information is used across the continuum of care from hospital to home with solutions that foster collaboration, drive prevention and empower care teams and patients. TELUS Health Solutions is Canada's leading Healthcare IT Company as cited by the [Branham Group](#) for five years and for being honoured as the [ITAC](#) Health Company of the Year (2008) and Health Transformation Company of the Year (2009). For more information about TELUS Health Solutions, visit telushealth.com and telushealthspace.com.

Growing the ways we connect with our customers

Regardless of how customers choose to connect with us – on the phone, in our stores, and increasingly, through social media – their personal connections with our team are critical to defining their relationship with TELUS. The sum of these connections and experiences – not just the first or the last time – become our customers' TELUS story.

Growing social media connections

TELUS' continued growth and success in the social media world has been attributed to keeping our vision clear: inspiring conversations and decisions that help TELUS grow.

TELUS began embracing social media as a client and stakeholder engagement channel in 2008, recognizing this new medium would change the way we communicate and build relationships with our clients. Social media allows our clients to discover and connect with our brand in fresh ways. Our enhanced ability to listen closely to what people are saying within these mediums, provides us the opportunity to hear feedback we may not have heard before, ultimately offering another channel to support our current and prospective clients. TELUS currently engages through Facebook, Google+, Twitter, YouTube and LinkedIn. Our social media accounts include French channels on Facebook and Twitter, and in 2010, we launched full client care support on our Twitter handle [@TELUSsupport](https://twitter.com/TELUSsupport).

The appetite for social engagement is growing quickly and social media has been introduced as a collaboration tool across our organization. At the end of 2011, we celebrate the success of having five active and engagement focused

Facebook accounts: [TELUS](#), [TELUSFr](#), [TELUS Talks Business](#), [Caya](#), [Blacks](#), and 10 active and engagement-focused Twitter accounts: [@TELUS](#), [@TELUSfr](#), [@TELUSsupport](#), [@TELUSBusiness](#), [@TELUSCareers](#), [@TELUSNews](#), [@TELUSHealth](#), [@TELUSInt](#), [@ThisisCaya](#), [@Blacks](#).

At the start of 2012, our total number of TELUS Facebook fans exceeded 734,000 “likes”, making it the second largest company in Canada on Facebook. Our Twitter accounts surpassed the 35,000 follower mark. TELUS is outpacing all competitors in the social media space, with 33 per cent share of voice across all channels. Moving forward, TELUS will continue to nurture and grow its social media communities by engaging in conversations, sharing useful information and demonstrating our Customer First focus.

As we move into 2012, thousands of daily conversations mentioning TELUS will continue to occur. These conversations provide the platform for us to listen and engage with our customers and stakeholders. Social media offers the opportunity to hear what’s relevant to our industry and customers to ensure we drive innovation that will positively affect them.

Responsibility to our customers

Privacy

TELUS is committed to respecting the privacy of our customers and team members and has a long-standing policy of protecting their privacy in all of our business operations. The [TELUS Privacy Code](#) sets out the principles that govern the collection, use and disclosure of customers’ and team members’ personal information. The code reflects the requirements of Canada’s privacy legislation, the Personal Information Protection and Electronic Documents Act, and our continuing commitment to protect both customers’ and team members’ private information.

Safe driving

All provincial and territorial governments across the country, with the exception of Nunavut have passed legislation making it illegal to drive while using a handheld wireless device. Alberta, New Brunswick and the Northwest Territories passed and enacted this legislation in 2011. TELUS promotes responsible driving and recommends that driving safely should be every wireless customer’s first priority. We offer a wide range of hands-free devices to help drivers keep both hands on the steering wheel as well as important safety tips.

Mobile and Internet safety

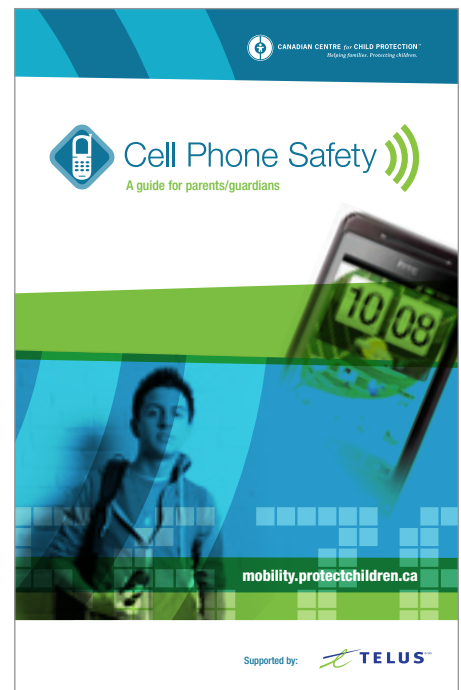
Making the Internet safer for families, especially children, continues to be a key priority for TELUS. We provide financial support to the [Canadian Centre for Child Protection](#) (C3P), which operates [Cybertip.ca](#), Canada's national tip line for reporting the online sexual exploitation of children. TELUS has sponsored C3P's development of [mobile safety materials](#) that provide parents and anyone invested in the personal safety of children with knowledge about the benefits and risks while using cell phones. As cell phones evolve from a traditional phone to a device providing all of the features of a personal computer, it is important that parents view these devices in the same way as their home computer. For their own protection, children need to be guided on both the advantages and risks of new technology.

TELUS is also a long-time supporter of Internet and media literacy education through the Media Awareness Network (MNet), which promotes critical thinking in young people regarding various forms of media through classroom and online materials.

Radiofrequency emission concerns

Cell phones emit low levels of non-ionizing radiofrequency (RF) electromagnetic fields. A small number of epidemiological studies have indicated that exposure to RF fields might be linked to certain cancers, while other studies have not supported this association. Furthermore, animal cancer and laboratory studies have found no evidence that RF fields are carcinogenic to laboratory rodents and cause DNA damage. In May 2011, the [International Agency for Research on Cancer](#) (IARC) noted that a positive association has been observed between long-term, heavy use of mobile phones and certain brain cancers for which a causal interpretation is considered to be credible, but that chance, bias or confounding could not be ruled out with reasonable confidence.

The IARC classified RF electromagnetic fields from wireless phones as possibly carcinogenic to humans – a classification that now includes 271 items such as chloroform, coffee and nickel. The IARC also called for additional research into long-term, heavy use of mobile phones. In October 2011, Health Canada updated its Safety of Cell Phones and Cell Phone Towers advisory, noting that the link between RF emission exposure and cancer risk is far from conclusive and more research is needed. The IARC and Health Canada have advised cell phone users that they can take practical measures to reduce their RF emission exposure, such as limiting the length of cell phone calls, using hands-free devices, and replacing cell phone calls with text messages. In addition, TELUS and Health Canada encourages parents to take these measures to reduce their children's RF emission exposure from cell phones since children are typically more sensitive to a variety of environmental agents.



CANADIAN CENTRE for CHILD PROTECTION™
Helping families. Protecting children.

There can be no assurance that future studies, government regulations or public concerns about the health effects of RF emissions will not have an adverse effect on the business and prospects of TELUS.

For example, public concerns could reduce subscriber growth and usage, and increase costs as a result of modifying handsets, relocating wireless towers, and addressing incremental legal requirements and product liability lawsuits. TELUS continues to monitor developments in this area and understands that Industry Canada is responsible for establishing safe limits for signal levels of radio devices. TELUS believes that the handsets it sells, as well as its cell towers and other associated devices, comply with all applicable Canadian and U.S. government safety standards.

Community

Making a difference

Community Investment

The TELUS team strives to live up to our brand promise – the future is friendly® – in all that we do. We carry this promise forward in communities through our philosophy to give where we live. Our team members, retirees, community leaders and customers are integral to the success of our strategy, and as such, there is a symbiotic relationship between our company, our team and our communities. Customers are increasingly aware that they help create healthier communities by choosing to do business with socially responsible companies. Strengthening our relationship in our communities also helps TELUS attract and retain team members. We also recognize that the investments we make are made possible by our customers' support of our products and services and the support of our investors. With the launch of the revised telus.com/community website, we are in a position to better share our contributions with TELUS stakeholders and the programs that they are helping to support through their patronage with TELUS.

In 2011, through various cause marketing campaigns, we continued to demonstrate our commitment to sustainability and enhanced our community investment strategy by offering our customers product and service options that resulted in a direct benefit to local charitable causes. This was recognized by our achievement in winning the [HALO award](#) for cause marketing. Additionally, we continued to expand our support of TELUS team member contributions with the launch of the Fundraising Grants program.



Meeting the growing needs of our communities

In 2011, TELUS continued to see an increase in the number of requests for support from the charitable sector. In 2012, we have the opportunity to strengthen our communities by:

- Supporting projects that focus on youth and showcase innovation
- Continuing to advance our community investment strategy by offering our customers product and service options that result in a direct benefit to local charities
- Partnering with organizations committed to the advancement of medical research, disease prevention and quality healthcare for all Canadians
- Leading by example with a clear commitment to support diversity in Canada
- Connecting and engaging our team members and retirees with charities that they are passionate about and that need resource assistance
- Increasing the engagement of our team members and retirees through volunteer and giving programs
- Supporting grassroots sports and programs to promote healthy habits to youth
- Partnering with social enterprises to foster social and for-profit entrepreneurship.

Sharing our community investment story

We are working to better share the story of what TELUS' support means to communities. This is being achieved in three ways – through the telus.com website, social media and consumer marketing campaigns.

In 2011, TELUS launched our first large scale advertising campaign to inform consumers about our charitable giving and the volunteer work contributed by our team members and retirees. The campaign highlighted some of the ways that we give where we live™. Through advertising in the spring and fall, TELUS used TV and radio, as well as online and print advertising to share regional and local stories that showcased the impact our giving has had on the lives of young Canadians. It was an opportunity to share with customers and our communities the depth of our partnerships with charities. We also used advertising to tell the story of our commitment to volunteerism by showcasing the many ways TELUS, our team members and retirees have contributed by putting their hearts and hands to work for improved social outcomes in their communities.

Further, the telus.com/community site was redesigned in 2010 to provide a platform to share our national community investment story. We knew at the time that users would be interested in visiting one place to learn about all that we do in our communities. We did not anticipate how popular the site would become. We know it is important to our customers, shareholders and team members to be socially conscious, and telus.com/community has become an

important conduit for sharing our story. In 2011, we continued to maintain the site and aimed to:

- Educate users on how we support our communities, thanks to the patronage of our customers
- Provide interesting stories to engage our customers and our team members alongside us as contributors in our communities
- Engage customers and inspire action
- Build brand affinity to TELUS through CSR leadership.

Measuring our contributions

Total community investment

Based on corporate social responsibility best practice and guidance from our auditors and other stakeholders, we are once again working with the [London Benchmarking Group](#) (LBG) to evaluate, categorize and validate our community investment data. LBG's assessment has categorized our community investment in the following four groups:



Philanthropic investment: One-off or intermittent donations in response to charity appeals or in support of employee charitable activities.

Social investment: Longer-term, strategic involvement in community partnerships that address a specific range of social issues that are important to the company or to company stakeholders. These programs are often aligned with long-term corporate interests.

Commercial initiatives: Activities in the community that directly support a business objective, or promote or protect the commercial interest of the corporation. Examples include cause-related marketing, sponsorship of charitable events related to a business or marketing strategy and initiatives designed to spark recruitment.

Value of employee giving: Contributions to a community project that can be directly linked to the company's employees and the company's involvement in the project. For example: contributions of the TELUS team through the Team TELUS Charitable Giving program.

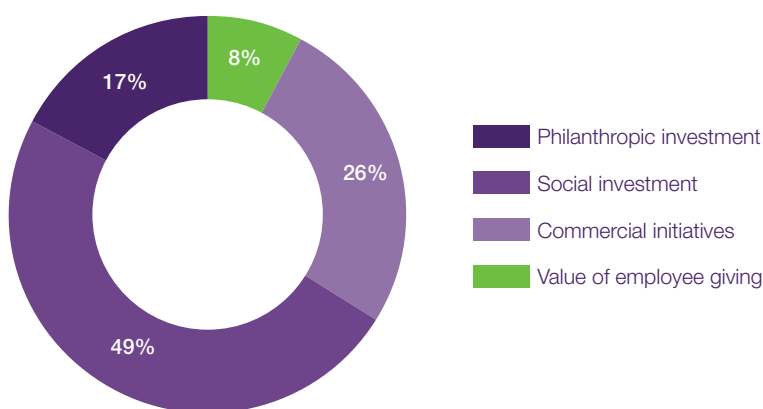
Since 2000, TELUS, our team members and retirees have contributed over \$260 million to charitable and not-for-profit organizations and volunteered more than 4.2 million hours of service to local communities in support of our philosophy to give where we live. In 2011, we contributed a total of \$46 million in financial and in-kind assistance.

TELUS community investment

| Millions | 2011 | 2010 |
|---------------------------------------|---|----------------|
| Philanthropic investment | \$ 7.83 | \$ 7.08 |
| Social investment | \$22.93 | \$22.06 |
| Commercial initiatives | \$11.89 | \$ 5.97 |
| Value of employee giving ¹ | \$ 3.54 | \$ 3.48 |
| TOTAL | \$46.19² ▲ | \$38.59 |

1 TELUS-matched dollars are included in the philanthropic investment category.
 2 The increase over 2010 is primarily due to better accounting and measurement practices through the use of London Benchmarking Group Methodology. The new number reflects the inclusion of previously overlooked partnerships, sponsorships and other expenses.

TELUS Community Investment by Type



Imagine Canada

We have been designated an Imagine Canada Caring Company since 1995. As one of the 103 Canadian companies with this designation, we give more than one per cent of our pre-tax profits to charitable organizations each year. In 2011, TELUS surpassed this goal and contributed 2.9 per cent of our pre-tax profits to charitable organizations.



TELUS Community Boards

Local funds to support youth

There are 11 Canadian TELUS Community Boards and three International Boards that provide funding to local grassroots organizations in major centres where TELUS operates. Our Community Boards provide funding to charitable organizations that help educate and empower youth to improve their quality of life and reach their full potential.

TELUS launched our first Community Boards in Edmonton, Ottawa and Rimouski in 2005. They quickly became an instrumental part of our we give where we live™ community investment strategy.

TELUS surpassed this goal and contributed 2.9 per cent of our pre-tax profits to charitable organizations.

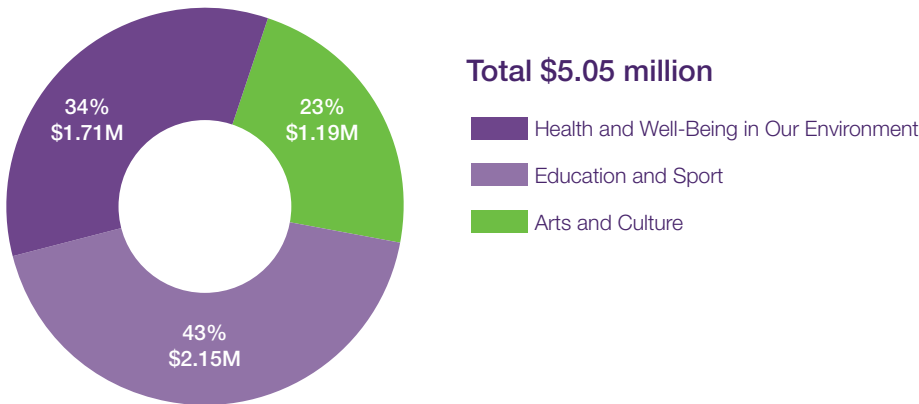
- In 2011, two additional Canadian boards were launched, one in Quebec City and the second in the Thompson Okanagan region of British Columbia serving the communities of Kelowna, Vernon, Penticton, Osoyoos and Kamloops
- As well, three TELUS International Community Boards were introduced in the Philippines, Guatemala and El Salvador.

Our 14 [Community Boards](#) bring together influential community leaders with TELUS team members to strategically make local funding decisions. These decisions focus on addressing specific community needs and partnering with local organizations to help find solutions for existing or emerging issues. These boards review charitable funding applications and make decisions designed to deliver the most positive impact on the local community.

In 2011, TELUS Community Boards allocated \$5.05 million in support of 418 grassroots community projects that impacted more than 2.3 million Canadians. Funding to four of the Community Boards was increased in 2011 to address growing needs in Vancouver, Toronto, Montreal and Atlantic Canada.

Ninety-seven per cent of the projects funded by the Community Boards were in support of Canadian youth. Since their inception in 2005, TELUS Community Boards have donated \$30.15 million, supporting 2,301 grassroots community projects and continue to positively impact the lives of more than 2.1 million youth annually.

TELUS Community Board funding by focus areas in 2011



Community Boards go international

TELUS has expanded its Community Board strategy to include its international operations. In the fall of 2011, TELUS International introduced three new boards: the [TELUS International Philippines Community Board](#) chaired by Javier Infante; the [TELUS International Guatemala Community Board](#), chaired by Roberto Gutierrez; and the [TELUS International El Salvador Community Board](#), chaired by Carlos Quintanilla Schmidt. These boards will each

commence allocating their annual budget of \$100,000 in 2012, with a focus on projects that support youth and showcase social innovation.

About our Community Board members

Our Community Boards are comprised of distinguished community leaders and local TELUS team members who have strong connections within the community, business and leadership expertise, and a great sense of compassion and willingness to make a difference.

We are committed to keeping each board's composition at more than 60 per cent external representation to ensure decision-making power is in the hands of local leaders. At the end of 2011, 60 per cent of our [200 Community Board members](#) were external to TELUS.

[Read](#) about some of the community projects our Community Boards are supporting.

Strategic Partnerships

TELUS enters into partnerships with a number of charitable and community organizations in the areas of health and well-being in our environment, education and sport, and arts and culture. In 2011, we helped to support the development of high-quality pediatric care and social intervention projects to initiatives dedicated to better and earlier detection of breast cancer. We also support environmental initiatives, a wide variety of volunteer and fundraising events nationwide, and directly help raise funds that support healthcare facilities.

To increase efficiency and support consistent decision-making, we enhanced our two-tier system for evaluating sponsorship opportunities. The first level of evaluation is provided by the sponsorship working team, comprised of managers and directors from across the company, to review sponsorship opportunities, discuss contract renewals and share best practices. The sponsorship leadership team, made up of vice-presidents from various parts of TELUS, provides program oversight. We continue to improve systems to:

- Align current and potential corporate sponsorships with TELUS values and business priorities
- Develop consistent messaging that identifies how TELUS' commitment to community exemplifies the corporate values.

We have community partnerships with leaders in the fields of education, healthcare, sport and the environment.

To learn more about TELUS' support of its not-for-profit partners, visit telus.com/community.

EDUCATION

Improving sustainability through education

The TELUS team believes education helps create sustainable organizations and communities. We work to ensure that charities and volunteers in our community have access to programs that provide the most current information available to assist them in achieving their charitable goals. TELUS has several education partners, one of which is the [TELUS World of Science](#).®

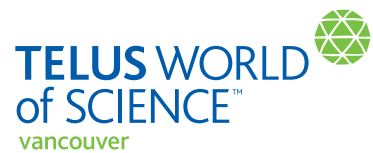
TELUS science centres


The TELUS team recognizes the importance of promoting technological innovation and learning to inspire youth to develop a passion for technology and science. In 2005, we advanced our goal to help cultivate innovation in the sciences by forming partnerships with five science centres – TELUS World of Science® [Vancouver](#), [Calgary](#) and [Edmonton](#), as well as the [Ontario](#) and [Montreal](#) Science Centres.

Over a period of 20 years, TELUS is investing \$43 million in these five science centres. As part of our investment, we support the Innovators Award Program, which identifies rising stars who work at each of the TELUS sponsored science centres across Canada. Recipients of the TELUS Innovators Award are chosen based on their demonstrated passion for continuous learning, new idea generation and courage to innovate. Each recipient receives a \$2,000 bursary to attend the Canadian Association of Science Centres Conference. In 2011, the conference was held in Sudbury, Ontario.

In October 2011, TELUS World of Science Calgary, opened its doors as TELUS Spark. The centre is the first purpose-built science centre in Canada in nearly 30 years. At nearly twice its former size, TELUS Spark features interactive exhibits and programs that will encourage generations of artists, scientists and technologists to push the bounds of their creativity. The centre is built to LEED Gold standard and is a great example of how TELUS engages with partners to demonstrate their commitment to sustainability.

To learn more about how TELUS supports education in Canada, visit telus.com/community.



| | | | |
|--|---|--|--|
| <p>TELUS Innovators</p> <p>TELUS is pleased to announce the 2011 edition of the TELUS Innovators Award. The award is presented to a young rising star from each of TELUS science centres across Canada: Edmonton, Vancouver, Toronto and Montreal.</p> <p>Each recipient receives the right to attend international conferences, has one year of TELUS bursary support and will attend the recipient's award ceremony at the Canadian Association of Science Centres Conference.</p> <p>The recipient's values are aligned with TELUS' value of being the Change Innovator and demonstrate an inclination or ability for a young person to contribute to society through innovation, social development, leadership or achievement.</p> | <p>Innovateurs TELUS</p> <p>TELUS est heureux d'annoncer la 11^{ème} édition des prix Innovateurs TELUS. Ce prix est décerné à un jeune élève de l'école de chaque centre des sciences TELUS à Calgary, Edmonton, à Vancouver et à Montréal.</p> <p>Chaque gagnant recevra le droit de participer à des conférences internationales, aura droit à une bourse TELUS pendant un an et participera à la cérémonie de remise des prix lors de la Conférence de l'Association canadienne des centres des sciences.</p> <p>Les gagnants ont le privilège de participer à des conférences internationales, auront droit à une bourse TELUS pendant un an et participera à la cérémonie de remise des prix lors de la Conférence de l'Association canadienne des centres des sciences.</p> | <p>Making the future ready for science innovators across Canada</p> <p>In 2011, TELUS formed partnerships with the science centres across Canada to help promote technological innovation and learning in science and technology.</p> <p>Over the next 20 years, TELUS is investing \$43 million in the TELUS World of Science centres in Vancouver, Calgary and Edmonton, and the Ontario and Montreal Science Centres.</p> <p>Awarding Canada's Young Innovators of Science Across the Country</p> <p>Actual Award des Innovateurs en sciences partout au Canada</p> <p>En 2011, TELUS a formé des partenariats avec cinq centres des sciences au Canada afin de promouvoir l'innovation technologique et l'apprentissage des sciences et de la technologie.</p> <p>À l'issue des 20 prochaines années, TELUS investira 43 millions de dollars dans les centres TELUS World of Science de Vancouver, de Calgary et d'Edmonton ainsi que dans les centres des sciences de l'Ontario et de Montréal.</p> | <p>Saluting the courage to innovate</p> <p>TELUS Innovators</p>  <p>Saluons le courage d'innover</p> <p>Innovateurs TELUS</p> |
|--|---|--|--|

HEALTHCARE

TELUS is committed to improving healthcare in Canada. We do this by connecting healthcare communities, enabling secure information sharing and by delivering advanced technologies and applications that turn information into better health outcomes. TELUS continues to invest in the healthcare sector through strategic acquisitions, such as [Wolf Medical Systems](#). The addition of Wolf electronic medical record technology for physicians rounds out TELUS' portfolio of world-class health record solutions including TELUS Health Space® (for the home and on the go via a smartphone or tablet) and Oacis (for healthcare institutions). TELUS is now uniquely positioned to facilitate the integration of health records from the home to the doctor's office and the hospital; ensuring critical health information is available to care providers over secure, wireline and wireless broadband networks wherever and whenever they need it.

TELUS also supports Canadian healthcare charities in an effort to improve healthcare outcomes. Following are two examples of our 2011 beneficiaries.

Upopolis

To reduce the loneliness and anxiety young patients often face during long hospital stays, TELUS partnered with [Kids' Health Links Foundation](#) to develop [Upopolis](#). It is a safe and secure connection to a young patient's family, friends, teachers and fellow patients. Upopolis is a multilingual platform designed to help kids from eight to 18 stay up-to-date with school work, have fun and entertain themselves, and ultimately create better health outcomes. Young patients can also access kid-friendly medical information, so they can learn about their medical condition and what they can expect during their hospitalization.



Upopolis is currently available at [McMaster Children's Hospital](#) in Hamilton, [B.C. Children's Hospital](#) in Vancouver, [Children's Hospital of Eastern Ontario](#) in Ottawa, [IWK Health Centre](#) in Halifax, [Sick Kids Hospital](#) in Toronto and at Lutherwood, a centre for mentally and behaviourally challenged youth in Waterloo, Ontario.

In 2011, we launched Upopolis in [Holland Bloorview Kids Rehabilitation Hospital](#) in Toronto.

TELUS Walk to Cure Diabetes

Through our sponsorship of the [TELUS Walk to Cure Diabetes](#), we help the [Juvenile Diabetes Research Foundation](#) (JDRF) raise funds to help cure type 1 diabetes. In 2011, we achieved our goal to increase fundraising by five per cent. More than 4,000 TELUS team members, friends, family and retirees



participated in the event, raising more than \$500,000. In total, TELUS and its team members have contributed more than \$5.7 million to JDRF since 1999 through corporate giving, sponsorship and team member fundraising and donations.

Our goal is to increase TELUS participation and fundraising in 2012 by five per cent.

TELUS Pedometer app

In 2011, we developed a free TELUS Pedometer app that helps participants train by measuring the duration of their walk or run, distance covered and number of calories burned. In 2012, TELUS will once again make the app available for participants who want to challenge themselves during training.



[Download the app now](#)

 <http://www.facebook.com/home.php#!/myJDRF>

To learn more about TELUS' support of healthcare, visit telus.com/community.



SPORTS

Canadians love playing and watching sports, and the TELUS team recognizes that sports programs are important to our young citizens as they mature. Our efforts to help kids and athletes play sports and keep active can be seen in local communities across the country.

H.E.R.O.S.

TELUS has supported the Hockey Education Reaching Out Society (H.E.R.O.S.) since 2004. H.E.R.O.S. provides boys and girls from economically challenged neighbourhoods an opportunity to play ice hockey. The premise of H.E.R.O.S. is to use hockey as a catalyst to encourage positive behaviour, self-esteem, commitment and perseverance. This outcome-based approach does not simply provide a place for these kids to play, but helps them transform and learn to be better kids and adults.

TELUS' goal for 2011 was to contribute \$350,000 to H.E.R.O.S. and support the establishment of a program in Montreal. As committed, TELUS supported 10 H.E.R.O.S. programs across Canada in seven cities, adding a third program to the Toronto chapter and opening a new chapter in Montreal. Since 2004, TELUS has contributed \$1.48 million to H.E.R.O.S.



Hockey Education Reaching Out Society

TELUS is achieving its plan to contribute \$1 million to H.E.R.O.S. from 2010 to 2012 in support of the establishment of more H.E.R.O.S. programs in Canada. TELUS' \$1 million investment will provide support for the continuation and operation of those programs. Funds will provide more on-ice instruction, equipment replacement, academic assistance, nutrition programs, field trips and mentor training. H.E.R.O.S will launch a new chapter in Ottawa during the winter of 2012.

To learn more about TELUS' support of sports organizations, visit telus.com/community.

ENVIRONMENT

The preservation and conservation of our natural environment has much meaning for Canadians and our TELUS team. We remain committed to reducing the overall environmental impact of our operations and take every effort to support causes that enhance the protection of wildlife and our natural habitat.

Tree Canada

In 2011, at a ceremony in Ottawa, [Tree Canada](#) formally recognized TELUS as an Ultimate sponsor for having contributed more than \$1 million over the course of a partnership that was initiated in 1998. Since our partnership with Tree Canada began, TELUS has assisted in the planting of more than 332,633 trees. In 2011 alone, TELUS gave \$262,625, which led to the planting of more than 98,833 trees.



TELUS' 2011 Tree Canada activities have also included:

- Becoming national sponsor of Tree Day and participating in more than 10 events spanning the country – from Antigonish County, Nova Scotia to Kamloops, B.C.
- Giving TELUS team members celebrating a milestone the option of having a tree planted in their name rather than another form of recognition
- Greening 12 school grounds in B.C., Quebec, Ontario, and Alberta
- Asking customers to consider having trees planted as part of our Summer and Holiday Perks program
- Supporting the B.C. Fire ReLeaf and Alberta Mountain Pine Beetle ReLeaf programs.

Nature Conservancy of Canada

The [Nature Conservancy of Canada](#) (NCC) is Canada's leading land conservation organization having protected 2.6 million acres of land and the species that live there, over the past 50 years. TELUS has partnered with NCC on various projects to help ensure that work continues and the lands are cared



for into the future. In 2011, TELUS reached the \$1 million mark in funding since 2009 for NCC.

As part of our agreement in 2011, TELUS ran a Facebook “new critter” campaign and for the first time Canadian species were added to the critter options. As a result, \$100,000 was donated to NCC in just six days through Facebook voting with Luna the Saw Whet Owl becoming the winner. Luna has been featured in many of our ads and has proven a successful addition to our critter family. The \$100,000 supports continued protection of the Saw Whet Owl and other species’ habitat.



In 2012, TELUS and NCC are continuing to work together to leverage their learnings from 2011.

BIXI Campaign with Heart and Stroke

BIXI is a program that aims to provide immediate access to public bikes as an alternative mode of transportation. The BIXI bikes are designed to complement public transit and are intended for one-way trips of less than 30 minutes. At the end of a trip, the bike can be dropped off at any of 80 downtown docking stations.

In 2011, TELUS became the key corporate sponsor and a national partner for BIXI's expansion. For every new BIXI membership purchased in Montreal, Toronto and Ottawa, TELUS gave \$1 to the Heart and Stroke Foundation in support of BIXI's commitment to building healthy communities. In total, TELUS gave \$34,590 to the Heart and Stroke Foundation.

Cause marketing and customer engagement

Consumers seek to do business with socially responsible organizations that contribute to their communities and the environment. We continued to advance our community investment strategy by offering our customers product and service options that result in a direct benefit to local charities. This enabled us to invest \$5.3 million in 2011 to strengthen the communities where our customers live.

TV for Good

When a customer signs up for Optik TV™, good things happen in their local community. Through our 2011 TV for Good™ campaign, TELUS gave \$100 to a local community project for every new TELUS TV® customer in participating communities. Since 2009, TELUS has contributed \$6.5 million to 35 local community projects in Quebec, Alberta and British Columbia.

In 2011, we launched 13 new campaigns. Our Victoria campaign, as one example, raised \$500,000 for the [David Foster Foundation](#) in support of



children in need of organ transplants. We did not launch 16 campaigns as targeted but instead chose to maximize the impact of our giving in 13 communities with strong campaigns.

Our goal for 2012 is to launch at least 12 new TV for Good™ campaigns.

The following are examples of TV for Good™ campaigns:

Chilliwack General Hospital Foundation

Through the campaign, TELUS donated \$170,000 in support of a new state-of-the-art emergency department, laboratory and pediatrics unit for the Chilliwack General Hospital Foundation in B.C. The new emergency facility triples its space, accommodating growth from 37,000 to 45,000 patient visits per year with special attention to child-safe and senior friendly areas.



**Chilliwack Hospital
& Healthcare Foundation**



"We are thrilled with the contribution and want to acknowledge TELUS as one of our Health Heroes; donors who share our passion to meet the challenges of healthcare by working with community stakeholders to educate, inspire and facilitate a healthier community. Thanks for caring, sharing and making a difference!"

— Donna Dixon, Director, Community Relations,
Chilliwack General Hospital Foundation

Northern Lights Health Foundation

The [Northern Lights Health Foundation](#) in Fort McMurray, Alberta benefited from a \$175,000 donation from TELUS. The funds were used to invest in a Pulmonary Function Test System, used to diagnose asthma and chronic obstructive pulmonary disease in adults and children. Funds also went toward the purchase of video and transnasal gastroscopes.



**NORTHERNLIGHTS
HEALTH FOUNDATION**



"TELUS is a shining example of the compassion, caring, and commitment needed to create change in our community. They are leaders and stewards of their industry, and their compassion is visible in their commitment to community enhancement and positive change. TELUS' generous gift will extend beyond the walls of our health facilities and out into the community."

— Dan Fouts, Chairman of the Board, Northern Lights
Health Foundation.

Association du cancer de l'Est du Québec

Thanks to the generosity of its Optik TV™ customers in the Lower St. Lawrence, Gaspé Peninsula and North Shore regions, TELUS was able to donate \$283,000 to the [Association du cancer de l'Est du Québec](#) (ACEQ) to cover accommodations at Hôtellerie Omer-Brazeau for individuals affected by cancer.



Tous unis, direction la vie!^{MC}

This donation allows the Association to offer a room for a modest \$20 per day, including breakfast and lunch, to cancer patients and those accompanying them. In addition, the company's financial support now provides each of Hôtellerie Omer-Brazeau's 38 rooms with high-speed Internet access, allowing patients to stay in touch with loved ones.



"For many families, the financial difficulties caused by a cancer diagnosis constitute a primary justification for keeping the accommodation costs at Hôtellerie Omer-Brazeau as low as possible. The support of donors such as TELUS is essential in achieving this goal, and we wish to convey our warmest thanks to our loyal partner over these many years."

— Paul-André Lavoie, President, ACEQ

To learn more about the TV for Good™ campaigns, visit telus.com/community.

Phones for Good

Launched in March 2011, TELUS gave \$100 to a local community project through our Phones for Good® campaign for every new smartphone customer in participating communities.

As of January 31, 2012, \$1.19 million has been donated to 12 communities across B.C. and Alberta. To learn more about the Phones for Good® campaigns, visit telus.com/community.

Our goal for 2012 is to launch at least 12 new Phones for Good® campaigns.

The following are examples of Phones for Good® campaigns:

Medicine Hat Regional Hospital

The [Medicine Hat Health Foundation](#) benefited from \$100,000 which will be used for the purchase of equipment to support children's health. These enhancements provide state-of-the-art medical equipment and technology,



creating a more home-like environment for friends and family to gather for strength and support.



“We are very excited at the Medicine Hat and District Health Foundation to be entering into this partnership with TELUS. This gift will go a long way in raising money for local healthcare which is a huge benefit to our community. At the end of the day it’s about connecting donor passions with identified healthcare needs to create healthier communities.”

— Michael Dolan, Chair, Medicine Hat Health Foundation

Canuck Place Children's Hospice

The \$100,000 raised by TELUS' smartphone campaign will help build a new [Canuck Place Children's Hospice](#) in Abbotsford, for B.C. children and teens facing life-threatening illnesses. This second location for Canuck Place will have 10 beds and five family suites to help meet the growing need for pediatric palliative care and reduce travel for the families who need it.



“TELUS is a significant friend to Canuck Place who supports us year-round with everything from event sponsorship for our signature Gift of Time Gala to technical support – and from telehealth to our telethon. TELUS employees and retirees donate hundreds of hours every year to ensure our success. In addition, employee giving is incredible and is matched dollar for dollar by TELUS. The creativity and generosity shown by the entire TELUS team will help us as we address the ever-increasing need for our services, particularly in the Fraser Valley region. This truly allows us to help the children embrace life.”

— Filomena Nalewajek, Chief Executive Officer, Canuck Place Children's Hospice

TELUS Go Pink

TELUS, the [Canadian Breast Cancer Foundation](#) (CBCF) and [Quebec Breast Cancer Foundation](#) (QBCF) partnered to launch the 2011 Go Pink campaign. This campaign raised funds to support breast cancer fellowships for research into the early detection and treatment of a disease that affects more than 23,000 Canadian women and men each year.

In October 2011, TELUS announced it would give \$25 for every pink BlackBerry Curve 9360 smartphone sold across Canada to CBCF/QBCF. The campaign raised over \$400,000 toward breast cancer fellowships.

The campaign also involved several innovative fundraising initiatives such as the Go Pink Facebook application that invited people to join the Pink Network™.

To date, TELUS has contributed over \$15 million since 2000 to help find a cure for cancer and support enhanced cancer treatments for all Canadians.

Junior Achievement

In 2011, TELUS launched the Built for Business campaign that met our \$250,000 fundraising target in support of [Junior Achievement](#) (JA). For every smartphone for business purchased in Toronto, TELUS donated \$50 to this registered charity.

TELUS team members also supported the cause, delivering two of JA of Canada's most powerful finance programs to more than 760 grade seven and eight students. Dollars with Sense is an age-appropriate introduction to personal finance and financial planning for grade seven students and Economics for Success is meant to inspire grade eight students to plan their careers and recognize the connection between staying in school and achieving their dreams. Forty-nine of our team members participated and more than 4,500 students across the Greater Toronto area have been positively affected by JA's programming.

Operation Enfant Soleil

[Opération Enfant Soleil](#) is a non-profit organization that was founded in 1988 to raise funds for pediatric care and run health-related programs for children in Quebec. The organization distributes funding to Quebec's four major pediatric centres: [Centre mère-enfant du CHUQ à Québec](#), [le CHU Sainte-Justine de Montréal](#), [Montreal Children's Hospital at McGill University Health Centre](#) and [le CHU de Sherbrooke](#). TELUS has partnered with Opération Enfant Soleil for 13 years, contributing over \$2 million since 1998. Our support has included:

- Supplying telephone lines, call centre equipment and dedicated volunteers for its annual telethon
- Selling TELUS critters during the holiday season
- Being a lead sponsor at its fundraising events.



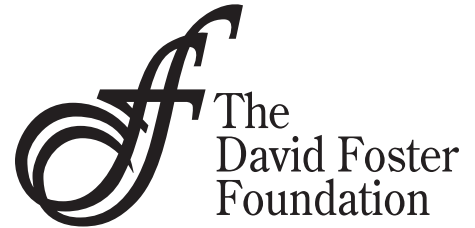
For eight weeks in spring 2011, a \$25 donation to Operation Enfant Soleil was made for all new activations of TELUS smartphones or Mobile Internet Keys made in the greater Quebec City area, greater Montreal area and Rimouski. The campaign raised a total of \$204,500 for this organization.

Updated video: [Watch now](#)

David Foster Foundation

Since 1986, the [David Foster Foundation](#) (DFF) has assisted more than 600 Canadian families with children in need of major organ transplants and has provided them the funds to help ease the financial burden associated with caring for a sick child. In 2011, TELUS donated \$500,000 to the Foundation as a result of our TV for Good™ campaign. TELUS also continues to support DFF through a Facebook campaign that donates \$2 for every new “like” on the Foundation’s page. To date, the campaign has produced 10,551 new fans and 11,551 new likes, which have led to an additional \$23,100 donation taking TELUS’ total contribution to \$523,100 in 2011.

The Foundation also educates Canadians about organ donor registration and despite its efforts, only 14 per cent of Canadians have registered to donate organs in the event of death while approximately 4,000 people each year are waitlisted for transplant surgeries, many of whom are children. To improve this outcome, TELUS will launch a series of initiatives designed to support organ donation programs in Canada. In 2012, TELUS will give \$100 for every new TELUS TV® customer in Victoria (to a maximum of \$100,000). Additionally, we are working with the Foundation to launch a new website called [DaysInWait.com](#). This innovative community site will enable Canadians to share their stories and experiences related to organ donation. With recent statistics indicating a nation-wide plateau of organ donation registrations, TELUS’ goal is to inspire Canadians to register with their provincial organ donation registry and help reduce the wait list for organ transplant surgeries.



Engaging our customers through social media

In 2011, TELUS continued to evolve our social media cause marketing campaigns, allowing TELUS to further engage customers online.

In 2011, TELUS was the first company in Canada to launch a community-focused Facebook Places campaign. For every person in Edmonton, Calgary and Vancouver who checked in at their local TELUS dealer via Facebook, TELUS gave \$20 to the local Boys and Girls Club in their community. This innovative use of the social media tool helped TELUS raise \$2,100 for the organization.

In May 2011, Canadians were invited to help select the next TELUS critter through an original Facebook application. There were 27 different critters to choose from, including some old favourites, such as the classic monkeys and hippos, and some exotic newcomers, such as the lion-tailed macaque and the red panda. As part of the campaign, TELUS pledged to give \$1 to the Nature Conservancy of Canada (NCC) for each vote submitted up to 100,000. The goal of \$100,000 was met within days of the campaign kick-off with over 460,000 total votes submitted.

Koodonation

Koodonation.com is Canada's first online microvolunteering community. This entirely not-for-profit, grassroots community was launched by TELUS' Koodo® in October 2011. The site allows individuals and Canadian charities to work together online through the concept known as microvolunteering. Microvolunteering gives web savvy Canadians the opportunity to help Canadian not-for-profit organizations, right from their computer.

A Koodonation™ Challenge kicked off the 2011 launch. Four schools competed in a wipe-out type event for a chance to win a monetary contribution for their charity of choice. Durham College won the Challenge and subsequently succeeded in signing up over 600 students from their school to Koodonation™. As part of the launch, a host of Canadian celebrities joined a media tour that provided good profile for the new site. The Koodonation™ story generated more than 90 media stories with an audience reach exceeding 22 million. Koodonation™ also partnered with Fundchange, sponsored by TELUS, and offered workshops for non-profits on social media. The response was overwhelming and both workshops were outsold.

The objectives for 2012 are simple – TELUS will grow the Koodonation™ community by getting more microvolunteers and non-profits signed-up, and increase the participation rate. By March 2012 the site had already gained 3,000 microvolunteers, 173 non-profit partners and had resolved 193 challenges since our launch.



Fundchange

In 2011, TELUS partnered with [Ideavibes](#) to bring [Fundchange](#) to charities across Canada. Fundchange is an on-line community, that through the use of social media, helps charities engage their next generation of donors through crowdfunding. Through Fundchange a charity can post a project with a maximum funding requirement of \$5,000, see it promoted and even funded within days or weeks. Like micro-financing, Fundchange gives the power of change to individuals and their peer to peer network who feel traditional fundraising and big campaigns are not for them and instead want to focus on doable asks or projects.



Charities apply to join Fundchange and enter a vetting process, including verification of their good standing with the Canada Revenue Agency. Once this has been completed, charities are then permitted to post projects, which are reviewed prior to “going live” to ensure projects are appropriately worded and abide by the Terms and Conditions set out by Ideavibes and TELUS to ensure the integrity of the site and the Fundchange brand.

For charities, Fundchange is easy to use, affordable, immediate and provides a doorway to potential funders - in particular to a new generation of funders. For funders, it is the gateway to a world of community projects and a simple tool for funding the ones that speak to their passions.

In addition to supporting the launch of [Fundchange](#), TELUS supported a number of social media and crowdfunding workshops across the country and held two matching campaigns resulting in more than \$100,000 being donated to charities through the site in 2011.

Humanitarian relief

Supporting emergency relief efforts everywhere

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

TELUS has a proud history of stepping in to help when disasters strike. Since 2000, TELUS has donated more than \$1.3 million to Canadian registered charities such as the Red Cross and the Salvation Army in support of humanitarian relief efforts in Haiti, Chile, Philippines, Newfoundland, Kelowna, B.C., and Japan. Disasters around the world affect us all.

In 2011, TELUS helped communities around the world affected by disasters:

- Initiated a nation-wide text-to-donate relief campaign when news of a 9.0 scale earthquake struck north-eastern Japan. TELUS also provided clients in Canada the opportunity to stay connected with their loved ones in Japan through free mobile calling and no-cost access to TV Japan for local news on the quake.
- Joined forces with Red Cross for African drought relief by enabling our customers to join the global relief efforts through text-to-donate capability. Thanks to our customers, \$133,000 was donated to various campaigns
- Supported local businesses in Vancouver with a \$50,000 fund dispersed to those who had sustained damage during the Stanley Cup riots in Vancouver but did not have insurance coverage
- Reached out to residents affected after fires burned through Slave Lake in northern Alberta. TELUS launched a text to donate campaign with the Red Cross, and our team members and dealers gave over \$70,000 in support of the residents. TELUS clients in Slave Lake welcomed free home phone services and wireless calling anywhere in Canada as well as loaner mobile phones, pre-paid phone cards and comfort kits to provide assistance to those in need during the crisis
- Brought aid when unusually high spring flooding affected thousands of family homes in Quebec, Manitoba and Alberta. TELUS helped by enabling our mobile customers to text donations to Red Cross.

For more information on current events, visit telus.com/community.

Team TELUS Cares

TELUS is committed to fostering a corporate culture of giving by engaging team members with structured volunteer and donation opportunities to help make a positive difference in the communities where we live, work and serve. Our company has a long history of community involvement and giving.

Since 2006, Team TELUS Cares has been motivating and mobilizing team members through four programs: TELUS Day of Giving™, Team TELUS Charitable Giving, Dollars for Doers and Fundraising Grants. New for 2011, we expanded our support of TELUS team members' contributions with the re-launch of the Fundraising Grants program. Through this program, TELUS will match the fundraising efforts of TELUS team members, up to \$500 each, per calendar year.

In 2011, TELUS, our team members and retirees contributed \$8.2 million of financial assistance and more than 555,800 volunteer hours to charitable and not-for-profit organizations across Canada. Although we saw a decrease in team member participation, financial assistance increased over 2010 as a

result of increased average donation amounts from Team TELUS Charitable Giving program participants and the introduction of the Fundraising Grants program. Volunteer hours recorded through the Dollars for Doers program were consistent with 2010.

TELUS DAY OF GIVING

Canada

TELUS Day of Giving™ brings together team members nationwide to make a positive impact on our local communities in Canada given our collective volunteer efforts. Additionally, it strengthens the spirit of our team by uniting people with a common goal of making a positive social or environmental difference. We held the 2011 TELUS Day of Giving™ on Saturday, May 28, donating 34,350 volunteer hours in a single day. More than 11,400 team members, retirees, family and friends participated in 300 activities in 34 regions across Canada in partnership with non-profit organizations. This represented an overall participation increase of nine per cent, exceeding our goal of 10,500 participants.

In 2011, the TELUS Day of Giving™ focused on sharing our passion for growing healthy and green communities and made the following impact:

- 541 bags of waste collected from river valleys, parks, and fields
- 10,295 meals prepared or served to the homeless and those in need
- 197,958 pounds of food sorted at food banks
- 7,696 trees and plants planted in parks and gardens
- 4,480 [Kits for Kids](#) assembled to provide school supplies to students in inner city schools
- 95,669 breast cancer ribbons tied for the [Canadian Breast Cancer Foundation](#).

Since its inception in 2006, TELUS Day of Giving™ has mobilized 53,000 Canadian team members, retirees, family and friends to volunteer at 1,250 activities benefiting the communities where we live, work and serve.

See what it means to participate in TELUS' Day of Giving around the globe. [Watch now.](#)

Philippines

The fifth annual TELUS Day of Giving™ in the Philippines, and largest-ever outside of Canada, took place on October 8, 2011 when almost



2,000 volunteers participated in nine community projects. Team members built houses for the homeless, planted trees and hosted activities for underprivileged children. As part of this special day, two simultaneous events were held with [Gawad Kalinga](#) (GK), an organization working toward the elimination of homelessness.

Since 2007, TELUS has significantly contributed to GK's cause, building 71 homes and a three-story multi-purpose hall in its first village and committing to build a second TELUS-GK village with 125 homes. Volunteers also visit the community every weekend to work with the residents to continue to develop the TELUS-GK village.

In 2011, over 2,500 team members and volunteers donated 4,900 hours in their community. Since 2007, TELUS International Philippines team members have volunteered more than 34,700 hours.

Central America

For the third year, three TELUS Day of Giving™ events took place at TELUS International locations in El Salvador and Guatemala. All events focused on youth and education, with TELUS team members building refurbished and improved schools for children.

More than 1,400 team members took part in TELUS Day of Giving™ in Guatemala City on October 29; 500 team members participated in Xela, Guatemala on October 30; and more than 1,200 team members participated in El Salvador on November 5. In total, 4,200 volunteers contributed 12,000 volunteer hours in 2011, benefiting Central American communities.

[Watch now:](#) The TELUS team in Central America rebuilding schools in Guatemala and El Salvador on TELUS Day of Giving™ 2011.

United Kingdom

Consistent with our spirit of volunteerism, the second TELUS Day of Giving™ event was held in Cannock, England in May 2011. Almost the entire team of 20, alongside other volunteers, cleaned up and gardened at the Kingswood Nursery and Infant Centre, an outdoor education centre for primary school students aged three to eight. The team's contributions included building a sun shelter and children's benches, rebuilding a log store, fencing, pruning trees, painting, gardening and landscaping the grounds.

United States

In Las Vegas, Nevada, more than 60 TELUS International team members and their families participated in the Ronald McDonald House Charities of Greater Las Vegas "Runnin' for the House" five kilometer run and one mile walk. Team members also participated in fundraising activities to raise more than \$1,800 for Ronald McDonald House Charities.



Goals for 2012

In 2012, our goal is to bring together 12,000 Canadian participants at TELUS Day of Giving™ events. In the Philippines, we will continue to build the second Gawad Kalinga village as part of TELUS Day of Giving and host other activities in the fall of 2012. Further, in Latin America, we intend to continue to support children and youth in both El Salvador and Guatemala. All other locations outside of Canada will set goals closer to their event dates.

TEAM TELUS CHARITABLE GIVING

Matching success

Making a donation directly to a charitable organization is one of the most effective ways to make a difference in our communities. Through the Team TELUS Charitable Giving program, we encourage team members, retirees, board members and TELUS service dealers to make charitable donations to the charities of their choice with TELUS matching dollar for dollar all donations to more than 50,000 eligible registered charities.

TELUS team members, retirees, board members and TELUS dealers contributed \$3.5 million to eligible charities in 2011, allowing us to give \$7.2 million collectively to more than 2,900 charities across Canada:

- \$3.54 million from program participants including team members, retirees, board members and TELUS dealers
- \$3.57 million match from TELUS.

Since 2000, TELUS has contributed \$56.9 million to thousands of community organizations across Canada. A snapshot of the largest contributions in regions across Canada are listed below:

Alberta

| | |
|--|-----------|
| Alberta Cancer Foundation | \$197,000 |
| United Way of The Alberta Capital Region | \$ 82,000 |
| Stollery Children's Hospital Foundation | \$ 64,000 |

B.C.

| | |
|---|-----------|
| British Columbia's Children's Hospital Foundation | \$185,000 |
| Union Gospel Mission | \$111,000 |
| BC SPCA | \$ 76,000 |



Saskatchewan and Manitoba

| | |
|---|----------|
| Arlington Beach Camp and Conference Centre Inc. | \$10,000 |
| The Children’s Hospital Foundation of Manitoba Inc. | \$ 3,000 |

Ontario

| | |
|--|----------|
| The Salvation Army Territorial Headquarters for Canada and Bermuda | \$78,000 |
| The Canadian Red Cross Society | \$60,000 |
| The Hospital for Sick Children Foundation | \$59,000 |

Quebec

| | |
|--|----------|
| La Fondation du Cegep de Rimouski | \$27,000 |
| Centraide du Grand Montréal Centraide of Greater Montreal | \$26,000 |
| La Fondation du Cancer du Sein du Quebec/Québec Breast Cancer Foundation | \$ 8,200 |

Atlantic Canada

| | |
|--|----------|
| Crandall University | \$20,000 |
| Cumberland County Transition House Association | \$ 5,000 |
| Prince Edward Island Humane Society | \$ 1,040 |

DOLLARS FOR DOERS

Rewarding volunteer commitment

For more than a decade, TELUS has rewarded individuals for personal volunteer work done throughout the year through the Dollars for Doers program. Team members who record a minimum of 50 volunteer hours in a year can direct a \$200 grant to the eligible charity or non-profit sports organization of their choice. Further, retirees that volunteer more than 200 hours can direct a \$500 grant to the charity of their choice.

In 2011 we recorded 555,813 volunteer hours, slightly less than the 557,000 recorded in 2010. In total, TELUS donated \$784,800 through Dollars for Doers in 2011 and since 2000, team members and alumni have volunteered 4.2 million hours in communities across Canada.

In 2012, our goal is for team members and retirees to record 562,000 volunteer hours.



Since 2000, team members and alumni have volunteered 4.2 million hours in communities across Canada.

FUNDRAISING GRANTS

The Fundraising Grants program aims to meet the ongoing needs and requests of team members to have their fundraising efforts matched by TELUS. Team members who fundraise for a Canadian registered charity can apply for TELUS to match their efforts up to \$500 in one calendar year, which can be split between up to three charities.

To ensure that a variety of events and charities can benefit from this program, a maximum of \$25,000 can be claimed for each charity, per year. For the TELUS Walk to Cure Diabetes -- given that it is our key fundraising event -- we match up to \$50,000 of team member fundraising efforts in support of the Juvenile Diabetes Research Foundation.

In 2011, TELUS donated \$280,900 to 197 Canadian registered charities in recognition of 786 team members who raised \$612,700.

TELUS Community Ambassadors

Community Ambassadors providing strength in numbers

TELUS has a large pool of retirees and team members who have a passion for volunteering. Through the [TELUS Community Ambassadors](#)[®], we provide a vehicle for their volunteerism as well as an opportunity for social networking. The program maintains the tradition of community giving that has been part of the telecommunications industry for more than 100 years.

In 2011, we increased our membership by 200, missing our goal of 300. Nevertheless, this means more than 2,500 retirees and team members were involved in the program through 21 local clubs – 11 in British Columbia, three in Alberta, five in Ontario and two in Quebec.

Our second goal was to produce 61,000 care items, an increase of five per cent over the previous year. We achieved an increase of 10 per cent, donating 63,582 care items valued at more than \$900,000, including:

- 12,314 comfort kits (personal hygiene items for the homeless and displaced families)
- 9,430 [Kits for Kids](#) (backpacks filled with school supplies for less fortunate children)
- 3,163 heart and lung pillows (for patients after surgery)
- 38,675 other items such as toques for premature infants, lap blankets and finger puppets.



 **TELUS**
community ambassadors[®]

In 2012, our goals are to enlist 250 new members to join TELUS Community Ambassadors® clubs across Canada and to produce 67,500 care items for people in need in our communities.

For more information, visit telus.com/community.

 <http://www.facebook.com/home.php#!/pages/Telus-Community-Ambassadors/155357271152140?sk=wall>

TELUS Lunches and Breakfasts

Through a company-sponsored volunteer program coordinated by the TELUS Community Ambassadors®, TELUS is helping to feed Canadians who are homeless or in need. This situation is particularly acute in Vancouver, B.C. In 2011, TELUS sponsored teams of volunteers to serve meals for two hours at:

- The Salvation Army Harbour Lights Centre in Vancouver's downtown eastside (every second Tuesday)
- The Union Gospel Mission in downtown Vancouver (every second Thursday)
- The Union Gospel Mission in New Westminster (every second Thursday).

Since 2007, 2,340 volunteers have served 81,120 meals through the TELUS Lunches and Breakfasts program at the Salvation Army and Union Gospel Mission. In 2012, we plan to continue facilitating this volunteer opportunity for the TELUS team.



Team members

Building on our strengths to support business growth

Engaging our team

Among our many efforts to be an employer of choice, TELUS invests in the development of our team and is focused on creating a workplace shaped by team member feedback. Despite economic challenges and intense competition, TELUS is in a position of strength and leadership thanks to the spirit of our team members. We are seeing growing momentum throughout the organization as team members rally together to deliver future friendly® experiences to our customers and create a behavioural paradigm that differentiates us from the competition. As a result, 2011 was an exceptional year, experiencing positive momentum across the key areas of our business.

Our efforts were evident in the results of Pulsecheck, our team member engagement survey that has been conducted by our third party survey administrator Aon Hewitt. In 2011, overall engagement increased from 57 per cent to 70 per cent. This remarkable 13 percentage point increase elevates TELUS into the highest engagement level, the best employer zone. These exceptional Pulsecheck results are reflective of the TELUS teams' passionate commitment to growth.

Team members and retirees also continued TELUS' legacy of volunteerism and charitable giving to the communities where we live, work and serve, donating more than \$7.1 million to more than 2,900 registered charities, over 555,800 volunteer hours and more than 63,500 care items in 2011 alone.

Moving forward, we will continue to deploy industry-leading communications products and services to our customers, help build healthier communities and enhance our work environment through the continued roll-out of programs such as Work Styles. In 2012, TELUS plans to raise engagement and support team members by:

- Improving work processes with team member input that should positively impact customer experience
- Delivering human resources expertise to enhance business operational effectiveness
- Providing financial and career support to team members displaced by organizational changes
- Supporting team member [wellness](#) and work life balance through access

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

to support services and wellness practitioners, health screening and improvement programs, our Active Living program and various health pilots

- Helping team members better manage their careers with tools such as the career web portal and offering learning opportunities through social media
- Furthering the adoption of the Work Styles program, which enables team members to work when and where they can be most effective, while reducing costs and environmental impacts
- Fostering a workplace that is inclusive and respectful of diversity, maintaining the momentum of the [Diversity and Inclusiveness Council](#) and five team member resource groups (Connections for women, Spectrum for lesbian, gay, bisexual, transgender and queer/questioning team members, Eagles for team members with Aboriginal backgrounds, TELUS Abilities Network for team members with different abilities and a New Canadian resource group supporting new Canadian team members)
- Providing ongoing opportunities for team members to give back to the communities where they live, work and serve through the [Team TELUS Cares](#) programs.

Working together

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

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

Human rights

We have a long-standing commitment to protecting and advancing human rights as outlined in our Ethics policy and reflected in our Respectful Workplace, Employment Equity and diversity practices. In 2010, TELUS became a signatory of the United Nations Global Compact (UNGC) reflecting our desire

to advance UNGC principles in the workplace and beyond. This commitment continues; and more detailed information is available in Communication of Progress.

We believe in providing inclusive and respectful workplaces for team members in Canada and our global operations. Within our international operations, we follow local legislation that protects human rights. Our policy is to go beyond what is required by local laws to protect our team members' rights.

Within Canada we comply with local laws and participate in groups such as [Assisting Local Leaders with Immigrant Employment Strategies](#), which supports efforts in Canadian cities to successfully adapt and implement programs that further the employment of skilled immigrants. We also work with agencies, such as the [Edmonton Region Immigrant Employment Council](#), and conduct annual meetings with [Human Resources and Skills Development Canada](#) and the [Canadian Human Rights Commission](#).

Our commitment to broader diversity goals dates back to 2004 when we first opened the TELUS Respectful Workplace Office. This office is dedicated to educating team members about behaviours that support equal opportunity for all and resolving workplace issues when they occur.

The [Diversity and Inclusiveness volunteer council](#) prepares an annual diversity report, that highlights workplace programs, affinity marketing, community investments and sponsorships in support of diversity at work and in our communities.

Achieving success through spirited teamwork

The success of TELUS depends on the abilities, experience and engagement of its team members. We live our values daily, in interactions with our colleagues, customers and communities, as we deliver on our brand promise – the future is friendly®. In 2011, our team increased its determination to serve our customers and communities and demonstrate compassion for others by strengthening our focus on our customers' experiences and participating in our community giving programs.

At the end of 2011, the Company employed approximately 41,100 TELUS team members (40,100 full-time equivalent or FTE employees) across a wide range of operational functions domestically and certain functions internationally. Contact centre operations at our Canadian and international locations support business process outsourcing services for our business customers. The Company also uses non-Canadian located TELUS International resources for certain internal operations to improve efficiency and to allow Canadian operations to focus on value-added services.



The Company expects that it has adequate employee resources to cover ongoing retirement, and ready access to labour in Canada and, for call centres and specific support functions, various locations internationally. TELUS complements its workforce with a contingent of contractors and consultants who provide unique skills to assist us in delivering a strong customer experience. This can range from providing constant network coverage to enhancements to systems and tools that our customers use.

Approximately 12,800 team members are covered by a collective agreement. The collective agreement with the Syndicat des agents de maîtrise de TELUS (SAMT), representing approximately 510 members, expired on December 31, 2011. The collective agreement with the Telecommunications Workers Union (TWU), covering approximately 11,250 employees, was successfully settled in 2011 and is in effect through 2015. Retention and hiring issues are expected to remain due to an increase in the number of competitors. TELUS aims to attract and retain key employees through both monetary and non-monetary approaches, striving to protect and improve engagement levels.

TELUS has in the last two years made discretionary additional pension contributions of \$300 million to maintain a strong defined benefit pension funding position (for participating team members) which is among the best in corporate Canada.

TELUS International employs approximately 13,300 team members. This is an increase of 4,900 in 2011 due largely to the purchase of control of Transactel. TELUS International delivers world-class contact centre, information technology and business process outsourcing solutions to some of the world's largest and most respected corporations in the financial services, consumer electronics, telecommunications and energy and utilities industries.

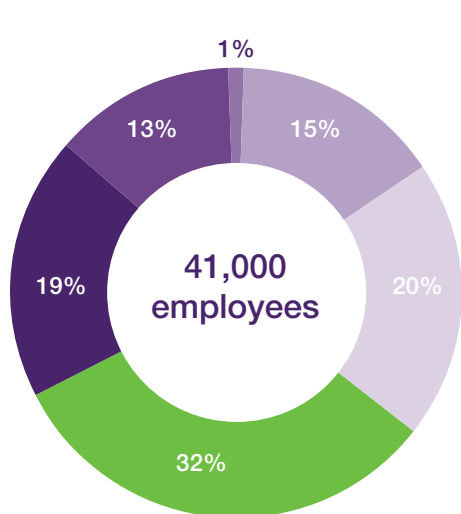
When crisis strikes colleagues or customers, TELUS team members rally together. Many residents of Slave Lake, Alberta, lost their homes and belongings in a devastating forest fire last May and endured flooding from heavy rain. TELUS team members donated more than \$70,000 to the Red Cross relief efforts. Additionally, teams in Fort McMurray and Grande Prairie demonstrated compassion by providing additional support to our customers and team members in the Slave Lake area during their time of need.

TELUS team members responded with creativity and considerable expertise, and were able to maintain service at a microwave relay site on Copper Mountain in December 2011. Bad weather damaged our radio antennae, which provides phone and Internet service to the entire B.C. northwest coast, including the Coast Guard, RCMP, health authorities, multiple First Nations communities, NavCanada and the Department of National Defence.

Who we are

At the end of 2011, TELUS employed approximately 41,100 team members (40,100 full-time equivalent or FTE employees) in Canada and internationally. Our team is representative of a diverse and inclusive environment – in terms of gender, sexual orientation, race, culture and diversity of thought. We believe this environment facilitates a broader exchange of perspectives and better reflects our true society.

Workplace demographics by location¹



Our people

- Ontario
- Quebec
- Other Canadian Provinces²
- Alberta
- British Columbia
- International³

The 41,000 members of the TELUS team serve our customers from locations across Canada and internationally.^{2,3}

1 As of December 31, 2011.

2 For Canada, other includes Manitoba (80), Saskatchewan (109), New Brunswick (84), Nova Scotia (120) and Newfoundland & Labrador (37).

3 For International, other includes Australia, South Korea, the Philippines, Guatemala, El Salvador, the United Kingdom and the United States.

Workplace demographics by team member type December 31, 2011

| Team member type | AB | BC | ON | QC | Other | Total ^A |
|--|--------------|--------------|--------------|--------------|---------------|--------------------|
| Regular (Canada) ¹ | 6,217 | 7,870 | 7,527 | 5,198 | 423 | 27,235 |
| Temporary (Canada) ² | 107 | 253 | 65 | 258 | 7 | 690 |
| Regular (International) ³ | - | - | - | - | 13,035 | 13,035 |
| Temporary (International) ⁴ | - | - | - | - | 123 | 123 |
| Total ^A | 6,324 | 8,123 | 7,592 | 5,456 | 13,588 | 41,083 |

1 For Regular (Canada), other includes Manitoba (78), Saskatchewan (107), New Brunswick (83), Nova Scotia (118) and Newfoundland and Labrador (37).

2 For Temporary (Canada), other includes Manitoba (2), Saskatchewan (2), New Brunswick (1) and Nova Scotia (2).

3 For Regular (International), other includes Australia, South Korea, the Philippines, Guatemala, El Salvador, the United Kingdom and the United States.




4 For Temporary (International), other includes team members in Central American locations (123).

Labour relations

The role of our unions

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

Union representation

| Group | Bargaining Unit | Management Professional | Total | % Unionized |
|---------------------|-----------------|-------------------------|--------|---|
| TELUS Wireline | 9,428 | 9,250 | 18,678 | 50%  |
| TELUS Wireless | 3,378 | 5,884 | 9,262 | 36%  |
| TELUS International | | 13,143 | 13,143 | 0%  |
| Total ¹ | 12,806 | 28,277 | 41,083 | 31% |

¹ As at December 31, 2011.

Collective bargaining

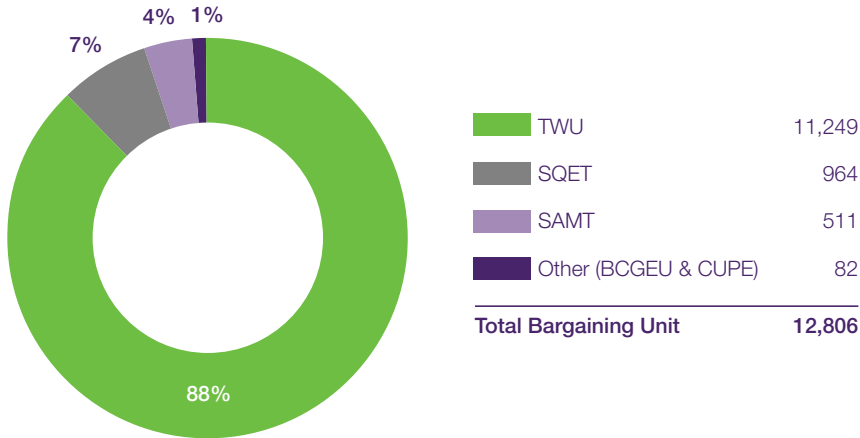
In October 2011, negotiations commenced to renew the collective agreement between TELUS and the SAMT. The agreement, which covers approximately 510 wireline professional and supervisory team members in Quebec, expired on December 31, 2011. Negotiations to renew the contract continue and the parties have scheduled additional meetings to discuss outstanding issues.

TELUS and the Telecommunications Workers Union (TWU) successfully concluded collective bargaining, reaching a tentative agreement on April 11, 2011 that was subsequently ratified by frontline team members in June 2011. The new collective bargaining agreement, which covers approximately 11,250 team members in the wireline and wireless businesses across Canada, will expire on December 31, 2015. Highlights of the new agreement include improved hours of work and scheduling provisions for frontline customer experience team members, improved ability to re-engage retired team members and provisions to enable continued participation in TELUS' At Home Agent and Work Styles programs.

TELUS Sourcing Solutions Inc. has two contracts -- one with CUPE, covering approximately 20 team members in Alberta, which expires on December 31, 2012, and one with the B.C. Government and Service Employees' Union (BCGEU), covering approximately 60 team members, expiring April 30, 2013.

The Syndicat Québécois des Employés de TELUS (SQET) contract, covering approximately 960 trades, clerical and operator services team members in TELUS' wireline operations in Quebec, expires on December 31, 2014

Bargaining unit team members by union affiliation



Forums for union consultation

Forums for consultations with the unions representing TELUS team members are included in the TELUS-TWU and the TELUS-SQET collective agreements. Additionally, TELUS endeavors to provide notice to its unions and affected bargaining unit team members pertaining to operational changes such as contracting out, technological change and mergers, acquisitions and divestitures. Notice requirements of such changes are contained in the collective agreements.

Diversity and inclusiveness

Thriving on diversity

At TELUS, we believe diversity is a key driver to success in the global marketplace and that diversity thrives when we honour the traditions, beliefs, lifestyles, abilities and perspectives of our team members. We also recognize the diversity of our customers and the importance of meeting their different preferences and needs.

In 2011, we:

- Developed a virtual learning platform that creates easy access for more of the TELUS team to understand the value of diversity of thought and being inclusive of all
- Formed a team member resource group for new Canadians, and the TELUS Abilities Network, supporting team members and family members with varying abilities
- Introduced a new TELUS Diversity and Inclusiveness Council for a two-year term, with representation from our Respectful Workplace Office, Employment Equity Committee, and each of our five team member resource

groups. Together, our council is made up of a diverse group of front line and management professional team members from across the country

- Introduced the CHLOE Awards to recognize the achievements and contributions of TELUS women across Canada
- Formed a partnership with the [First Nations Employment Society](#) to attract and retain a broader Aboriginal candidate pool
- Continued strategic partnerships with the [Canadian Board Diversity Council](#), [Pride at Work Canada](#) and other diversity-focused organizations
- Developed ongoing community investments and affinity marketing programs to better align and connect with our diverse customers and communities
- Established an [Accessible Customer Service policy](#) in support of [Customers First](#) and our commitment to an inclusive and respectful environment
- Joined the board of [Canadian Aboriginal & Minority Supplier Council](#) (CAMSC) and provided thought leadership to both CAMSC's leadership team and their constituents
- Developed specific leadership behaviours to drive accountability for diversity and inclusiveness, including sponsorship of programs and initiatives that build an environment of honesty, dignity and inclusiveness
- Hosted an information booth about diversity and inclusiveness at our May annual meeting of shareholders in Toronto.

Our commitment to diversity and inclusiveness was recognized in early 2012. For the fourth consecutive year, TELUS was named one of Canada's Best Diversity Employers in an annual ranking that recognizes the nation's leaders in creating diverse and inclusive workplaces.

The following are a few reasons why TELUS was selected:

- For developing and implementing a diversity strategy with the support of the TELUS Diversity and Inclusiveness Council
- For providing professional development opportunities for thousands of women at TELUS through Connections – the TELUS women's network
- For creating Eagles, an Aboriginal team member resource group at TELUS.

In early 2012, we will be introducing a supplier diversity program to improve the customer experience, encourage economic development and provide opportunities to diverse suppliers, such as businesses run by ethnic minorities, women and Aboriginals.

[Watch now](#) to learn more about TELUS' business case for diversity.

Employment equity

In Canada, TELUS is legislated by the federal Employment Equity Act. The purpose of this Act is to eliminate workplace barriers faced by four groups: women, Aboriginal peoples, persons with disabilities and members of visible minorities. We want our Canadian workforce to reflect the diversity in the

Canadian talent pool and provide equal opportunity through our diversity, respectful workplace and workplace accommodation programs.

We have continued to support and enhance our Employee Resource Groups, recruitment practices, job boards and the Diversity Inclusiveness Council. Through these efforts, we aim to remove any employment barriers impacting the retention of existing team members and the attraction of new team members from a broad cross-section of the workforce.

One of the ways we understand the diversity of the TELUS team is through an Employment Equity Survey. In 2011, we partnered with several business process owners to ensure that new TELUS team members have the opportunity to complete the survey during their orientation to the company. Team member responses to the survey ensure our demographics accurately reflect the TELUS workforce.

The representation rates for team members, who have identified themselves as having an Aboriginal background, are a visible minority or are a person with a disability remains constant on a year-over-year basis. Representation of women in non-traditional roles (e.g. as managers of installation and repair teams) remains constant, while the overall percentage of women working across most categories has declined slightly. We recognize the need to increase our representation of women in our workforce, therefore, in 2012, we will continue to highlight to women we are recruiting that we offer programs such as Connections – the TELUS women’s network, that assist women in their pursuit of excellence in their careers.



Workforce profile¹

| % | Canadian workforce availability ² | Canadian workforce actual representation for telecommunications ³ | ^A 2010 TELUS actual ^{4,5} | 2009 TELUS actual ^{4,5} | 2008 TELUS actual ^{4,5} |
|-------------------------------|--|--|---|----------------------------------|----------------------------------|
| Women | 42.5 | 39.7 | 37.5 | 37.5 | 38.3 |
| Members of visible minorities | 21.3 | 17.5 | 16.0 | 16.2 | 14.8 |
| Aboriginal peoples | 1.7 | 1.4 | 1.6 | 1.6 | 1.5 |
| Persons with disabilities | 4.6 | 2.0 | 3.0 | 3.1 | 3.1 |

1 Based on data collected for reporting under the federal Employment Equity Act. Figures for 2011 for TELUS are not available until it is approved by Human Resources and Skills Development Canada (late July).
 2 Canadian workforce availability refers to the percentage of the designated group (i.e. visible minorities, Aboriginal peoples, persons with disabilities, women) in the Canadian workforce who have the skills necessary to fill positions at TELUS. Based on 2006 Census data, this is the most current information available.
 3 Most recent data available. Canadian workforce actual representation for telecommunications carriers refers to the percentage of the designated group (i.e. visible minorities, Aboriginal peoples, persons with disabilities, women) who are employed at telecommunications in Canada. As reported in the 2009 Employment Equity Act annual report published by the Government of Canada.
 4 TELUS actual refers to the percentage of the designated group (i.e. visible minorities, Aboriginal peoples, persons with disabilities, women) who are employed at TELUS. Figures are calculated based on the voluntary completion of a survey and may not be representative of the actual percentage of TELUS workforce.
 5 Workforce profile percentages were calculated based on the completion of a survey and may not be representative of the actual percentage of the TELUS workforce.

In addition to Connections, TELUS has four other team member resource groups:

- Spectrum, which represents lesbian, gay, bisexual, transgendered and queer team members
- Eagles which represents Aboriginal team members
- The New Canadian resource group specific to new Canadians (new in 2011)
- TELUS Abilities Network for people with different abilities (new in 2011).

These resource groups provide an opportunity for individuals with a shared identity and their allies to come together for both personal and professional development. Team member resource groups can offer mentoring, networking, peer support, volunteering and coaching opportunities, while raising awareness about their identity internally and externally. TELUS plans to build on the programs offered in 2011 and continue to promote diversity in the workplace.

TELUS International is not legislated by an Employment Equity Act but works under similar principles to eliminate workplace barriers faced by any team member. We want our workforce to reflect the diversity of the country in which we gather our talent pool and provide equal opportunity through our diversity, respectful workplace and workplace accommodation programs.

TELUS International gender profile

| % of workforce | 2011 | 2010 | 2009 |
|----------------|-------|-------|-------|
| Women | 44.8% | 47.3% | 46.9% |
| Men | 55.2% | 52.6% | 53.0% |

TELUS International aspires to equal representation of women and men on our team as a fair reflection of society. We actively recruit and hire high-performing women, as well as encourage existing female team members to reach their full professional potential. TELUS is committed to developing top talent, promoting high-performing women, and offering programs and mentorship to encourage success in the workplace.

Connections – the TELUS women’s network

To engage and inspire women at TELUS in the pursuit of excellence in their careers, Connections provides personal growth, development and local networking opportunities. In 2011, Connections membership reached 3,100, surpassing our goal of 3,000 members.

In 2011, we held 90 local networking events, including 30 local outreach events, exceeding our goal of 85 total events. We also launched a national recognition program for women at TELUS – CHLOE (Connections Honours Leaders of Excellence), with nominations submitted by team members on behalf of deserving colleagues. One of the five categories – Champion of

Women – recognizes a male or female team member who has made a distinct difference to the advancement of women at TELUS. The 212 nominees and the 34 winners – 31 women and three men – were recognized at CHLOE events in Burnaby, Toronto, Montreal, Calgary, Rimouski, Edmonton and Quebec City.

Through Connections, TELUS sponsors the [Women's Executive Network](#) (WXN), which creates and delivers innovative networking, mentoring, professional and personal development for women in business.

Our goals for 2012 include increasing membership in Connections and our WXN Wisdom mentoring program, hosting of the CHLOE awards, 90 local networking events, 30 local outreach events and 34 WXN breakfast networking events.

Feedback from a few CHLOE winners



"This is an incredible gift. The recognition I received from my team and the way everyone made me feel at the event in Montreal is something I will carry with me always."

— Geneviève Marcoux, HR Business Partner Director



"I was delighted and honoured to be recognized at such a prestigious even with a group of talented and amazing team members. I was also thrilled that my family, manager and members of my team attended the event to show their support and cheer me on, including my two-year-old daughter."

— Cesarina Primi, Senior Client Project Manager



"I was very humbled by both the nomination and the CHLOE award. I appreciate the support I receive from TELUS that enables me and all of the other volunteers within TELUS who are so giving of their personal time for the worthy causes in our communities."

— Katy Alkins-Jang, Manager, Client Service Management

Watch and listen to female team members within TELUS about the importance of recognizing women in the workplace. [Watch now](#)

Strengthening our leaders

TELUS Leadership Philosophy

The TELUS Leadership Philosophy (TLP) continues to be a unifying framework for all team members. It fosters a leadership culture by engendering consistent behaviours and practices for performing, managing and leading across TELUS. This philosophy recognizes that everyone at TELUS has an important voice in our business and through our collective leadership we make TELUS the recommended provider of home, mobility and business solutions and a great place to work. This is an important shift from leadership that is based on a team member's position in the organization. Ours is a culture where all team members are encouraged to take the lead.

The TLP encompasses a myriad of leadership development programs and offerings for all team members including Food for Innovative Thought (FIT). FIT is a learning series designed to help team members take responsibility around their leadership capabilities and careers at TELUS. Year-over-year growth in the TLP's specific formal, informal and social learning opportunities has been demonstrable and has helped drive overall team member engagement from 57 per cent to 70 per cent. Furthermore, due to the various leadership offerings available to team members, the learning and development satisfaction metric rose in 2011 from 59 per cent to 70 per cent.

TELUS offers team members the following learning and development opportunities:

Leading Your Team — The Fundamentals

The goal of Leading Your Team --The Fundamentals, is to provide new leaders with an in-depth overview of the TELUS-specific leadership processes/ tools. The course is also focused on a leader's accountability for successfully engaging and building relationships with their team members. The program includes virtual instructor-led offerings and self-directed learning opportunities. It also offers leaders the opportunity to informally connect with senior leaders through fireside chats, where seasoned TELUS leaders share personal and professional experiences on leadership, career growth and connecting with our customers.

In 2011, we saw over 600 course completions and thousands of page views on our self-directed learning portal. In 2012 this offering will include the ability for new team leaders to select tasks using an online handbook, similar to a passport format, to help step into their support role and enable long-term success.

Coaching — The Fundamentals

Introduced in 2011, Coaching -- The Fundamentals, is a highly interactive leadership program designed to provide leaders with practical experience applying the tools and ideas for the leadership challenges they will face. These tools assist leaders in building motivated and engaged teams, coaching partnerships with team members, ensuring accurate and relevant performance observance and achieving better results with the resources available to them. In 2011, 609 leaders completed the program. This program will continue to be a focus for our leaders in 2012.

Communicating for Success

The design and development for a new offering called Communicating for Success began in 2011. This leadership development initiative will be launched in April of 2012 and will focus on four key areas of development for all TELUS team members: Delivering Presentations, Communicating with Presence, Facilitating Meetings and Writing Effectively. Each development area will offer an array of learning opportunities that include both formal and informal methods.

Emotional and Social Intelligence (EASI)

This course is based on Daniel Goleman's five hallmarks of emotional and social intelligence and focuses on improving business results grounded in authenticity. The program links to the TLP and provides a framework that supports team members' personal navigation system for continuous, life-long learning. The program is offered across the organization in both face-to-face and virtual instructor-led formats.

Leadership NOW

The Leadership NOW program is a career development initiative that recognizes and invests in the development of our top leadership talent. Existing and high potential leaders are nominated based on meeting eligibility criteria around their performance, display of the TELUS leadership values and impact they have on our strategy. This 12-month program provides targeted formal, informal and social development opportunities which focus on key leadership competencies to support the ongoing success of our leaders.

Leadership NOW falls under the banner of the TLP and aligns to our [values attributes](#) and commitment to Customers First. The objectives of the program are to:

- Provide a continuous flow of high potential talent into TELUS' leadership pipeline
- Build our internal and external leadership brand and capabilities to increase our competitive advantage
- Develop high potential talent that will support our commitment to Customers First and drive sustainable bottom-line results



- Develop strong leaders who will continue their development and mentor the next generation of leaders
- Advance TELUS' high performance and business ownership culture
- Increase levels of commitment, engagement and intent to stay with TELUS
- Ensure the TELUS leadership values are consistently exemplified in everything that we do and that we continue to foster their growth and evolution

In 2011, 772 individuals from across the country participated in Leadership NOW, which was an increase of 200 from 2010. Respectively, this included an increase in female participation in both the Emerging Leader Tier (up by 66 participants) and a slight increase in the Manager Tier (up 6 participants), with total representation of female leaders in the program staying at a consistent 35 per cent.

In 2012 we will continue to invest in our high potential talent through new curriculum while leveraging the experience of internal subject matter experts. By enhancing the Leadership NOW community, we will provide increased opportunities for collaboration, peer coaching and knowledge-sharing. Trending for future Leadership NOW programs shows a slight increase in overall representation of female leaders in the program.

2011 Leadership NOW participation by tier

| Tier | 2011 | 2010 |
|-------------------------|------------|------------|
| Emerging Leaders | | |
| Female | 158 | 92 |
| Male | 257 | 209 |
| Total Emerging Leaders | 415 | 301 |
| Managers | | |
| Female | 116 | 110 |
| Male | 241 | 161 |
| Total Managers | 357 | 271 |
| Grand Total | 772 | 572 |

Senior Leadership Forum

TELUS vice-presidents, senior vice-presidents and our Executive Leadership Team attend the annual Senior Leadership Forum (SLF), designed to further strengthen the effectiveness of our senior leadership team, enhance personal leadership competencies and motivate our company's key decision-makers to think and perform at a world-class level. The program structure is built upon themes and content from previous years' and new corporate priorities.

In 2011, we continued to focus on the customer experience and delivering on our brand promise. We expanded the program to include approximately 400 of our highest performing directors who would have otherwise attended the Directors' Leadership Forum. Merging these two executive development

sessions helped foster collaborative discussions on our business and reinforce important connections across our most senior levels of leadership.

Individual sessions were held in Montreal, Toronto, Edmonton and Vancouver with team members attending the session in their home province. This allowed participants to experience regionally focused sessions whereby leaders could connect and engage with one another on best practices while developing strategies specific to their local areas. It provided an opportunity to build upon existing relationships within our team to ensure we work collaboratively to enhance the execution of our strategy and delivery of customer service.

Launching the Directors' Leadership Forum brought the Senior Leadership Forum program content to all directors that did not attend the SLF, as well as all high-potential manager level team members in the Leadership NOW program. There were approximately 500 participants and each of the regional sessions in Montreal, Toronto, Edmonton and Vancouver was hosted by one of our executive team members.

TELUS International Leadership Forum

In 2011, we hosted the annual TELUS International Leadership Forum, a four-day learning session for senior leaders across TELUS International operations, the United States, Guatemala, El Salvador, the Philippines and Canada. The 2011 forum encouraged leaders to identify how our team's diversity will help us achieve our corporate priorities and drive future growth.

We hosted intensive, full-day sessions, using international speakers and our own team member experts. Sessions focused on:

- Effective use of social media in driving an enhanced customer experience
- Building teams across disparate geographies
- Cross-cultural communications and building trust
- Leading through organizational evolution
- Sharing key learnings on achieving customer experience excellence.

Participation in the Leadership Forum also provided the opportunity to join the local team for the TELUS Day of Giving™ in Manila on October 8, 2011. The team built homes in the second TELUS-Gawad Kalinga village.

LEAD

In 2011, TELUS International Philippines continued to offer high-performing team members the opportunity to participate in LEAD, a targeted development program to progress frontline team members to management roles. The program's design is based on Planning, Leading, Organizing and Controlling (PLOC), a management framework that leads to positive results. The LEAD program was established to position team members for success as they take on more responsibility in the organization.

Since its launch in 2006, almost 1,000 TELUS International Philippines team members have graduated from the LEAD program.

Ownership

Ownership is a management development program offered by TELUS International Central America (TICA). The Ownership program is based on a strong business ownership culture, where team members manage their work and their teams as if they were business owners themselves. This teaches leaders to practice sound financial decision-making and always operate in the best interests of the company. Ownership develops the right skills and techniques for leaders to be successful, both at TICA and beyond.

TELUS International University

In 2011, TELUS International Philippines expanded TELUS International University (TIU) by adding a new education partner, Asia Pacific College. TIU in the Philippines now includes three education partners with over 80 students enrolled, with an expectation of over 250 students in 2012. The program in Central America includes three education partners with more than 650 students enrolled, with an expectation of 10 per cent growth in 2012. TELUS International University provides team members with a cost-effective opportunity to earn college degrees in various fields while working.

Lifelong learning and collaboration

Through the TELUS Leadership Philosophy (TLP) and Learning 2.0 (both launched in 2010), our team member learning practice offers a collaborative, connected and continuous journey where we employ many different types of education, from classroom, online learning, books and coaching to user-generated content, such as videos, blogs, micro-blogs and wikis.

As the TLP evolves over 2012, we will continue to explore innovative ways to instill this philosophy and expand on the delivery of effective leadership development while managing costs.

Josh Blair, executive vice president – Human Resources provides a brief overview of the TLP and explains how it supports our culture and contributes to our success.

[Watch now](#)

Throughout 2011, we saw a rapid rise in participation through the use of social learning as well as a resulting increase in job-related performance. Online corporate learning opportunity visits and interactions increased by six per cent. In 2011, we surpassed our Return on Learning target by a basis point achieving a 69 per cent score (average of our four quarterly results).




Among the learning opportunities we offered in 2011 were:

- Engaging Conversations – A personal leadership webcast series designed to support team members in owning their careers and growing their leadership skills. More than 200 team members attended
- Food for Innovative Thought (FIT) – FIT is a learning series, under the banner of the TELUS leadership philosophy, designed to help team members take responsibility around their leadership capabilities and careers at TELUS
- Strategic Negotiations – Strategic negotiating skills can be taught and, with practice, can become habit. This course presents an effective approach that is flexible for the individual and situation
- Presenting and Influencing New Ideas – Participants in this workshop develop skills that improve their communication in meetings, on the phone and in traditional presentation sessions
- SkillSoft and Books 24x7 – This online learning opportunity makes videos, courses and books available to all team members at any time. In 2011, team members accessed a variety of learning options including over 1,500 video-based programs, 13,000 online books for an estimated 233,618 pages read, over 2,600 business skills courses, printable job aids and much more
- Career Development Portal – More than 1,000 pages of interactive information about Career Paths, Learning Paths and Career Guidance exists. In 2011, the portal registered 215,000 page views
- Lead and Grow – For four to six weeks, this series gave team members a forum to learn and share thoughts and opinions about collaboration, products and services, Customers First initiatives and quality.

Our learning and collaboration space continues to be one of the top 10 sites visited by team members. It helps team members, leaders and learning professionals understand Learning 2.0, development options, and resources supporting learning/career development. It includes a manager support guide, information on developing learning plans, and maximizing learning investments as well as a centralized link list to help TELUS team members find information easily. The site is now the standard entry point for all learning inquiries, streamlining the process for learning and collaborating at TELUS.

In 2011, TELUS continued to support the learning requirements of the business, enabling team members to excel in their roles through formal, informal and social learning opportunities. We exceeded our targeted spend by \$0.8 million for the year and we look forward to supporting our team members' growth and development in 2012 with an increased budget commitment.

Learning investment¹

| \$ in millions | 2012 Budget | 2011 ² | 2010 ² | 2009 ² |
|----------------|-------------|--|-------------------|-------------------|
| Amount spent | \$23.1 | \$20.4  | \$17.0 | \$22.3 |

1 Does not include TELUS International.

Formal learning courses completed¹

| Estimated completion (000s) | 2011 | 2010 | 2009 |
|-----------------------------|------|------|------|
| e.Learning | 256 | 216 | 137 |
| Instructor Led | 48 | 30 | 52 |
| Total | 304 | 246 | 189 |

1 Does not include TELUS International.

Return on Learning

The Return on Learning metric is gathered through an online survey distributed to 8,000 random TELUS team members at the end of each quarter. The survey asks team members whether the formal, informal or social learning that they have taken has helped their performance on the job over the previous period.

Through baseline surveying in 2009 and 2010, we established our initial target of 68 per cent for 2011. We exceeded our target with a score of 69 per cent. Our target for 2012 is 71 per cent.

| Year | 2012 Target | 2011 Actual | 2011 Target | 2010 Actual | 2009 Actual |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Return on Learning | 71% | 69% | 68% | 63% | 66% |

External recognition

In 2011, we received two awards for innovation in learning:

- For the sixth time, TELUS received a [BEST award](#), the American Society of Training and Development's highest recognition. TELUS was one of only 32 companies from around the world to be recognized and the only Canadian organization that has won the award more than twice. Winners demonstrate enterprise-wide success through employee learning and development activities that are clearly aligned with business goals that drive execution on strategy.
- For the second consecutive year TELUS received the Corporate University Leader of the Year award by the [Corporate University Best-in-Class Awards](#) (CUBIC). The CUBIC awards were established to honour, recognize and promote internal training organizations and corporate universities that set standards of excellence in a variety of categories.



Welcome to TELUS

This program provides a comprehensive overview of our history, strategy, tools, culture and performance expectations, including an introduction to the TLP, Customers First and the four TELUS values. The overview defines the code of conduct and behaviours that TELUS expects to see demonstrated by all team members on a daily basis.

In 2011 the program expanded to introduce the Welcome to TELUS Passport, an online handbook to support new team members through their first 90 days. The wiki introduces the social tools available and includes a learning gallery and guide about TELUS' culture, career, incentives and tools.

New team members can access the program information and attend sessions from their own locations without incurring travel costs. The three-day session includes guest speakers from the business who not only share information about TELUS, but also about their own personal journey at TELUS. These sessions use a blend of virtual learning platforms in order to introduce tools team members will use in their new job, including live meeting, conference calling and social networking. In 2011, we delivered 21 sessions to 906 participants.

Welcome to TELUS program components are also made available for regional customization to new team members internationally.

Scholarships

Our commitment to education

As a major employer of educated Canadians, TELUS has a stake in helping Canadians access post-secondary education. Accordingly, TELUS offers post-secondary scholarships to dependent children of current TELUS team members. Our program provides:

- 12 awards of \$2,000 each for full-time students entering the first year of their first bachelor's degree program
- Two awards of \$5,000 each for full-time students currently enrolled in post-secondary studies in engineering, communications, information technology, computer science or business at the bachelor's or master's level.

These awards are available for one academic year. Candidates are selected by a committee of Canadian university and college representatives chosen by the Association of Universities and Colleges of Canada.

Academic performance, extracurricular activities or volunteer/community involvement and the quality of reference letters submitted are the primary criteria when evaluating applications.

In 2011, we processed 87 applications and 14 winners were chosen. In total, TELUS provided \$34,000 in scholarship funding.

In 2012, we intend to maintain the program with no changes planned.

Collaboration

How we learn and grow together

Across the organization, TELUS team members continue to embrace social media tools to connect and collaborate about our business, new ideas and industry trends, which is encouraging innovation and increasing engagement.

In 2011, we introduced several new and enhanced social media capabilities to our corporate intranet, Habitat. Some highlights include:

- Habitat Social was launched as the gateway to collaboration capabilities at TELUS. Through this suite of tools, team members can discover wikis, blogs, micro blogging and video sharing all in one place.
- Habitat Social also includes best practices on how to use these internal social media platforms, and then lead others to drive adoption and engagement across the TELUS team
- TELUS' internal micro blogging community, Buzz, grew to more than 15,000 members
- Team member video sharing continued to grow in 2011 with more than 700 videos uploaded
- Team Sites and MySites, powered by SharePoint 2010, were rolled out to the TELUS team in October. MySites encourages informal networking and skill sharing across the organization, and will be the foundation for a personalized team member experience.

There will be an increased focus on collaboration in 2012, as teams leverage social media tools like Microsoft SharePoint to strengthen connections and enhance work processes. To learn how we are using social media to interact with our customers, visit the Customer section.

To learn more about TELUS' internal approach to social media. [Watch now.](#)

Closer to the Customer

In 2011, as part of our focus on putting customers first, 1,600 leaders participated in a one-day Closer to the Customer (C2C) event providing them with an opportunity to listen to our customers and learn from our frontline team members – enabling them to draw a line of sight from the customer to their roles and decision making process. Since the first C2C event in 2010, more than 40 process or policy changes have been implemented, contributing to the significant seven per cent improvement last year in our consumer market Likelihood to Recommend score. This has presented itself as a

great opportunity for team members to listen and learn and recommend and implement solutions that will benefit our customers. In addition, this program has allowed team members to collaborate with their colleagues, increase their understanding of our business and to further develop their leadership skills.

HR Closer to the Customer

C2C events will continue in 2012. The Human Resources (HR) leadership team will leverage the success of these events by introducing a C2C event where HR leaders will spend a half-day with a frontline colleague in an operational area of HR. The aim of this initiative is to strengthen team member engagement and enhance the customer experience across the organization.

Engagement

A commitment to team member engagement

We believe increased team member engagement leads to enhanced individual, team and corporate performance. Since 2001, we have measured engagement using the [Aon Hewitt](#) web-based engagement survey, called Pulsecheck.

Each year, all team members are invited to participate in the voluntary and confidential survey. Survey results help us identify areas that we need to focus on to continue being a great place to work. After the survey results have been published on our company intranet, teams develop and implement action plans to address areas of improvement. Importantly, engagement results are included on our corporate scorecards with status reports and updates provided during regular business unit reviews.

Team members in TELUS International Philippines complete the same Pulsecheck survey as their Canadian colleagues, although it is run as a separate survey. For the first time, team members in Guatemala and El Salvador could complete the survey in English or Spanish.

We experienced high participation levels at the completion of every survey – domestic and international. In voluntary engagement surveys, it is rare and suggests many TELUS team members continue to be interested in expressing opinions about engagement and see evidence of action based on their feedback.

TELUS in Canada

In 2011, overall engagement has increased from 57 per cent to 70 per cent. This remarkable 13 percentage point increase from 2010 elevates TELUS into the highest engagement, best employer zone of organizations with



engagement scores of 65 per cent or higher. Our third-party engagement partner, Aon Hewitt, has congratulated the TELUS team as they cite four or more percentage points as a significant one-year increase. Furthermore, they have confirmed “TELUS is the only company, of its size and percentage of team members covered by a collective agreement, in Canada to achieve an engagement result of 70 per cent within their highest zone.”

In 2011, TELUS domestic team member participation in the Pulsecheck survey was 82 per cent, up six per cent from the 2010 and 2009 levels.

TELUS International Philippines


Results from the 2011 Pulsecheck survey yielded an engagement score of 70 per cent, a decrease of four per cent from 2010. Participation in the survey was 69 per cent, up 11 per cent from 2010.

TELUS International Central America

Results of this initial survey showed an engagement score of 65 per cent and a high participation rate of 86 per cent.

All other TELUS International entities, except our South Korean joint venture, rolled up under the overall TELUS 2011 Pulsecheck domestic survey.

Engagement results and targets

| | 2012 Target | 2011 Results | 2011 Target | 2010 Results | 2010 Target | 2009 Results | 2009 Target |
|--|----------------|---|----------------|-----------------|----------------|-----------------|----------------|
| TELUS in Canada | 76% | 70%  | 59% | 57% | 56% | 54% | 62% |
| TELUS International Philippines | 74% | 70% | 76% | 74% | 73% | 71% | n/a |
| TELUS International Central America | 69% | 65% | n/a | n/a | n/a | n/a | n/a |

Engagement levels are aligned with our success in the marketplace across all segments of our business.

Based on survey feedback, we will maintain our focus on the areas where we have the most potential for improvement in engagement over the next year: work processes, career opportunities, performance development and compensation.

Not satisfied with the status quo, we are looking at increasing targets for 2012, in all areas of our business. The TELUS domestic target increase of six per cent focuses on our desire to reposition our ‘nearly engaged’ team members to the fully engaged category by fall 2012. Internationally, we have chosen to increase our target by four per cent for 2012, based on the relative newness of the survey and recent focus on engagement improvement in this area of our business.

Performance culture

TELUS is focused on critical engagement drivers to develop, enhance and sustain policies, processes and programs to increase team member engagement and organizational performance. This focus allows us to continuously enhance the TELUS work experience for our team members.

Recruitment

TELUS' hiring processes are designed to be rigorous and standardized. We leverage a variety of tools and resources including job boards and professional networks such as Eluta.ca and LinkedIn to actively source and select qualified candidates. We are committed to ensuring our candidate pools are diverse and mirror the customers and communities we serve.

Voluntary turnover

In 2011, the average voluntary turnover of all domestic team members tracked in our primary Human Resource Management system was 8.6^A per cent, compared to 7.6 per cent the previous year. Increased competition for talent in certain regional labour markets had a noticeable impact on turnover rates. In 2012, our target is 8.2 per cent, which is lower than the 2011 Conference Board of Canada communications/telecommunications average voluntary turnover rate of 8.8 per cent.

Some of the TELUS programs and initiatives that help attract and retain team members are:

- Career resources including an online development tool to be completed annually
- Recognition such as Bravo, Passion for Growth awards, TELUS Legends and Customers First Champions
- Performance development through semi-annual reviews and objective setting
- Learning through a diverse offering of programs
- Corporate Social Responsibility practices that allow team members to make a difference in their communities
- Performance-based compensation plans that allow sharing in company success
- Mid and long-term incentives for key talent/high-performing team members.

As TELUS International is a global leader in business process outsourcing and contact centre solutions, the majority of these positions are in contact centres. In the Philippines and Central America, where the majority of TELUS International operations are conducted, contact centre positions are desirable professional roles, attracting candidates who possess or are working to acquire post-secondary education and are fluent in English. As a result, these

positions pay a substantial premium over the local legislated minimum wage.

In terms of filling senior roles, TELUS International's policy is to hire either candidates from within the local TELUS International team or candidates from the local market wherever we operate.

Performance development

To supplement ongoing coaching and development, team members and their supervisors have an annual formal performance review and a mid-year performance discussion. Through an integrated, online system, we are able to standardize the establishment of clear personal objectives, including threshold and stretch targets. The system also enables the company to establish a Customized Career Development Plan for every team member to help them excel in their role and prepare for their future career aspirations. Team members, working with their managers, create these plans, which include a variety of learning activities, such as on-the-job training and development, mentoring, job shadowing, online and instructor-led courses and external training.

The Personal Performance Review process clarifies team member performance relative to established objectives and allows for identification of development areas to continuously improve performance. Career development at TELUS spans the employment cycle of team members, from their induction at time of hire, to their in-role development and future participation in high potential programs and longer term career progression

Formal comparative ranking is only done for management team members and a small subset of unionized team members. As part of the annual performance cycle at TELUS, individual team member performance is reviewed and discussed at the next upper management level. As part of this review, comparative ranking is also done to ensure relative alignment of performance scores across the different parts of TELUS.

Total Rewards

Our total rewards philosophy is central to the company's ability to succeed because it enables us to attract and retain the best talent in a competitive marketplace. Furthermore, our pay-for-performance methodology helps ensure that appropriate differentiation takes place, based on meeting objectives and living the TELUS values as the way to achieve those objectives.

Pay

Our compensation package is market focused and flexible. It allows us to identify and recognize individual contributions and competitive skill sets. We offer a highly competitive, market-based compensation package aligned with similar high-tech companies and national organizations with revenues of more



than \$1 billion. To remain market competitive, we review compensation levels annually or as required.

TELUS' cash compensation includes base salary and performance bonuses and/or sales incentive programs, which allow team members to share in the risk and reward of running the company. In addition, we provide medium-term and long-term share-based incentives (restricted share units and/or option awards) for high-performing and high-potential team members. Setting individual team member salaries, initially and annually through reviews, is tied to performance reviews that are applied equally to all management professionals at TELUS. Our strategy is to pay team members within ranges that factor in their performance and potential rating. High performers at TELUS are targeted to be paid at or above the 75th percentile for total compensation over time.

Terms and conditions (including wages) for all team members covered by a collective agreement are negotiated between the parties. TELUS' entry level wage in Canada is above the median of provincial minimum wages by 20 per cent.

The base wages received by TELUS International Philippines team members are more than 35 per cent higher than the Philippines National Capital Region Minimum Wage and this range increases in line with team members' level of contact centre experience. TELUS International Philippines also provides supplementary income to team members who have certain technical and language skills and grants various allowances for meals and transportation.

The approach in 2011 balanced the ongoing need to manage our costs with providing competitive total compensation, rewarding outstanding performance and responding to feedback about pay that we receive from team members through our annual Pulsecheck survey.

Team member performance bonuses are based on a fixed pool drawn from a set percentage of corporate Earnings Before Interest and Taxes, multiplied by factors derived from the corporate balanced scorecard multiplier, individual performance multipliers, and personal performance bonus percentages.

For 2012, our annual compensation budget aligns to forecasted increases across all industries. Long-term incentives for senior leaders and key management team members are slightly higher than 2011.

Benefits

We provide a competitive, comprehensive flexible benefits package, offering plans that meet the diverse needs of full- and part-time team members. We recognize that costs are increasing for many team members; however, team

members have told us through surveys that they would rather pay more and keep their benefit plans than have across-the-board reductions to plan benefits.

We also offer wealth accumulation through retirement and savings plans, including defined benefit or defined contribution pensions. Within our defined contribution pension plans, TELUS matches up to 5.8 per cent of earnings to help team members save for their retirement. TELUS also matches 35 to 40 per cent up to a maximum of six per cent of base compensation when eligible team members purchase TELUS common shares bi-weekly through the Employee Share Purchase Plan. More than 20,000 team members own collectively 7.9 million shares in the Plan worth approximately \$470 million.

Our benefit plans also recognize the need of team members to balance their lives through programs such as the Life Balance Account, [My Personal Assistant](#), [GoodLife Fitness](#) memberships and [Kids & Company](#).

While benefits are not provided to temporary team members, they do receive a company contribution to their Health Spending Account on an annual basis.

Total pay and benefits¹

| \$ in millions | 2011 ¹ | 2010 ¹ | 2009 ² |
|------------------------|-------------------|-------------------|-------------------|
| Total pay and benefits | \$2,258 | \$2,205 | \$2,303 |


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

² Prior to transition to IFRS.

Our commitment to integrity, ethics and respect

Integrity

The TELUS team places great importance on maintaining a culture that encourages the achievement of our business objectives in a manner consistent with our values. To promote company-wide awareness of integrity issues, all team members must complete annual online integrity training as a term of employment.

The TELUS Integrity course included ethics, respectful workplace, corporate security and privacy training. All  TELUS team members, including those in TELUS International (with the exception of team members in our South Korean joint venture), as well as more than 90 per cent of contractors with access to our information systems, completed this course in 2011.

The 2012 TELUS Integrity course will be updated to address new and emerging issues in regards to ethics, respect, privacy and security. There will also be an increased focus on our number one corporate priority: Customers First.

Ethics

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

TELUS EthicsLine

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

In 2011, 302 [▲] calls were received by the EthicsLine, 265 [▲] of which involved advice on ethical situations or complaints. Each complaint was investigated, resolved appropriately and reported to the Human Resources and Compensation Committee (HR&CC) and the Audit Committee. The 37 calls that did not relate to the Ethics policy were referred to more appropriate areas, such as Client Care and Human Resources. The reduction in the number of these non-ethics calls is believed to be a result of our Customers First initiative.

EthicsLine calls

| Type | 2011 | 2010 | 2009 |
|---------------------|------|------|------|
| Non-ethics related | 37 | 84 | 110 |
| Requests for advice | 87 | 75 | 97 |
| Ethical complaints | 178 | 229 | 170 |
| Total calls | 302 | 388 | 377 |

Breaches of ethics and discipline

The Ethics office concluded there had been 65 [▲] breaches of the Ethics policy in 2011, compared to 96 in 2010 – down 32 per cent. The most frequent violations in 2011 were related to breaches of company policies. None involved fraud by team members who had a significant role in internal controls over financial reporting. Corrective action was taken for each of the breaches with some of the breaches resulting in discipline of more than one team member.

With a disproportionate share of breaches occurring among new and less experienced team members in prior years, the company targeted extra education on ethics to certain team member groups. Encouragingly, the number of breaches involving team members with five years or less service with TELUS continues a declining trend, falling 25 percentage points with 2011 reporting 56 per cent compared to 81 per cent in 2010.

There were 65 breaches of the Ethics policy in 2011, compared to 96 in 2010

Discipline for breaches of ethics



Ensuring a positive workplace environment

Respect is a cornerstone of our values and culture at TELUS. Our focus on respect in the workplace is an indication of our commitment to creating a positive, professional and safe working environment. When we respect each other, we improve work relationships, enhance teamwork and increase productivity. TELUS launched the Respectful Workplace Office in 2004, which oversees our Respectful Workplace policy and works to resolve workplace issues.

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

The TELUS Respectful Workplace policy and training is implemented within each international operation and domestic acquisition, as is a process for reporting and resolving workplace issues. In 2011, we completed a review of our Respectful Workplace policy to ensure it is consistent within current work and legislative environments, as well as the 2011 collective agreement with the TWU. The policy revision was completed in late December and published to our internal website. Going forward, as legislation changes, adjustments to the policy will be made.

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

CHRC complaints

| | 2011 | 2010 | 2009 |
|-------------------------|-------------|--------------------------|------|
| New | 24 A | 11 ¹ | 12 |
| Closed | 10 A | 14 | 6 |
| In progress at year end | 24 A | 10 ¹ A | 13 |

1 We have restated our 2010 number of new complaints from 10 to 11 as we have determined one case to have been received in December 2010 rather than January 2011.

Year-over-year, the main reason for complaints continues to be issues related to disability, which is in line with national reporting of CHRC complaints from other federally regulated entities. Complaints may be referred back to the internal TELUS resolution process, a resolution may be reached with the complainant through the CHRC, or it may be dismissed. As there has been an increase in new complaints in 2011, TELUS is analyzing the data to identify possible causes of the increase.

Closed CHRC Complaints

| | 2011 | 2010 | 2009 |
|---|------|------|------|
| Referred to TELUS internal resolution process | 6 | 6 | 3 |
| Resolution reached | 3 | 6 | 1 |
| Dismissed | 1 | 2 | 2 |

Work Styles

Work Styles is a strategic corporate program designed to create value for team members and our company. The program enables mobility and flexibility-- allowing team members to work when and where they are most effective while achieving their personal work/life balance goals.

Program benefits include:

- Helping leaders and team members adopt a flexible work environment culture that enhances team member engagement and productivity
- Differentiating TELUS for both retention and attraction of top talent
- Supporting the reduction of floor space utilization resulting in significant real estate cost savings
- Reducing our environmental impact through reduced greenhouse gas emissions.

The way we work is changing

By 2011, more than 50 per cent of team members had incorporated mobile work options, so we introduced a formal program with policy and guidelines to provide national consistency and a common frame of reference for our team members.

The way the world works is changing. Listen to how it is changing at TELUS.



[Watch now](#)

Embracing innovation in Work Styles

In 2011, we continued to expand our Work Styles program, providing information and tools to assist team members and their leaders to help make informed choices about Work Styles options. Of the in-scope team members that are part of our formal Work Styles program, 35 per cent have completed formal enrolment into the mobile and at home categories. This result provides us with a solid foundation for us to achieve our forecast of 70 per cent mobile/at home workers within four years. In 2010, mobile and at home adoption counts were reported separately. In 2011, we combined the two adoption types to create one new category – mobile/at home, to ensure reporting metrics across TELUS were aligned.

We are enabling Work Styles for existing and new team members by providing innovative remote-enabled connectivity, IP phone services and Telepresence as part of a tool set that supports virtual collaboration.

Results from our formal program demonstrate a positive contribution to the environment.

TELUS team member-reduced emissions and savings

| Participants | Total KM saved ¹ | Total hours saved ² | CO2 reduced (kg) ³ |
|--------------|-----------------------------|--------------------------------|-------------------------------|
| 4,083 | 43,000 | 850,000 | 10,000 |

1 Kilometers – average – 44 km round trip.

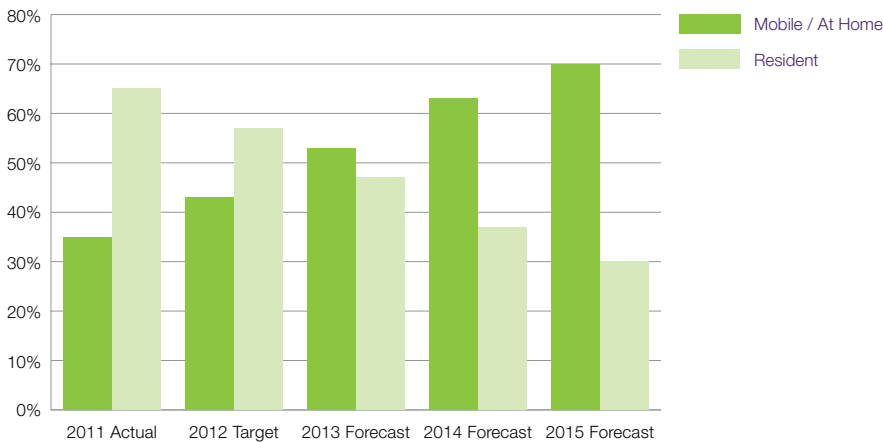
2 Hours saved – based on 2010 Statistics Canada Commuting to Work Study (<http://www.statcan.gc.ca/daily-quotidien/110824/dq110824b-eng.htm>).

3 CO2 reduced – based on average mid-size car fuel efficiency and Environment Canada emission factors.

The Future of Work Styles

In 2012, we will continue to support and advance the adoption of Work Styles, in conjunction with our real estate consolidation program across all regions. By 2015, we anticipate having as few as 30 per cent of team members as resident office workers (working in traditional TELUS-based offices), with the remainder choosing either a mobile or work-at-home work style.

Work Styles adoption goals



Note: In 2011, mobile and at home adoption counts were combined for reporting purposes and the target date was aligned to our 2015 real estate goal.

Recognition

Recognizing our team

Increased team member engagement can positively influence performance and customer satisfaction. This is why we work hard to support a culture of appreciation where giving and receiving recognition is easy and aligned to our values. Our recognition efforts align with our goal to become an employer of choice and our aim to ensure every team member is supported, developed and recognized for their work in achieving our business goals.

Performance and career recognition

Demonstrating the [TELUS leadership values](#) is the foundation of our corporate recognition strategy as evidenced by our recognition policies, processes and programs, including Bravo, our online recognition tool. Bravo empowers team members to send and receive recognition in the form of e-cards, gifts, gift cards as well as points that can be redeemed for online catalogue items or towards a charitable donation. Through Bravo, we also recognize team members every five years on their career milestones with a gift of points and either a plaque or a tree planted in their name. All business units in TELUS and team members from all levels of the organization are actively participating in the program.

In addition to Bravo and career milestone recognition, there are seven formal corporate award programs at TELUS:

- **Passion for Growth** — recognizes team members who exhibit the “We have a passion for growth” TELUS value for exceptional leadership. Recipients of this award are recognized for significant and measureable achievements impacting our business, our customers and our team. In 2011 172 team members were recognized

- **CEO Commemorative Coin** — the TELUS commemorative coin program is positioned to complement recognition aligned with other CEO recognition programs. TELUS coins are presented as a personal symbol of appreciation from the CEO for memorable accomplishments
- **TELUS Legends** — all active and former team members with 20 or more years of service are eligible to receive the award. The Legends award pays tribute to team members who have consistently lived our leadership values and made significant contributions to the TELUS legacy. We honoured 139 team members with this award in 2011
- **own.it** — a process improvement methodology award was launched in 2011 and provides recognition to TELUS team members who demonstrate a commitment to collaboration and quality in order to deliver on our future friendly® brand promise. There were 70 recipients in 2011
- **Customers First Champions** — was launched in 2011 to recognize team members who consistently support, advocate and advance a Customers First culture by going above and beyond to consistently deliver an exceptional experience — each and every day. Customers First Champions is our opportunity to highlight and celebrate customer experience wins and share examples of what exceptional looks like. Team members across TELUS are invited to nominate a Customers First Champion. The program year runs from July to June. Sixty-five recipients received this award in its inaugural year
- **President's Club** — TELUS celebrates sales team members whose passion for growth and spirited teamwork are worthy of the highest form of recognition by our company. Each year, 100 top performers earn a place in the President's Club and receive an incredible experience at a destination selected by our senior executives
- **Connections Honours Leaders of Excellence (CHLOE)** — this program is intended to inspire and empower all TELUS women to take ownership of their career, promote and profile women as strong leaders and foster personal and professional relationships while creating a community of connected women, mentors and role models internally and externally in support of TELUS' overall diversity objectives.



Awards

TELUS received the 2011 Best Practice Standards Award for Best Overall Recognition Program from Recognition Professionals International (RPI). This award recognizes our recognition strategy, leadership, measurement, communications, training, events and celebrations as well as program flexibility and improvements.

“The TELUS Communications Bravo program is a consistent RPI award winner because it sets the long term standard for all other employee recognition programs. Every year they continue to make improvements that set the bar a little higher. This is an award they’ve worked hard to earn.”

— Kevin Cronin, President Recognition Professionals International

RPI also praised the way team members use our recognition programs to give back to their communities. Since 2007 about 3,900 team members have donated Bravo points (valued at approximately \$450,000) to their favourite charities. And through our partnership with Tree Canada, more than 3,800 trees were planted in 2011 on behalf of team members celebrating career milestones.



**Recognition Professionals
International**

Improving recognition programs

In the 2011 Pulsecheck results, team members' view of our recognition efforts increased by 12 per cent from the 2010 survey results.

Creating a culture of appreciation at TELUS continued to be a priority in 2011 and resulted in a \$9.76 million investment which was higher than our projected budget of \$8.87 million.

Total team member recognition expense

| Millions | 2012 Target | 2011 Actual | 2010 Actual | 2009 Actual |
|---------------------|-------------|---|-------------|-------------|
| Recognition expense | \$8.53 | \$9.76 ▲ | \$7.89 | \$8.59 |

In 2012, our target recognition budget is \$8.53 million supporting Bravo awards and points, career milestone awards, and other individual and team recognition programs. Our 2012 target is less than our 2011 actual and target amounts, which is consistent with discretionary spend plans for 2012. The projected 2012 target is based on efficiencies and improved processes with respect to program management.

Wellness

Our commitment to wellness

TELUS is committed to fostering a healthy workplace where team members can achieve their full potential. Our aim is to create a workplace of choice that incorporates best practices in health and wellness and offers diverse programs based on our organizational needs. The wellness strategy adopts a holistic approach to overall health and well-being. The Wellness team continues to educate and inform team members about how they can proactively manage their health and well-being. We currently track our program utilization and survey team members for feedback in order to refine programs and services.

In 2011, we expanded our Healthy Minds strategy. This mental health initiative is aimed at expanding team members' knowledge and reducing stigma around mental health and illness. We offered on-demand workshops and 16 national webinars focusing on mental health awareness.

Throughout 2011, we extended the reach of mental health awareness to support leaders assisting team members with challenging personal issues and crises. The awareness communications campaign included a series of webinars that were attended by 854 team members, including 234 senior leaders. The results of a healthy living survey we will complete in 2012, along with feedback from the webinars, will guide any refinements we need to make to our strategy.

TELUS provides team members access to several complimentary wellness programs, and others that are available at a discounted rate, such as:

- National screening programs for blood pressure, cholesterol, glucose and body mass index
- B.C. Mammography Screening program on site in the Lower Mainland in partnership with the B.C. Cancer Society
- Flu vaccinations
- Naturopathic immune support clinics, offering a complementary approach to well-being during the cold and flu season
- Healthy foods in all vending machines, catering services and cafeterias
- Comprehensive leadership support services, including counseling to help leaders manage difficult issues faced by teams or individuals
- Team member and family support tools
- Corporate rates established with close to 100 fitness partners nationally and more than 20 onsite fitness facilities
- Onsite practitioners for massage, naturopathy and various other services
- Flexible childcare services designed to meet specific and changing needs of families through a variety of services and partnerships



Healthy living supports a healthy mind. Being active, eating well, resting, attending to self-care and having a connection to those around you are all part of being mentally well.

- Partner For Life with Canadian Blood Services and Héma-Québec, delivering onsite clinics and promoting offsite participation to fill the urgent need for blood in our communities
- TELUS Quit Smoking Recognition Program, which reimburses team members for the cost of their program if they remain smoke-free for one year after treatment.

In 2011, wellness programs were available to every team member in TELUS, offered through various mediums including national information webinars and video workshops which were accessible 24/7. One of our goals for 2011 was that 80 per cent of team members nationally had access to face-to-face wellness programs. Our records indicated that 71 per cent of team members participated in 2011.

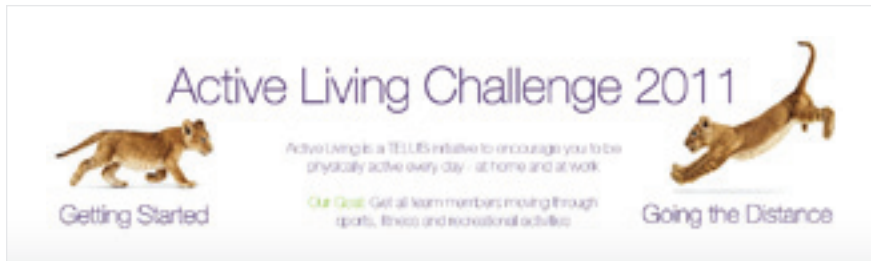
The tracking formula changed in 2011 to reflect actual participation rate in wellness programs. In past years, we tracked “opportunity” to participate at onsite events. Beginning in 2011, we tracked the actual participation rate for all virtual and onsite events as we believe this shows more accurately the uptake of our offerings.

Healthy Measures

Approximately five per cent of TELUS team members were screened through the Healthy Measures program in 2011. Results have shown a reduction in health risk factors related to chronic illness for those who have participated in health coaching programs following the clinics. This program will continue to run semi-annually. Team members are encouraged to take advantage of personal health coaching available through our Employee and Family Assistance provider. This coaching allows team members to address chronic health indicators and understand the behavior modifications needed to live a healthy lifestyle and reduce their health risks. Fifteen per cent of all team members who participated in the health screening program in 2011 enrolled in health coaching.

Active Living

We are constantly looking at new ways to support and encourage healthy life habits. We increased the number of fitness partnerships and launched a newly designed online Active Living challenge. This 11-month, online challenge was created to encourage team members to either begin a fitness regime or enhance their fitness levels. This two-tiered national challenge had a base program that was customizable for team members who were starting their active living journey and more advanced programs for those who needed to enhance their current active lifestyle. The challenge ended in November 2011 with 1,041 team members participating. Feedback from the challenge will be used to enhance future challenges we intend to offer.



The Getting Started Challenge is designed to help team members take the first step. Steps are logged and accumulated using a user-friendly online program and pedometer going on various adventures and journeys throughout the world.

The Going the Distance Challenge is designed to help take team members' fitness to the next level. Teams will be generated, that will be inspired and motivated by friendly team rivalry to achieve best individual results.

In 2011, we achieved 20 per cent participation in our onsite fitness facilities. We fell short of our 2011 goal of 25 per cent participation due to the implementation of the Work Styles program, which encouraged more team members to work remotely, thus impacting our onsite participation rate. Due to the continued advancement of the Work Styles program, we expect onsite participation to decline based on an increase in remote work arrangements.

TELUS International

As part of the overall benefits provided to team members at TELUS International, we offer onsite clinics staffed by a medical team, fitness facilities and recreation partners that offer discounts to team members. In addition, healthy food choices are available in our cafeterias.

TELUS International University's Special Interest Groups organize health and wellness programs for their fellow team members through their outdoor adventure and cooking clubs. Team members enjoy mountain trekking, climbing, running and healthy food preparation.

A Healthy Living sports tournament, free flu shots and some in-house fitness classes are offered to team members at TELUS International Philippines and TELUS International Central America.

Safety management

Putting safety first

We work to eliminate workplace hazards by engaging managers, unions, and both policy and health and safety committees in the development, implementation and monitoring of the safety management system. We also train team members to identify and control their workplace hazards and set performance targets for hazard control programs. In addition, we continually monitor the effectiveness of the safety management system at both the workplace and corporate levels and investigate all reported health and safety complaints and accidents to ensure emerging safety issues are addressed.

Safety performance results are reported every quarter to the Human Resources and Compensation Committee of TELUS' Board of Directors (prior to May 2011 the results were reported to the Audit Committee). We have had no work-related deaths in the past five years. In 2011, as indicated in the chart below, TELUS realized 158 lost time accidents (LTAs), which represented a frequency of 0.74 LTAs per 200,000 person-hours worked, in comparison to our goal of 0.82 LTAs. This is 17 per cent lower than our 2010 result and 8 per cent lower than our target of 0.82. LTAs, -- our lowest level in four years. TELUS International had no work-related injuries in 2011.

More than half of the LTAs in 2011 were sprains and strains. Preventing these types of injuries is fundamental to the ergonomics program strategy. Ergonomics standards are incorporated into a wide range of procedural guidelines, such as lifting and moving objects, operating tools and equipment, driving tips, working with laptops, stretching and rest pauses. To help reduce the number of LTAs related to sprains and strains', training for manual material handling has been provided to all field technicians.

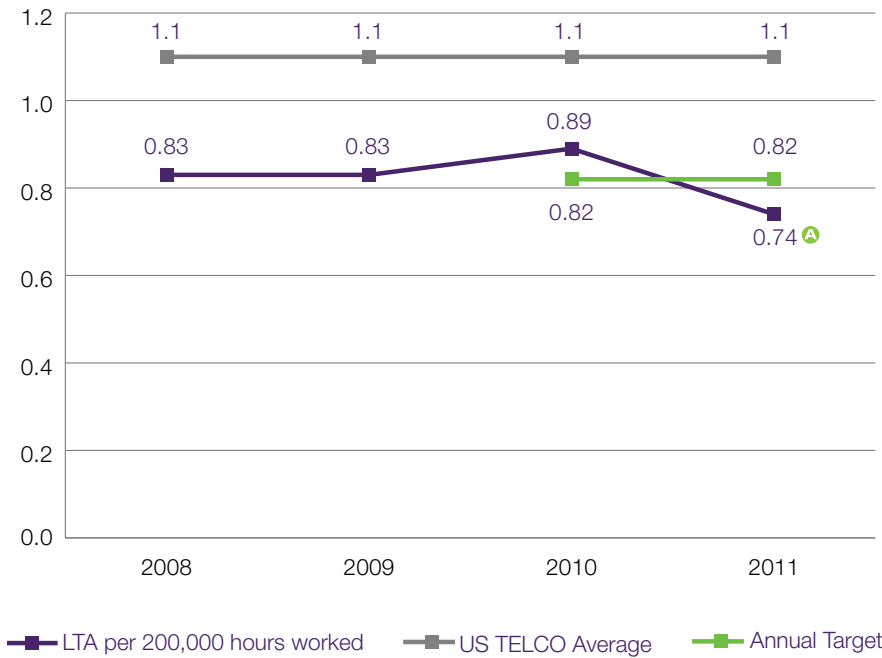
Our LTA frequency in 2011 was 33 per cent lower than the latest (2009) U.S. telecommunications industry average of 1.1 LTAs per 200,000 person-hours worked. It is also at least 60 per cent lower than the latest (2008) Canadian national average of 1.82 LTAs per 100 workers. (For the Canadian national average, one worker is considered to be one person working all year on either a part-time or full-time basis.) We believe our lower-than-average results are attributable to our efforts to engage and train team members and to work with various health and safety committees in developing, implementing and monitoring our safety management systems. In 2012, our goal is to reduce the number of accidents and injuries and maintain our current 0.74 LTA ratio.

0.74 LTAs per 200,000 person-hours worked, in comparison to our goal of 0.82 LTAs.

This is 17 per cent lower than our 2010 result and 8 per cent lower than our target.

It's our lowest level in four years

Lost Time Accidents per 200,000 hours worked (year-over-year)¹



US TELCO Average is used as a benchmark. Canadian LTA statistics, which are calculated using a different methodology, are not available for the telecommunications industry. Annual targets were not established prior to 2010.

¹ Data presented is for TELUS Canadian team members tracked in primary Human Resources Management system.

Absenteeism

In 2011, the TELUS absenteeism rate (which includes paid and unpaid time off work due to personal illness or work-related injury) was 7.2 days per full-time equivalent position, compared to 7.6 days in 2010. Our 2010 and 2011 rates are well below the 2010 average for Canadian organizations with more than 500 employees, which was 9.2 days per full-time team member. TELUS' 2011 absenteeism rate is also well below the Statistics Canada average for unionized organizations, which was 10.9 days in 2010.

In 2011, we continued to address and reduce absenteeism by:

- Continuing to educate and inform team members through wellness programs such as Healthy Measures, onsite health awareness events, and stress management workshops
- Increasing the focus on prevention and early intervention of short-term disability claims through the Healthy Minds program
- Ongoing refinement of occupational health and safety programs and training targeting work-related injuries
- Revising policy and process documentation related to short-term disability claims to create greater clarity around roles and responsibilities
- Ongoing attendance management training and improved access to absenteeism data for front-line managers

- Regular reporting of sick absence data to the Human Resources and Compensation Committee of the Board of Directors
- Conducting a detailed audit of 2011 short term disability and workers compensation claims data
- Improving data collection methods and standardizing short-term disability claims tracking based on audit results.

Absenteeism Rate¹



¹ Data presented is for TELUS domestic team members tracked in primary Human Resources Management system.
² Data presented is for Canadian organizations with more than 500 employees and indicates average absenteeism for unionized organizations. 2011 data will be available June 2012.

In 2012, we intend to build on the successes of specific pilot programs within our Healthy Living offering, with a continued focus on mental health. TELUS is also committed to improving the short-term disability process from the team member’s perspective. Engagement of team members will take the form of an anonymous survey and a general report back to invitees of findings. Through training and communications, effort will be made to increase team member and managers awareness of their roles and responsibilities in support of attendance management.



Supply chain

Procurement and supply chain management

Our business relies on thousands of suppliers of varying sizes from across Canada and around the world. Stakeholders expect that leading corporate citizens address supply chain sustainability. In 2011, TELUS took a major step in doing so. We finalized our Supplier Code of Conduct which details environmental and social responsibility standards that our business partners need to adhere to in our vendor selection process. It is based upon generally accepted standards of ethical business conduct and draws upon internationally recognized standards. Additionally, we collaborated with a broad range of internal stakeholders and team members on issues of sustainability, privacy, health and safety, compliance and regulation in our development process. Our Supplier Code of Conduct is the strongest supply chain management tool that TELUS has implemented to date and strengthens our adherence to the [Ten Principles](#) of the [United Nations Global Compact](#) (UNGC) which TELUS signed in 2010.

In 2011, we continued to implement supplier sustainability criteria in some of our Request for Proposals with potential external business partners.

Additionally we launched the [supplier diversity program](#) with the aim to deliver an improved customer experience and innovation by taking proactive steps to provide equal access to a supply base that reflects the diversity where we live, work and serve.

We are committed to expanding the scope of this program to include more diverse groups over time. For 2012, the scope of our supplier diversity program is as follows:

- Minority-owned or female-owned (51 per cent +) businesses in Canada
- Businesses must be certified as diverse by the [Canadian Aboriginal and Minority Supplier Council](#) (CAMSC) or [WEConnect Canada](#) to qualify as diverse for the TELUS program
- Online [supplier registration](#) with TELUS is also strongly recommended.

In addition to launching this program at TELUS, we also commit to providing thought leadership in the policy development and growth of supplier diversity in Canada through Board representation with CAMSC and WEConnect.

Conflict minerals

TELUS continued to monitor the issue of conflict minerals. As of the end of 2011, the U.S. Securities Exchange Commission (SEC) has a draft proposal which will require manufacturers of electronics to report on the origin of minerals in electronics with the goal of eliminating minerals from conflict areas

from the supply chain. TELUS actively engaged in the public consultation process for the draft proposal and supported a letter sent to the SEC through the Canadian Wireless Telecommunications Association outlining our stance. TELUS anticipates additional clarity by the SEC will be forthcoming.

Protecting privacy

One of our goals is to ensure our products and services respect and protect our customers' personal information. TELUS has a [Privacy Code](#) that defines the principles that govern the collection, use and disclosure of our customers' and team members' personal information. Our code complies with the requirements of Canada's privacy legislation, the [Personal Information Protection and Electronic Documents Act](#), and our own commitment to protecting customer and team member privacy.

Making the Internet safer for families, especially children, is an increasingly important global issue and remains a key priority for TELUS. We provide financial support to the [Canadian Centre for Child Protection](#) (C3P), which operates [Cybertip.ca](#), Canada's national tip line for reporting the online sexual exploitation of children.

For more detail on privacy and Internet safety, visit our Customer section.

TELUS Animal Advertising Code of Conduct

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

The code of conduct explains that TELUS only does business with reputable owners, handlers and facilities when filming or photographing animals for its advertisements. Additionally, TELUS requires the animal's trainer or owner to be onsite and ensures expert animal caregivers and handlers are onsite at all times. Furthermore, TELUS requires a professional animal advocacy representative to attend and oversee the ethical treatment of the animals at all times.

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



CANADIAN CENTRE for CHILD PROTECTION™
Helping families. Protecting children.

TELUS actively supports charities working in the interest of animals and nature and since 2000, has donated more than \$5.4 million to support the important work of the [SPCA](#), World Wildlife Fund, the [Nature Conservancy of Canada](#), Humane Society and [Tree Canada](#).



Environment

Passion for growth: building a stronger green culture

Toward a more sustainable future

In 2011, the TELUS team remained committed to reducing the overall environmental impact of our domestic and international operations. It was another successful year, which saw many of our sustainability plans realized.

- Our energy management program was initiated with a number of projects being successfully launched, aimed at reducing energy waste and improving efficiency across our organization
- We made further progress toward our goal of having our operations aligned with the ISO 14001:2004 environmental management system (EMS) standard
- We continued to reduce our footprint with another year of paper printing reductions and a switch to 30 per cent post consumer recycled office print paper content
- Our telephone and video conferencing technologies continued to provide customers and team members with solutions for minimizing their environmental footprint
- The development plans continued for our TELUS Garden project, which will set the new bar for sustainability, including Canada's first Leadership in Energy and Environmental Design (LEED) Platinum office building based on the new 2009 standards as well as a residential tower built to LEED Gold standards.

In 2012, TELUS is also investing in two new intelligent Internet Data Centres in Rimouski, Quebec and Kamloops, B.C., which are being built to LEED gold standards. They will be a cornerstone of TELUS' ongoing support of secure cloud-based services for Canadian consumers and businesses.

Our disclosure aligns to the Global Reporting Initiative A+ level. We have also been recognized as either a World or North American leader on the Dow Jones Sustainability Index for the past decade and we have been twice named a Carbon Disclosure Leader by the Carbon Disclosure Project.

Looking forward to 2012 and beyond we will continue to focus on making incremental but substantive improvements toward meeting our ambitious year-over-year energy use and carbon reduction targets. This includes enhanced

governance tools with climate change targets tied to CEO performance objectives and enhanced risk management plans as part of our climate change adaptation component. Additionally, we will continue to focus on making value-added improvements to our environmental management system, striving for full alignment of our individual environmental programs with the ISO 14001:2004 standard.

Green Teams

Green Teams growing sustainability

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

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

In 2011, there were 15 Green Teams in Canada and three new Green Teams at our TELUS International locations, with more than 150 members. These dedicated volunteers participated in 60 events in 2011 including:

- Energy efficiency lunch and learns
- A recycling fashion contest
- Eco-food and food events
- The TELUS national cell phone drive
- Creation of energy webinar sessions
- Creation of an Environment Week art contest.

Additionally, Green Team members organized and participated in environmental celebrations such as Earth Day, Environment Week and Bike to Work Week. Their leadership helped inspire others to take action on sustainable issues important to them such as energy reduction, recycling and litter clean up.

Through these organizational and leadership activities our Green Teams volunteers are able to further their personal growth and career development objectives, improve their communication skills and build their professional network.



In 2012, Green Team objectives include the promotion of green ideas and environmentally sustainable living by collaborating with operations teams and employees to:

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

Furthermore, the Green Teams will continue to plan and host events to celebrate global activities such as Environment Week, Earth Hour and Earth Day. Local teams have plans in 2012 to show films such as [Waterlife](#), host eco-fairs and farmers' markets, and perform beach clean ups.

Environmental management system

Managing our environmental risks

TELUS has had a formal environmental management system (EMS) since the mid-1990s. Our current goal, set in 2009, is to align our EMS programs with ISO 14001:2004 by 2014. In 2011, we continued executing the implementation plan and aligned our utility pole storage program with the ISO14001:2004 standard. Work was also initiated on our fuel management program but due to its complexity and resource constraints, full alignment is not expected until 2013. The integration of TELUS International with our overall EMS program was also commenced. All environmental impacts and aspects associated with our international operations have now been formally added to our EMS impacts and aspects database.

Our target for 2012 is to continue our alignment to ISO 14001:2004, focusing on the completion of our halocarbon management standard. We also plan to conduct external EMS and compliance audits in 2012.

Environmental training

Increasing environmental awareness across TELUS

Environmental training, provided to selected TELUS team members and contractors for more than 30 years, helps ensure we are fulfilling our responsibility as a leading corporate citizen. Our training programs are designed to give team members the necessary information to mitigate potential environmental risks associated with their work.

Environmental training is a key component of our EMS and, as such, is regularly reviewed in the context of our environmental risks. The training covers a range of topics such as spills and releases response and reporting and the transportation and disposal of waste. In 2011, our team members completed 4,656 training courses with environment themes. This is an increase over the 3,435 courses completed in 2010 and is a result of our course refresher frequency, which ranges from one to three years, depending on the content.

In 2012, we plan to continue delivering all necessary environmental training including additional EMS training to an extended group of TELUS team members. For the first time, we plan to include our environmental policy in our Integrity training course for all team members and contractors.

Climate change strategy

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

- Scope 1 or direct energy sources (such as fuels that include natural gas, gasoline, diesel, propane and heating oil)
- Scope 2 or indirect energy sources (such as electricity)
- Scope 3 or other energy sources (such as air travel).

We continue to approach our strategy by focusing on three areas: mitigation, adaptation and innovation.

Mitigation

Our goal is to reduce absolute energy consumption by 10 per cent and greenhouse gas emissions by 25 per cent by 2020 over 2009 levels. Below is a list of 2011 highlights that are moving us toward our goal:

- Formed an energy management leadership team made up of senior leaders across numerous business units to oversee the implementation of our climate change strategy
- Eliminated 55.5 million kWh of energy waste in our operations resulting in the avoidance of approximately 22,000 metric tonnes of CO₂e emissions. That's approximately:
 - \$5.98 million saved in operational costs
 - The equivalent of 3,800 cars taken off the roads
 - The equivalent of not powering 1,800 Canadian households.

Adaptation

As part of ongoing environmental and situational monitoring and in support of our climate change strategy, the TELUS Business Continuity Office assesses the impact of climate change on TELUS facilities and business operations. The output of this assessment is to incorporate climate change strategies and plans into business continuity planning processes, including mitigation, response and recovery activities.

The goal for 2012 is to conduct a formal climate change impact assessment and to incorporate climate change impact assessments into business continuity site planning processes to ensure adequate protection and readiness of TELUS facilities and business operations.

Innovation

Our objective in 2012 is to incorporate our products and services into our innovation strategy with respect to climate change. For example, there are currently more than 1.7 million digital TV boxes (also known as set-top boxes) in use and each one could be using more energy than a small refrigerator. In 2011, TELUS partnered with BC Hydro to offer British Columbians an energy efficient option. TELUS is now offering ENERGY STAR® qualified set-top boxes in B.C. These devices use 30 per cent less electricity than a standard box. The energy efficient models, manufactured by Cisco, will use less than 180 kilowatt hours of electricity each year – much lower than the 280 kilowatt hours a year consumed by the standard models.

Furthermore, TELUS will invest in 2012 in two intelligent Internet Data Centres that will allow substantial growth in efficient, reliable and secure cloud-based computing services for Canadian consumers and businesses. These facilities will be built with the following key features:

- Modular design allowing space and power to be added as required in 10,000 square foot increments
- [Uptime Institute](#) Tier III rating for reliability
- Build to LEED Gold standard
- Advanced cooling system that allows free cooling using outside air for 98 per cent of the year
- Industry-leading design for electrical and cooling efficiency with a Power Usage Effectiveness rating of 1.15
- Minimal use of batteries for back-up systems
- Near closed-loop cooling system that dramatically reduces water consumption when supplemental cooling is required
- Connection to TELUS' reliable national computing grid allowing workloads to be moved to available capacity across the country thus optimizing the use of capacity and reducing peak loads.



Additionally, the following are examples of our innovative energy management program accomplishments:

- TELUS Mobility team test piloted new heating, ventilation and cooling projects at numerous sites and launched network utilization projects resulting in the elimination of close to 1 million kWh of waste
- TELUS Real Estate Operations implemented building consolidation projects and launched TELUS' Work Styles program resulting in a reduction of almost 20 million kWh in energy consumption
- TELUS' National Service and Infrastructure Support team retired legacy equipment, launched network optimization projects and improved efficiency within existing infrastructure resulting in the elimination of close to 3 million kWh from the network
- TELUS Business Transformation server rationalization projects yielded close to 450,000 kWh of energy waste elimination
- TELUS Network Transformation projects such as installation of temperature control systems, infrastructure upgrades, data centre free-cooling projects and HVAC upgrades resulted in just over 9.5 million kWh of energy waste elimination
- TELUS actively engages with external blue-chip companies through a sustainability network, where we discuss and share best practices.

TELUS Garden

TELUS Garden is a one million square foot downtown Vancouver development that will radically transform an aging block of prime real estate into cutting-edge residential, retail and commercial space. This investment will create one of the most technologically and environmentally advanced properties in all of North America, providing a 46-storey, 455,000 square foot residential tower and a 24-storey, 493,000 square foot office tower.

TELUS Garden represents our commitment to our future friendly® brand promise and our triple bottom line approach to business. Targeting a Platinum and Gold LEED certification for our office tower and a Gold LEED certification for the residences, respectively, TELUS Garden will be a premier work and living space demonstrating our commitment to innovation. Some of the building features will include:

- Harnessing heat within the building to be reused in the office and residential spaces
- Use of photovoltaic panels
- Storm water management design
- Exterior solar shades
- High-efficiency heating and cooling
- Vegetative green roof technology
- Use of renewable materials in construction

- Waste recycling
- Electric car charging stations.



To learn more about the most sensational real estate development in Vancouver's recent history, [watch now](#).

Our 2011 results

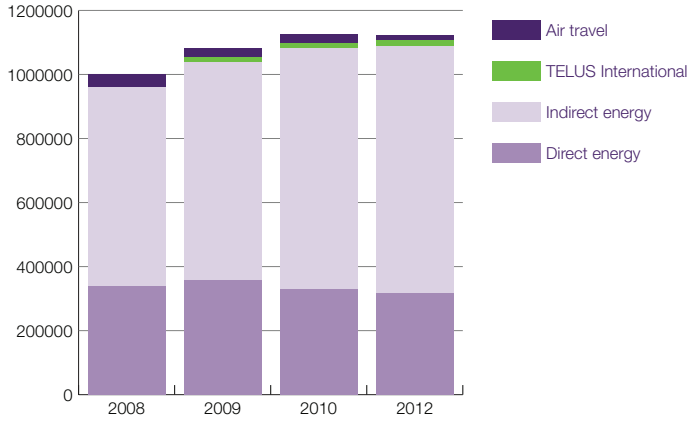
TELUS' energy use in 2011 increased by one per cent over our 2010 consumption. Our footprint is made up of direct energy (gas, natural gas, diesel, propane) and indirect energy (electricity) for our owned real estate properties, cell tower sites and fleet and remote generator fuel. It does not include our leased office spaces, retail properties or TELUS Health and Financial Services. Our indirect energy consumption increased by three per cent, while our direct energy consumption decreased by four per cent. Throughout 2011, we focused our efforts on eliminating waste energy from our operations and identifying further efficiency improvements and reductions. Although we have tracked our TELUS International operations energy consumption for the past two years, this year we are having our consumption at our International Philippines operations independently assured.

We also measured our energy efficiency in terms of kWh/customer connection in 2011. Our energy efficiency improved by 2.8 per cent in 2011 over 2010, going from 88 to 86 kWh/customer connection.

TELUS energy consumption

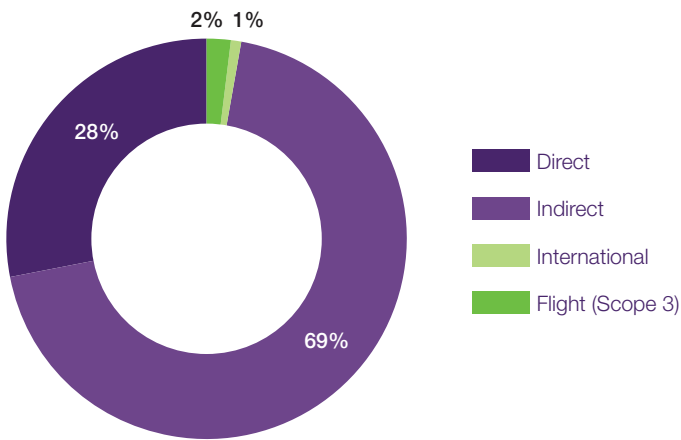
| kW hours (000s) | 2011 | % change | 2010 | 2009 | 2008 |
|-------------------------------------|---|----------|------------------|------------------|------------------|
| Direct energy | 315,925  | -4 | 330,190 | 358,854 | 340,331 |
| Indirect energy | 773,607  | 3 | 751,483 | 678,109 | 619,886 |
| Total domestic energy | 1,089,532 | 1 | 1,081,673 | 1,036,963 | 972,717 |
| TELUS International | 16,332 | -1 | 16,517 | 15,900 | |
| Total global energy | 1,105,864 | 1 | 1,098,190 | 1,052,863 | |
| Air travel conversion | 26,620 | -2 | 27,095 | 30,800 | 41,459 |
| Total energy with air travel | 1,132,484 | 1 | 1,125,285 | 1,083,663 | 1,014,176 |

TELUS energy consumption kWh (000's)¹



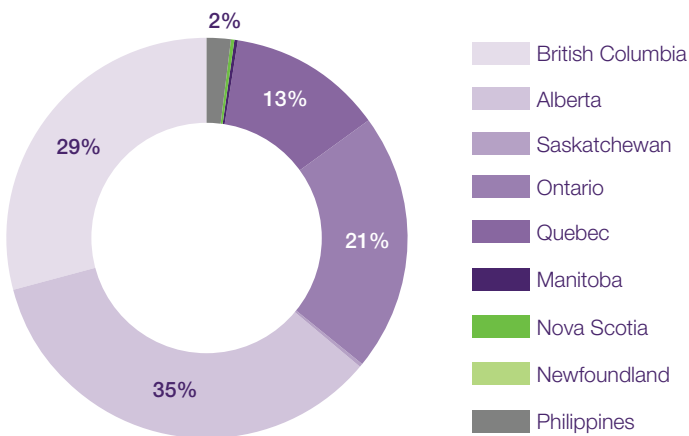
¹ Includes our domestic, TELUS International Philippines and air travel.

TELUS Energy Consumption 2011¹



¹ Includes our domestic, TELUS International Philippines and air travel.

TELUS Indirect Energy Consumption 2011





Carbon disclosure

TELUS remains committed to reducing our carbon emissions by 25 per cent by 2020. Our emissions increased in 2011 by three per cent. We attribute this increase largely to the fact that the provincial emission factors increased in Alberta and British Columbia. This means that the electricity grid in these provinces became increasingly reliant on power that emits a higher intensity of carbon dioxide equivalents. If the emissions factor values were to remain the same as they were in 2010, our emissions would have actually remained in line with 2010 levels. Our direct emissions, made up of our fleet fuel, remote generator fuel and fuel used at our leased properties, declined by three per cent overall. Our indirect emissions increased by five per cent and our total emissions from our domestic operations increased by three per cent overall. When we include our international operations the change remains at a three per cent increase.

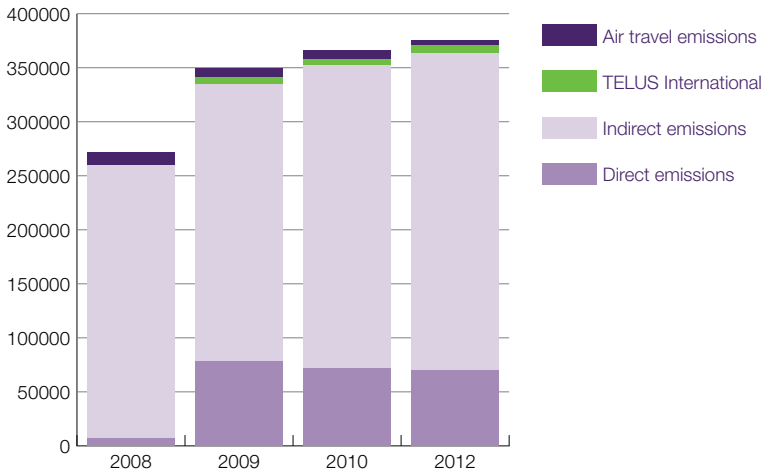
Our Scope 3 emissions, defined as air travel emissions, have continuously declined since 2008. In 2011, these emissions dropped by 1 per cent over 2010. TELUS has implemented an active flight reduction program and encouraged an increased use of our internal teleconferencing and videoconferencing technology.

We also measured our CO₂e-efficiency in terms of CO₂e/customer connections in 2011. Our CO₂e-efficiency improved, just as our energy did, however, not at the same rate. Our CO₂e-efficiency improved by 0.4 per cent in 2011 over 2010, going from 0.0287 to 0.0286 tonnes of CO₂e/customer connection.

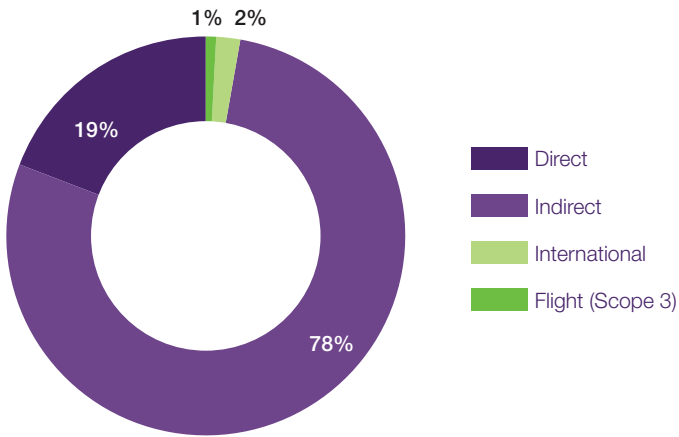
TELUS greenhouse gas emissions (tonnes CO₂e¹)

| CO ₂ e (tonnes) | 2011 | % change | 2010 | 2009 | 2008 |
|---------------------------------|---|----------|----------------|----------------|----------------|
| Direct emissions | 70,000  | -3 | 72,000 | 78,165 | 73,000 |
| Indirect emissions | 294,000  | 5 | 280,000 | 256,530 | 252,000 |
| Total domestic emissions | 364,000 | 3 | 352,000 | 334,695 | 325,000 |
| TELUS International | 7,100 | 13 | 6,300 | 6,000 | |
| Total global emissions | 371,100 | 4 | 358,300 | 340,695 | |
| Air travel emissions | 7,600 | -1 | 7,700 | 8,776 | 12,000 |
| Total emissions with air | 378,700 | 3 | 366,000 | 349,471 | 337,000 |

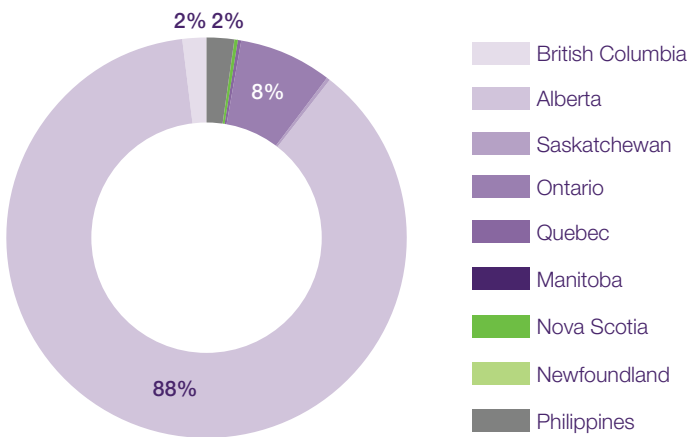
TELUS CO₂e emissions profile (tonnes)



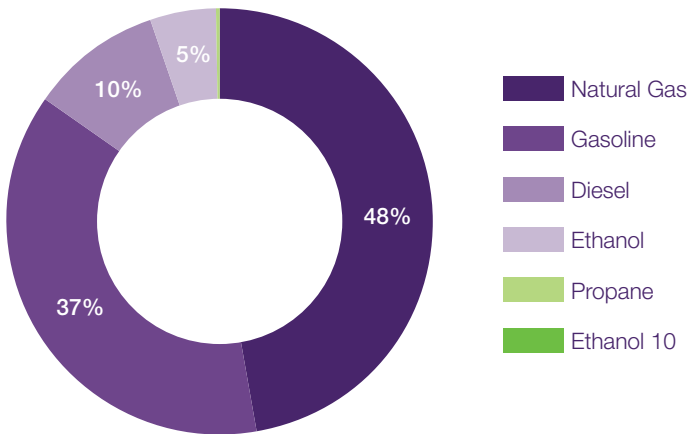
TELUS GHG emissions 2011



TELUS Indirect GHG emissions by province 2011



TELUS direct GHG emissions 2011



Conference solutions and reducing our energy footprint

Since we began reporting on this metric in 2001, we have seen continuous improvement in our emissions avoidance. In 2011, TELUS' internal and external teleconferencing solution use increased by 25 per cent over 2010. We have previously calculated the associated carbon savings with the teleconference and videoconference usage, however because we have an active Work Styles program encouraging team members to work remotely, the traditional methodology no longer accurately reflects the realities of the present work environment. Because we have calculated the carbon avoidance from our Work Styles program, including the savings in these calculations would represent double accounting. We do, however, know our conference technology allows customers and team members to reduce emissions related to travel.

Total Conference usage

| | 2011 | % change | 2010 | 2009 | 2008 |
|-------------------|-----------|----------|-----------|-----------|-----------|
| Total Conferences | 1,734,590 | 25 | 1,390,970 | 1,282,805 | 1,184,409 |

Paper purchased

Reducing paper purchases

In 2011, the TELUS team continued to focus on paper reduction, responsible paper purchasing and team education efforts. Our goal for 2011 was a 10 per cent paper purchase reduction over 2010. We exceeded this target by reducing paper purchases by 28 per cent, which equates to just over 11 million sheets. Since 2006, we have cut our annual paper purchases by over 67 per cent even though the number of team members has increased by 52 per cent during the same period.

This past year we continued our partnership with Canopy, an environmental non-government organization and worked toward our goal of using 100 per cent post consumer recycled (PCR) content office paper. In 2011, TELUS transitioned office print paper to 30 per cent post consumer recycled Forest Stewardship Council certified paper. In 2012, our goal is to reach 50 per cent PCR content in our office print paper.

Paper purchasing at TELUS



Note: 2005 data not available due to a labour disruption.

Tree Canada partnership

TELUS continued our support for [Tree Canada](#) in 2011. We launched TELUS' first environmental sustainability messaged Twitter campaign during National Environment Week. TELUS donated \$10,000 to Tree Canada as a result of our Twitter supporters re-tweeting daily sustainability themed Twitter messages. TELUS was also recognized with Tree Canada's Ultimate Award. TELUS is one of only two recipients of the award which recognizes a partner who has contributed more than \$1 million in support towards the stewardship of trees with Tree Canada.



Waste and recycling

Achievements in waste management and recycling

In 2011, we sought out new ways to reduce our impact on the environment through the diversion of waste from landfills. Our efforts encompass the breadth of our operations, from the paper we use in the office to cellular phones we sell to our customers. These efforts included the sourcing of a new general waste management contractor. Unfortunately, due to differing methodologies for estimating waste volumes between our former and current waste management contractor, we are unable to provide a year-over-year comparison of waste collection and diversion. We intend to have comparisons available in the future.

In 2011, we diverted over 7,700 metric tonnes of material from landfills and this included the following:

Solid Waste

TELUS operations generate a variety of solid wastes. Our significant accomplishments in solid waste diversion included recycling the following:

- 2,422 metric tonnes of paper and 1,020 metric tonnes of cardboard
- 1,265 metric tonnes of metal
- 262 metric tonnes of wood
- 1,450 metric tonnes of decommissioned telephone poles.

Electronic Waste

TELUS remains committed to ensuring the internal electronic waste (e-waste) generated from our operations as well as the electronic products sold to our customers are recycled, refurbished or repurposed. In 2011 we recycled, refurbished and repurposed 422 metric tonnes of e-waste. Through the [Canadian Wireless Telecommunications Association's Recycle My Cell](#) program we recycled 236,391 cellular handsets, compared to 156,150 in 2010 exceeding our 2011 goal of 160,000 handsets. Our goal for 2012 is to recycle 250,000 handsets. In 2011 we also donated 3,185 computers and printers to the Computers for Schools program.



In 2011, TELUS also updated its B.C. electronic equipment stewardship plan to include customer premise equipment as required by the B.C. Ministry of Environment. TELUS has been collecting, refurbishing for reuse, reselling and recycling our customers' electronics for many years now. Our new plan will allow these processes to be tracked more formally and reported annually to the British Columbia government.



Hazardous Waste

Although TELUS' operations generate small quantities of hazardous waste, we continue to look for reductions, and where possible, use non-hazardous alternatives. In 2011, TELUS:

- Recycled 5,961 kilograms of used motor oil, antifreeze and fuel from our fleet operations
- Recycled 223 metric tonnes of batteries from our network equipment and fleet operations
- Recycled 3,375 kilograms of liquid and solid chemicals from our facilities.

Water consumption

Water management improvements

The first step to improving water efficiency is to understand current performance. By tracking water use alongside energy use, building and site management can better understand how these resources relate to each other, make integrated management decisions that increase overall efficiency and verify savings from improvement projects in both energy and water systems. Facilities that manage water and energy performance together can take advantage of this relationship to create greener, more sustainable buildings.

Our goal for 2011 was to determine how to track water consumption at TELUS. Just as we report the electricity consumption at our owned Canadian properties, we will now be reporting the water consumption at these properties. Accordingly, our total consumption for 2011 for these properties was 1,056,226 cubic meters which represents water consumption at approximately 75 per cent of our square footage. In 2012, as TELUS begins to develop a water management strategy, we expect this reported metric may increase in future years as we improve water metering in some regions of the country. This will also allow us to report an additional number of our Canadian properties. We are also working with our international property managers to determine if we will have the systems in place to report water consumption at those properties.

In 2011, TELUS established water efficiency guidelines with the intention to conserve potable water and to provide minimum standards for water efficiency at TELUS facilities. The guidelines are for indoor-plumbing alterations, renovations, modifications and upgrades at all TELUS sites. TELUS is committed to reducing flow rates below plumbing code standards whenever possible. When conducting the retrofits, building and site management will identify local porcelain recyclers to strive to ensure that any materials removed from the site as part of a renovation, remodel or replacement will not be sent to a landfill.

For new TELUS buildings, we now aim for LEED certification which requires a reduction in the use of potable water for an entire building by at least 30 per cent compared to the LEED baseline flow rates for fixtures.

Our LEED Gold certified TELUS House Toronto location features dual flush toilets (6L/4.2L per flush), half-flow urinals (1.9L per flush) and low-flow lavatory faucets (1.9 Litres per minute) with automatic shut-off to maximize water efficiency.

To further reduce potable water use, our TELUS House Toronto location captures rainwater from the roof, terrace and podium area for use as grey

water in flushing water closets and urinals in the washrooms up to the 10th floor of the building. This is possible due to a large rainwater collection cistern (150m³) located in the parking garage.

Outdoor water use

TELUS is not a large water consumer, however we understand that improved landscaping practices can dramatically reduce and even eliminate irrigation needs at our properties. Maintaining or reestablishing native plants on building sites fosters a self-sustaining landscape that requires minimal supplemental water and provides other environmental benefits. Native landscaping can reduce the amount of water needed for irrigation and attract native wildlife, thus creating a building site integrated with its natural surroundings. In addition, native plants tend to require less fertilizer and pesticides, preventing water quality degradation and other negative environmental impacts.

In addition to water-efficient landscaping, building and site managers will consider implementing high-efficiency irrigation technologies, such as micro-irrigation, moisture sensors or weather data-based controllers. Irrigation systems can use captured rainwater, grey water (on-site or municipal), municipally reclaimed water or on-site treated wastewater. Not operating an irrigation system is also an option.

Process water

Much of the water supplied to commercial buildings is used as a heat transfer medium for chillers. As a result, a comprehensive water management program is essential to ensure the efficient use of water. In addition to reducing the amount of water used, implementing water efficiency measures will cut energy consumption by limiting the amount of water that must be treated, heated, cooled and distributed. These factors will be considered as our water management strategy is developed.

Environmental compliance

An exceptional environmental management track record


The past year marked the sixth year in a row that TELUS has not been fined for environmental non-compliance. We believe this reflects the successful performance of our environmental management processes and the effectiveness of our team member training program. In 2012, we aim to maintain this track record.



Environmental site assessments

Monitoring the environmental impacts of our operations

Since the late 1990s TELUS team members and contractors have been assessing our key owned and leased properties for compliance to several areas of corporate environmental policy and regulation. The results of these assessments are tracked and management team members then follow up on any issues that are identified.

Our 2011 goal was to conduct 1,750 site assessments with 1,700 conducted by our network technicians and 50 by Environment team members. We completed 1,790 environmental site assessments, with 1,740  completed by our network support field staff and 50  by our internal environmental risk team members.

Our target for 2012 is to again complete 1,750 site assessments, with 1,700 conducted by field staff and 50 by environmental risk team members.

Spills, releases and reporting

Raising our spill and release standards

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

We recorded a total of 211 spills in 2011, which is less than the 221 spills we recorded in 2010. Of the 211 recorded spills, 35 were considered reportable by regulatory standards. We did not meet our target to report 100 per cent of all reportable incidents (our reporting compliance was 97 per cent) due to one incident that was not reported promptly. We conducted a thorough investigation, interviewing TELUS team members, and identified areas of improvement within our reporting process. We will implement these improvements in 2012.

The majority of our recorded spill incidents (over 80 per cent) are halocarbon releases from air conditioning equipment used to cool our facilities and network equipment. The total weight of gas released decreased from 1,905 kg in 2010 to 1,656 kg in 2011. The volume of liquids spilled increased in 2011 compared to 2010, primarily due to a single large diesel spill which occurred at our remote Baie-de-Loups radio relay site in Quebec. Please refer to

Contaminated Sites for a detailed description of the incident.

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

In 2011, we introduced a new method for the categorization of our spill and release incidents based on volume. Quantity ranges for each type of material have been developed for each category (A, B and C) based on regulatory standards and associated hazards. Using this classification approach, we have defined Category A spills and releases as reportable and serious and have set a target of zero Category A spills and releases in 2012.

Spills and releases reporting¹

| | 2011 | 2010 | 2009 |
|---|----------------|-------|--------|
| Reportable | 35 A | 46 | 42 |
| Not reportable ² | 176 A | 175 | 118 |
| Total spills and releases | 211 | 221 | 160 |
| Approximate volume (L) ³ | 9,827 A | 3,605 | 12,107 |
| Approximate weight (kg) ⁴ | 1,656 A | 1,905 | 1,420 |
| Category A – reportable, serious ⁵ | 3 | 3 | 2 |
| Category B – reportable, significant ^{5,6} | 38 | 47 | 41 |
| Category C – not reportable, insignificant ⁵ | 170 | 172 | 117 |

- 1 Spill amounts reflect best estimates based on investigation results.
- 2 Spills and releases below regulatory thresholds do not require reporting and are termed "not reportable." Definition of "reportable" varies by jurisdiction.
- 3 Volume in litres includes liquid petroleum hydrocarbons, battery acid, glycol and other.
- 4 Weight in kilograms includes refrigerants (Chlorofluorocarbons) and fire suppression agents (Halon and FM-200).
- 5 Halocarbon and fire suppression gases: Cat A >100 kg, Cat B >10 kg and up to 100 kg, Cat C < or equal to 10 kg
Hydrocarbon: Cat A > 1000 L or enters water, Cat B > 100 L and up to 1000 L, Cat C < or equal to 100 L
Glycol: Cat A > 500 L, Cat B > 5 L and up to 500 L, Cat C < 5 L
Acid: Cat A > 50 L, Cat B is > 5 L and up to 50 L, Cat C < or equal to 5 L
- 6 A small number of category B spills were contained appropriately and, based upon regulatory guidance, were not reported. As a result, these spills are not included in the total reportable spills in row 1 of this chart.

Fuel system upgrades

Focusing on fuel system upgrades

To enable continuity of services as required by federal regulation, TELUS must provide its own back-up electrical power in the event that commercial electricity sources are not available. In addition, TELUS has certain remote sites where commercially provided power is not currently available. This requires the use and storage of diesel and propane fuel for continuous power generation, with diesel fuel posing an environmental risk if it leaks from either a storage tank or faulty fuel line as occurred at our Baie-des-Loups radio relay site in January 2011. Please refer to Contaminated Sites for a detailed



description of the incident.

We continue to focus on fuel system upgrades as installation and maintenance of these systems helps to mitigate the future risk of environmentally damaging spills. These upgrades include the installation of double-walled fuel storage tanks and remote spill monitoring systems, which alert our emergency operations centre in the case of a fuel spill.

Since the start of our formal fuel systems upgrade program in 2002, we have completed upgrades at 241 of our sites that have tanks larger than 2,500 litres. Our target for 2011 was to complete 15 sites. We completed a total of 13^A sites in 2011, due to the re-direction of funding toward related power system decommissioning projects.

Our target for 2012 is to complete 15 sites.

Halon inventory reduction

Removing Halon

Halon 1301 was used in the North American telecommunications industry in fire-extinguishing equipment because it is not toxic to humans, but has very high ozone-depleting properties. TELUS continues its multi-year effort to remove this compound across the organization and replace it with more environmentally sensitive detection and suppression technology. Since 2004, TELUS has removed more than 33,000 kg of Halon 1301 from our properties. In 2011, we removed the Halon 1301 from two remote facilities. Our remaining inventory is located at eight remote facilities outside the major urban areas where we operate.

In 2012, we have targeted four of the remaining eight facilities for Halon 1301 removal. This is part of a multi-year plan to remove all Halon 1301 from our facilities.

Contaminated sites

Addressing contamination

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

improve our environmental footprint.

Our 2011 target was to conduct assessment and/or remediation work on 20 sites and complete remediation work on two sites. Completed sites refer to sites that have known contamination remediated according to the appropriate regulatory guidelines for soil and/or groundwater. We successfully investigated 33 sites but were not able to complete either of the two targeted projects due to unforeseen technical challenges that delayed the completion of the remediation work.

Our target for 2012 is to conduct assessment and/or remediation activities at 20 sites and have two sites completed.

On January 20, 2011 TELUS confirmed that an 8,500 litre diesel spill had occurred at a radio relay site in Baie-des-Loups, a remote community on Quebec's lower north shore. This site is one of our remote sites where commercially provided power is not available and is powered by a diesel generator which started leaking from a broken fuel filter fitting. Although the site was equipped with double walled fuel supply lines and fuel storage, a full fuel system upgrade had not been completed, and the generator building was not equipped with full containment and spill alarms. The location of the release point resulted in a slow fuel leak which went undetected until the diesel fuel tank reached its low level limit and an alarm was activated. TELUS responded immediately after receiving the alarm with assistance from an environmental consultant to conduct immediate spill response and containment operations. This included delineation of the impacted area and confirmation that the diesel had not reached nearby water bodies. Over the summer, TELUS initiated a staged remediation approach, with excavation of the majority of contaminated soil from the site. In 2012, TELUS will continue with the remediation program, including revegetation activities. All spill response and remediation efforts to date have been completed to the satisfaction of the provincial Ministry of Sustainable Development, Environment and Parks. In order to prevent a reoccurrence of this type of incident, TELUS has upgraded the spill protection at this site and is in the process of conducting a company-wide review of fuel management standards.



Glossary

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

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

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

ADSL2+: Provides data download rates of up to 15 Mbps. These rates can be increased further by bonding multiple lines together.

bandwidth: The difference between the top and bottom limiting frequencies of a continuous frequency band, or indicator of the information-carrying capacity of a channel. A greater bandwidth provides a larger information-carrying capacity.

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

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

cloud computing: A system where software, data and services reside in data centres accessed over the Internet from any connected device.

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

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

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

Customers First: A corporate priority focused on creating a best-in-class customer experience as measured through TELUS' Likelihood to Recommend framework and customer surveys.

customer premise equipment: Currently includes IP TV, Satellite TV and High Speed Internet Access.

Earnings Before Interest and Taxes (EBIT): A measure of a firm's profit that excludes interest and income tax expenses. $EBIT = \text{Revenue} - \text{Operating expenses (OPEX)} + \text{Non-operating income}$.

Eluta.ca: A search engine that specializes in job announcements at employers across Canada. They also host Canada's Top 100 award and Canada's Best Diversity Employers, which recognizes employers that have exceptional workplace diversity and inclusiveness programs.

emission factors: The most common approach for calculating greenhouse gas (GHG) emissions is through the use of emissions factors. Emission factors are representative values relating the quantity of an emission with an activity associated with the release of that emission. In Canada, Environment Canada assigns a value related to the electricity grid by province.

e-waste: Electronic waste, e-waste, e-scrap, or Waste Electrical and Electronic Equipment (WEEE) describes discarded electrical or electronic devices.

fastest: Canada's fastest coast-to-coast HSPA+ wireless network is based on TELUS' tests of data throughput speeds in large Canadian urban centres available from national HSPA+ service providers. Internet access speed provided by the network operator may vary due to the device being used, network congestion, distance from the cell site, local conditions and other factors. Speed on the Internet is beyond the wireless network operator's control and may vary with the user's configuration, Internet traffic, website server and management policies and other factors.

GoodLife fitness memberships: Memberships are available for TELUS team members at approximately 50 per cent off the regular fitness fees. Included with membership are services such as personal training, child minding and nutritional counseling.

HSPA+ (high-speed packet access plus): A 4G technology capable of delivering manufacturer-rated wireless data download speeds of up to 21 Mbps (typical speeds of 4 to 6 Mbps expected).

health spending account: An account used by employees to obtain tax free reimbursement (except for Quebec residents) for medical or dental expenses that qualify under the Income Tax Act and are not reimbursed by any other insurance plan (government or private).

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

IP TV (Internet protocol television): Television service that uses a two-way digital broadcast signal sent through a switched telephone or other network by way of streamed broadband connection to a dedicated set-top-box. The TELUS service is trademarked as Optik TV™.

ISO 14001:2004: A family of standards related to environmental management that exists to help organizations (a) minimize how their operations (processes etc.) negatively affect the environment (i.e. cause adverse

changes to air, water, or land); (b) comply with applicable laws, regulations and other environmentally oriented requirements, and (c) continually improve in the above.

Kids & Company: Provides corporate clients' employees with nurturing, innovative child care services for their children to play, learn and thrive throughout the day.

Learning 2.0: In 2010, we introduced both the TELUS Leadership Philosophy and a new approach to learning and development known as Learning 2.0. Our team member learning practice is now collaborative, connected and a continuous journey, which employs many different types of training, from classroom, eLearning, books and coaching to user generated content, such as videos, blogs, micro-blogs and wikis.

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

LinkedIn: The world's largest business-oriented social networking site with more than 120 million members and growing rapidly. LinkedIn connects members to trusted contacts and helps exchange knowledge, ideas and opportunities with a broader network of professionals.

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

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

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

my personal assistant: A professional assistance company that specializes in decreasing stress by helping with everyday personal tasks.

over-the-top (OTT): Content, services and applications in a video environment where the delivery occurs through a medium other than the main video delivery infrastructure.

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

penetration: The degree, expressed as a percentage, to which a product or service has been sold into or adopted by a base of potential customers in a given geographic area or market segment.

performance development: Relates to the process of setting objectives, performance appraisals and reviews and establishing career development plans (including formal, informal and social learning) to enhance the performance of individual team members. This is also one of the top five drivers of the Engagement Score.

photovoltaic: A method of generating electrical power by converting solar radiation into direct current electricity.

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

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

President's Club: Each year TELUS celebrates 100 sales team members whose passion for growth and spirited teamwork are worthy of the highest form of recognition. The top 100 performers identified exemplify the values and characteristics of a premier sales organization committed to putting customers first. They earn a place in the President's Club and benefit from an executive hosted recognition event and an exclusive travel experience.

Pulsecheck: TELUS' annual team member web based engagement survey, hosted by a third party.

PVR (personal video recorder): An interactive TV set-top box that records and plays back television programs.

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

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

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

set-top box: A device that connects to a television and converts a signal into content that is displayed by the television. In IP TV, a set-top box allows two-way communications on the IP network.

smartphone: An advanced mobile device that provides text messaging, email, multimedia downloads and social networking functionality in addition to voice. TELUS includes in this category iPhone, BlackBerry, Android and other devices.

tablet: A portable computer that includes a touchscreen interface with a wireless and/or Wi-Fi connection. It combines the features and portability of a smartphone with the power of a laptop.

team member engagement: Engagement at TELUS is about strengthening the spirit and capturing the minds of team members in a way that contributes to enhanced individual, team and corporate performance. An engaged team is realized when team members truly believe in and are proud of the company they work for, and see a strong connection between their contributions and TELUS' success. This is measured annually at TELUS by a third party web based survey called Pulsecheck.

TELUS International: Our international operations (primarily outsourcing and call centre facilities) in the Philippines, United States, Singapore, Barbados, South Korea, Guatemala and El Salvador.

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

values attributes: The values attributes represent key skills that align to our leadership values and support behaviours that elevate and differentiate our high performance culture.

VDSL2 (very high bit-rate digital subscriber line 2): Fibre-to-the-node technology offering accelerated data download rates of up to 30 Mbps, which enables four simultaneous video streams into a home. These rates can be increased further by bonding multiple lines together.

VoIP (voice over Internet protocol): The transmission of voice signals over the Internet or IP network.

wireless churn: Calculated as the number of subscriber units disconnected during a given period divided by the average number of subscriber units on the network during the period, and expressed as a rate per month.



Investor information

TELUS is committed to generating sustainable economic growth.

Visit telus.com/investors.

Community giving

TELUS has a unique and innovative program of 11 Canadian community boards plus 3 international boards in the Philippines, Guatemala and El Salvador. Since 2005, the TELUS Community Boards have donated \$30 million to support 2,300 community projects. Visit telus.com/community.

Employment

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

Environmental stewardship

TELUS is committed to doing its part as an environmental steward.

Visit telus.com/csr.



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