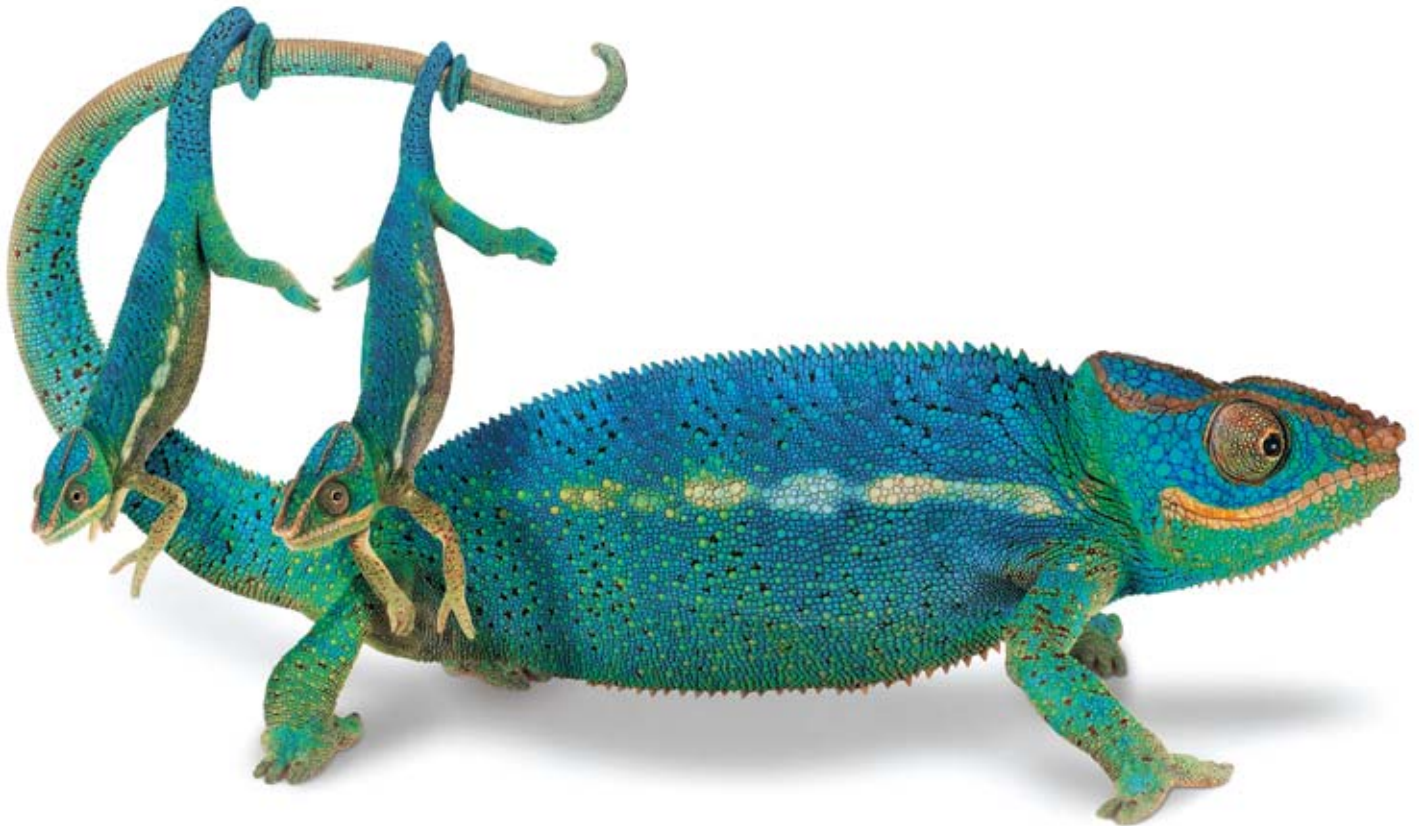


2004

corporate social
responsibility report



the future is friendly[®]



the future is friendly

Profile

TELUS Corporation is the largest telecommunications company in Western Canada and the second largest in the country. We provide a wide range of telecommunications products and services including data, Internet protocol (IP), voice, video and wireless services.

In 2004, we generated \$7.6 billion in revenues, and were a global leader among major telecom companies in growth of revenue, operating earnings and cash flow.

TELUS serves customers with...

- two state-of-the-art national digital wireless networks covering 30 million people across Canada and providing wireless solutions to 3.9 million wireless customers
- our strong incumbent market position in Western Canada and Eastern Quebec, including 4.8 million network lines, 971,000 Internet customers, and innovative technology solutions such as the TELUS Future Friendly® Home
- our national wireline next generation network, which offers advanced IP-based network applications such as the TELUS IP-One™ product family to serve business customers across Canada.

Strategic intent

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

Social responsibility

We are committed to becoming Canada's premier corporate citizen by making a difference in the communities where we live, work and serve.

forward-looking statements summary

This report contains statements about expected future events and financial and operating results of TELUS that are forward-looking and subject to risks and uncertainties. Accordingly, this report is qualified in its entirety by the inherent risks and uncertainties surrounding future expectations. Factors that could cause actual results to differ materially include, but are not limited to, competition, human resources (including the outcome of outstanding labour relations issues), regulatory developments, process risks, and other risk factors discussed in this document and listed from time to time in continuous disclosure documents filed on SEDAR (sedar.com) under applicable Canadian securities laws and filed on EDGAR (sec.gov) under applicable U.S. securities laws. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Selected quantitative information in TELUS' 2004 corporate social responsibility report has been independently audited by PricewaterhouseCoopers LLP (see page 51). Audited information has been marked with the symbol **A**.

becoming Canada's premier corporate citizen

At TELUS, we have a long history of contributing positively to the communities where we live, work and serve. This legacy supports our commitment to become Canada's premier corporate citizen.

Telecommunications plays an essential role in safeguarding, enriching and strengthening the social, environmental and economic foundation for Canadians. Telecommunications can help transform our world through access to innovative technologies that make a real and positive difference in people's lives.

This report builds upon what TELUS currently discloses financially and presents the social, economic and environmental performance for TELUS Communications and TELUS Mobility. Guided by the Global Reporting Initiative framework, this report marks our progress in the journey toward more transparent and comprehensive reporting.

Key to this journey is the relationships we have with our stakeholders. Through active engagement, keen listening and taking action, we are working with our stakeholders to build trust and more effectively meet their needs.

At TELUS, *the future is friendly*:

- **for our team members**, as we create an environment that invites creativity and innovation, encourages diversity and respect, and opens the doors for leading-edge development and learning opportunities

- **for our customers**, as we unleash the power of the Internet to deliver the best solutions and continue to work toward delivering superior customer service
- **for our investors**, as we focus on our national growth strategy and core business, strive to deliver superior financial and operating results, and commit to full and fair financial disclosure and best practices in corporate governance
- **for our communities**, as we continue to support many community programs and charitable organizations, and help to improve communities through the individual and collective efforts of our team members and retirees
- **for the environment**, as we work diligently to protect and preserve the environment, put innovative practices and policies in place to minimize adverse effects and work collaboratively with industry groups to improve environmental accountability.



our commitment



At TELUS our brand promise is to deliver a friendly future for all of our stakeholders. This promise is a commitment and a call to action for our team members and retirees to make a difference. It defines what we do and how we do it, and it must be demonstrated through leadership in all facets of our business. This commitment also defines our dedication to corporate social responsibility.

As we strive to make the future friendly, we are implementing business practices and innovative ideas that underpin our efforts to achieve long-term sustainable growth. At the same time, we are actively contributing our time and talents to make a significant difference in the communities where we live, work and serve.

At TELUS, corporate social responsibility has become an integral part of what we do – in our challenges, achievements and vision for the future. We recognize the impact TELUS has on the environment and in the communities we serve, and fully accept the responsibility this bestows upon us. Our accountability is to manage our business responsibly and with integrity while focusing on sustainable development and clearly defined goals to ensure our progress and meaningful results.

TELUS strives to meet the expectations of all our stakeholders by embracing a triple bottom line approach that serves to focus our team members on not just adding economic value, but also on the environmental and social impacts. This is what we believe defines a premier corporate citizen.

A look at our progress

In 2004, we reinforced our efforts to continually improve customer service and, with our team's commitment, we made significant progress. Many of our wireline service metrics achieved historically high levels and our monthly customer retention rate for TELUS Mobility is one of the best amongst North American wireless companies. Notwithstanding this, TELUS recognizes that this is a never-ending journey and, therefore, service excellence remains a corporate priority for 2005.

Economic impact

On the economic front, we again delivered on our national growth strategy, resulting in TELUS achieving global telecom leadership in growing our revenue, EBITDA (earnings before interest, taxes, depreciation and amortization), and cash flow (EBITDA less capital expenditures). Specifically, we generated growth of six per cent in revenue, 10 per cent in EBITDA and 13 per cent for cash flow. We also produced top-quartile net income growth of 75 per cent.

We have honoured our long-stated goal of balancing the interests of our share and debt holders by reducing net debt



Darren Entwistle
Member of the
TELUS Team

by \$1.9 billion in the past two years and achieving our debt de-leveraging targets well ahead of plan. TELUS shareholders have benefited from outstanding share price appreciation of 40 per cent in 2004 and 49 per cent in 2003. Finally, late in 2004, we increased our quarterly dividend by 33 per cent to 20 cents per share.

Environmental impact

Our focus on protecting the environment remains strong. Our industry is unique, telecommunications is not only considered environmentally friendly but moreover the use of our technology can also help others reduce travel and use of paper through the adoption of online tools and video or teleconferencing. In recognition of our leadership in this area, we were named the 2004 Best Environmental Corporate Citizen in the Corporate Knights' annual ranking of Canada's 50 best corporate citizens. This is the second consecutive year we have been honoured with this distinction.

Social impact

From a social standpoint, we are clearly setting a standard of excellence for corporate social responsibility. Over the last five years, TELUS and our team members have contributed \$54 million and hundreds of thousands of volunteer hours to charitable organizations across Canada. Since 1995, we have honoured our designation as an Imagine Caring Company, donating at least one per cent of our profits to charitable organizations.

2005 sustainability targets

Economic	Meet TELUS' consolidated financial targets (revenue, operating earnings, earnings per share, capital expenditures and free cash flow), as detailed on page 8 and 9 of the 2004 annual report – business review
Environment	Complete an external audit of TELUS' environmental management system (EMS), demonstrating a high degree of conformance with the ISO 14000 EMS standard
Social – Community	Increase both the funds raised and participation rate of team members by 10 per cent in the 2005 Employee Charitable Giving Campaign
Social – Workplace	Resolve outstanding collective bargaining
Social – Governance	Enhance TELUS' corporate governance leadership by being substantially ready in 2005 for the next level of rigorous U.S. Sarbanes-Oxley Act certification (section 404) required in 2006 on financial reporting internal controls

Meeting the challenges

While we are making significant progress in making the future friendly for our stakeholders, we must continue to address the challenges along the way.

1 Given the broad interests of our stakeholders, we must constantly strive to answer the weight of these expectations while always operating in a responsible and sustainable manner. To this end, we are pursuing more opportunities for open dialogue that will enhance our understanding of stakeholders' expectations. For example, we conduct semi-annual e.surveys of our team members at TELUS, solicit customer feedback quarterly, and conduct an annual investor survey. We review the feedback and implement actions to address concerns in a considered and effective manner.

2 Second, the demands for resources in our communities are huge. While we know that our support is helping to make a difference, we know there is always more we can do. To ensure our support is most effective, we actively listen to our stakeholders to ensure we deploy resources wisely. For example, health care and education are key focus areas for our community investments, given that they are considered high priorities in many communities we serve.

3 Third, while we believe our efforts to minimize environmental impacts are extensive, we can always improve by establishing proactive environmental practices. In 2005, we will continue to engage our team members in environmental initiatives. These will include teleworking and volunteering for the One Tonne Challenge, an Environment Canada and Natural Resources Canada initiative to reduce greenhouse gases.

The future is friendly

Based on our triple bottom line approach to corporate social responsibility, we are committed to becoming Canada's premier corporate citizen. TELUS embraces a fundamental belief that what gets measured, gets done and to ensure our efforts remain focused we have set five targets for 2005 as shown in the chart above. Our success will be measured by our achievements, and by ensuring the expectations of our stakeholders are met in a financially, socially and environmentally responsible manner.

As we strive to make the future friendly for all our stakeholders, we are determined to make Canada a better place for everyone.

Sincerely,



Darren Entwistle

President and Chief Executive Officer

March 3, 2005

future friendly business and management practices

At TELUS, the statement the future is friendly is central to our business and how we deal with stakeholders. To realize this ambition, we strive to ensure our individual and collective reputation is above reproach. Our goal is to demonstrate the highest levels of ethics and integrity in our interactions with all stakeholders. This is a priority across the organization, and an ongoing commitment for all team members.



business and management practices

Strategy, corporate governance and business ethics

At TELUS, our strategy focuses our organization on becoming a strong national player in the growth areas of wireless, data and IP. Our strategy begins with our strategic intent – to unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move.

Guiding our efforts are six strategic imperatives that have guided us since 2000 and continue to serve as a framework for our actions.

- **Building national capabilities** across data, IP, voice and wireless
- **Focusing relentlessly on the growth markets of data, IP and wireless**
- **Providing integrated solutions** that differentiate TELUS from our competitors
- **Partnering, acquiring and divesting** to accelerate the implementation of our strategy and focus our resources on core business
- **Going to market as one team**, under a common brand, executing a single strategy
- **Investing in internal capabilities** to build a high-performance culture and efficient operation.

Each year we also set corporate priorities to address timely opportunities and challenges. TELUS team members use these corporate priorities to determine how their own contributions will help address the corporate strategy. To define and achieve organizational excellence, personal performance objectives are created that align to corporate and business unit objectives. These personal performance objectives provide the clarity and commitment for each team member to work towards achieving these goals.

For more information on our progress to date, strategic imperatives and key priorities for 2005, view our 2004 annual report online at telus.com/annualreport.

Corporate governance

Hand in hand with sustainability, companies today must also demonstrate high standards of ethics not just in operations, but also in the management of a company. Our Board of Directors approves the TELUS ethics policy, and is responsible for monitoring its compliance. Additionally, the Board oversees strategic planning, communicating with shareholders and other investors and regulators, monitoring risks and internal controls, and monitoring compliance with all significant policies and procedures. The Board is also responsible for appointing the chief executive officer (CEO) and approving the appointment of all members of the executive leadership team. Profiles on our Board of Directors and senior executives may be found at telus.com/bios.

We continue to proactively adopt leading corporate best practices, building upon the excellent foundation already in place. A full statement of our corporate governance practices can be viewed at telus.com/governance.

Assessment by Moody's Investors Service – In July 2004, Moody's Investors Service completed an independent corporate governance assessment of TELUS Corporation, stating that, in their view, TELUS has strong corporate governance practices. Moody's was impressed with board and director evaluation procedures; the requirement and well-defined role, for a non-executive chair; and vigorous CEO evaluation by the Human Resources and Compensation Committee and the Board. Moody's believed the TELUS Board appeared strong, although it noted that specific industry knowledge is concentrated with directors who are not considered independent.

Issue/risk identification and significance

Our holistic approach to risk management comprises a three-level enterprise risk assessment process that includes the expertise and insight of team members from all areas of the business.

Level one includes an annual risk assessment; one-on-one interviews with senior managers; a risk and control assessment survey based on the COSO (Committee of Sponsoring

Organizations of the Treadway Commission) enterprise risk management and internal control frameworks; a review of issues from past internal and external audits; and the prioritization of key risks and the engagement of executive owners charged with the creation of action plans to mitigate risks. Results of this assessment are presented to senior management and the Audit Committee of the Board of Directors as input into our strategic planning and risk management processes. The results are also used to support the CEO/CFO (chief financial officer) certification process.

In level two, we conduct a quarterly risk assessment review with key internal stakeholders to capture dynamically changing business risks, monitor the mitigation of key risks, and provide ongoing assurance to the Audit Committee.

In level three, we conduct detailed risk assessments for specific audit engagements and various risk management initiatives (e.g. environmental management system, safety audits, business continuity planning, physical property risk evaluations, network and IT vulnerability, proactive fraud and ethics risk, etc.). The results of the annual, quarterly and more detailed engagement level risks are prioritized and lead to the development of appropriate risk mitigation action plans.

Our risk assessment results are noted in the publicly disclosed Risks and Uncertainties section of the annual report at telus.com/annualreport. As well, information on financial liabilities is listed in the Consolidated financial statements and notes section of our 2004 annual report at telus.com/annualreport.

Business ethics and integrity, policies and codes of conduct

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 directors and officers. The policies have been communicated to team members and can be viewed online, except for the security policies, at telus.com/governance. Some of the policies referenced include:

Privacy code – The privacy code governs how we collect, use and disclose customer and employee personal information. Our privacy code was updated to reflect the federal privacy legislation that came into effect on January 1, 2001. For more information, click on “privacy” at the bottom of any telus.com Web page.

Corporate disclosure and confidentiality of information policy – The TELUS Board of Directors approved this new policy in October 2003, as part of our ongoing commitment to full and fair financial disclosure. The policy helps team members understand the guidelines, processes and legal requirements for the disclosure of material corporate information.

Security policies – In 2004, our corporate security policies were updated and made available to team members through our internal Corporate Security Web site. Managers must ensure their team members are aware of and comply with those policies applicable to their work. TELUS plans to heighten security awareness for team members in 2005, through an e.learning training course.

Insider trading policy – In February 2004, we developed a comprehensive insider trading policy that guides the actions of team members in buying and selling TELUS shares and in the disclosure of material information about TELUS. This policy is communicated to team members through our e.Ethics course.

Signing authority policy – This policy is an essential component of our management control framework, as delegated by our Board of Directors. Integral to the policy are signing authority matrices, which detail authority levels for various types of transactions.

A Web-based ethics course – To promote company-wide ethical behaviour, we ask all team members to complete a Web-based ethics course yearly to promote awareness of the ethics policy. The course was initially launched in 2002 and is updated and enhanced annually. Our goal is to have all team members complete the course. Ninety-seven per cent¹ of team members completed the 2004 course, compared with 95 per cent² in 2003 and 93 per cent² in 2002.

1 The percentage for 2004 excludes TELUS Mobility, as TELUS Mobility is aligning the timeframe of their yearly course dates to be consistent with TELUS Communications. TELUS Mobility's results will be included in 2005 results.

2 Includes TELUS Mobility results.

business and management practices

“TELUS has strong corporate governance practices, in our view, described in unusually detailed and specific public disclosure by the company. We are impressed with board and director evaluation procedures; the requirement, and well-defined role, for a non-executive chair; what we believe is vigorous CEO evaluation by the compensation committee and the board; and clear performance metrics in executive compensation.”

Moody's Investors
Service, July 2004



A **TELUS EthicsLine** – Through the TELUS EthicsLine (1-866-515-6333 or ethicsline@telus.com), team members and external stakeholders can raise anonymous and confidential questions or complaints on accounting, internal controls or ethical issues. In 2004, the Ethics Office fielded 250 calls. Of these, it was determined that 107 (or 43 per cent) did not relate to the Ethics Policy, and were subsequently referred to more appropriate areas such as Customer or Client Care, Human Resources, etc. Of the remaining 143 calls, 79 were inquiries from team members seeking advice on ethical situations and 64 were complaints from external and internal stakeholders. Each complaint was researched, resolved appropriately and reported to the Audit Committee of the Board of Directors. For 2004, the Ethics Office concluded there had been 22 breaches of the Ethics Policy and none involving fraud by team members with a significant role in internal controls over financial reporting. Ongoing communication, annual ethics training and heightened awareness have contributed to the increased use of the TELUS EthicsLine.

Triple bottom line decisions

TELUS management incorporates economic, environmental and social concerns into their decisions on an ongoing basis. The construction of the North Island fibre ring in B.C. is one example. This \$6 million project, which immeasurably improved service to 46,000 residents of Vancouver Island, also considered sensitive marine habitats as well as the cultural reserves of First Nations.

In 2004, five of our senior managers participated in a research project, “Making Sustainable Decisions,” undertaken by the Richard Ivey School of Business, University of Western Ontario. The anticipated report will help us assess our approach to sustainable decision-making, backed up by independent and relevant research.

Public policy and economic development

As a Canadian telecommunications leader, we work with all levels of government, industry partners and other stakeholders to enhance effective public policy formulation on telecommunications issues, and to create economic development opportunities. We are committed to fully briefing government stakeholders on issues of mutual interest and putting our views forward on matters impacting our industry. We interact directly with government on a regular basis, and through a wide variety of industry and business associations including the Information Technology Association of Canada, Canadian Wireless Telecommunications Association (CWTA), Conference Board of Canada, Public Policy Forum, Canadian Chamber of Commerce, local Chambers of Commerce and Boards of Trade, B.C. Business Council and Alberta Economic Development Authority.

Public policy

Addressing the industry-wide issues of child exploitation on the Internet and spam calls for the collaboration of diverse national and international stakeholders who are committed to ongoing technical, legislative, self-regulating and educational actions.

Child safety – To address child exploitation, we have joined forces with a national cross-sector working group to develop and implement a Canadian strategy. We are also a member of the national steering committee of the National Child Exploitation Coordination Centre, and a Guardian sponsor (the highest level of corporate support) of Cybertip!ca, Canada's national online child exploitation tip-line. For more information, visit cybertip.ca.

In 2004, we actively participated in the Ontario Attorney General's Online Child Exploitation Working Group, to help facilitate a safe online environment for children. As well, we became a gold level sponsor and board member in 2004 of the Media Awareness Network (MNet), Canada's leading media and Web literacy organization. MNet provides resources and support for everyone interested in media and information literacy for young people. See media-awareness.ca for more information.

Spam – Spam continues to be a major concern for both personal and business Internet users. To address this issue, we teamed up with various working groups, launched by the Federal Anti-Spam Task Force. In 2004, we also joined with other industry stakeholders in meeting with parliamentarians and appearing before a senate subcommittee to discuss potential anti-spam legislation. Additionally, we provide free spam control to our Internet subscribers. For more information about the Anti-Spam Task Force, visit e-com.ic.gc.ca/epic/internet/incec-ceac.nsf/en/h_gv00248e.html.

Ontario's Working Group on Consumer Awareness and Identity Theft – As part of our commitment to making the Internet safer for consumers, TELUS participates in this working group, which is a comprehensive effort by government and business to educate consumers about unscrupulous business practices. We are also a leading sponsor of the Consumer and Business Services' Consumer Awareness Week, launched in November 2004 by the Ontario government.

Privacy – We are a leading advocate of privacy rights and protection in Canada. Supporting this, we have provided advice to the federal government, as well as the B.C. and Alberta provincial governments, on ensuring privacy legislation is balanced and reflects the interests of both consumers and business. In partnership with the University of Alberta, we also sponsored and co-hosted an international privacy conference in Edmonton in 2004. The conference attracted over 300 business, government and academic delegates, including privacy commissioners from across Canada, as well as Canada's federal access commissioner.

Public policy and wireless – As wireless technology rapidly advances, TELUS Mobility advises government and various regulatory agencies on a broad range of legislative and policy issues from infrastructure and spectrum development to health and safety matters. Through ongoing dialogue with stakeholders including Industry Canada, the Radio Advisory Board of Canada and the Canadian Wireless Telecommunications Association (CWTA), we contribute to the development of a marketplace policy framework that is fair and competitive for wireless customers and carriers alike.

TELUS supports Ramp Up! initiative

Supporting the B.C. Government's work to revitalize the economy, TELUS commissioned a White Paper in 2003 to explore regional economic development issues. In 2004, this paper was a springboard for regional Ramp Up! workshops led by TELUS, which included local, regional and provincial officials as well as business, Aboriginal and community leaders from seven B.C. regions. The Ramp-Up! final report will provide a roadmap for B.C. sustainable economic development.



Responsible driving – Driving and using a mobile phone is an ongoing topic of discussion among legislators, wireless industry carriers, customers, police forces and the general public. We clearly show our commitment to putting safety first on this important issue. For example, through targeted safety messages to customers, team members and the general public, we emphasize that safe driving should be the first priority of every wireless customer. In addition, we work hand in hand with industry stakeholders to advocate for comprehensive national education and communication programs about responsible driving. For more information, see cwta.ca.

Health and safety – TELUS Mobility, along with other wireless industry stakeholders in Canada, is committed to the ongoing study of health and safety issues related to wireless technologies. Working with fellow stakeholders via the CWTA, the industry maintains close liaison with government agencies

including the Canadian Radio-television and Telecommunications Commission (CRTC), Health Canada and Industry Canada, and with key U.S. and international groups such as the World Health Organization.

Economic development

Through collaboration and resource sharing with stakeholders, we support a variety of local and regional economic initiatives that help build strong communities now and for the future.

LINX BC® – LINX BC is a joint initiative of the government of B.C., TELUS, the Economic Development Association of B.C. and eight regional municipal governments in B.C. These groups have joined forces to help build healthy, diverse local economies in B.C. by marketing the province internationally as an attractive and competitive location for call centre investments. For more information, visit linxbc.com.

TELUS Ventures® Fund – The TELUS Ventures Fund supports growth businesses, investing in emerging technologies that are consistent with our strategy of optimizing the convergence of data, IP, voice and wireless. The fund has invested almost \$60 million in 18 companies since 2001. Visit about.telus.com/ventures/.

TELUS New Ventures BC – TELUS is a major sponsor of New Ventures BC, one of North America's largest technology business plan competitions. These efforts help build a strong, healthy economy in Western Canada, and enable innovators to turn their original ideas into profitable companies. Visit telusnewventuresbc.com.

TELUS Innovation Fund for Film, TV and New Media – In November 2004, the TELUS Foundation donated \$3 million to the Canadian Film Centre. This contribution will be invested in Canadian talent and projects through the newly created TELUS Innovation Fund for Film, TV and New Media. For more information, visit cdnfilmcentre.com/index1.html.

Investing in Quebec – Supporting our commitment to economic development in Quebec, in 2003 TELUS announced a \$500 million investment over three years in Quebec, related to various government job creation programs for up to 800 jobs split between Montreal and Rimouski. In delivering on this commitment, TELUS established a modern contact centre in Montreal in 2004 that employs 335 team members.

Aboriginal relations

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

Progressive Aboriginal Relations (PAR) program – TELUS is committed to seeing Aboriginal Peoples benefit fully from opportunities for local partnerships, joint ventures and the two-way transfer of knowledge and expertise. Building

on this commitment, TELUS joined the Progressive Aboriginal Relations (PAR) Program in 2003, which provides a framework for assessing and enhancing the performance of our relationships with Aboriginal Peoples. The program concentrates on the areas of employment, business development, individual capacity development, education and community relations. For further information about PAR, visit aboriginalbiz.com/par.html.

Nisga'a Memorandum of Understanding – In 2003 TELUS signed a historic agreement with the Nisga'a Nation to help develop their capability as a community service provider in B.C.'s Nass Valley. This project includes skills training and capacity development within the Nisga'a Band.

B.C. Utilities Advisory Council for Treaty Negotiations – TELUS is committed to working with Aboriginal Peoples and the government to identify solutions for the resolution of land claims issues. As a founding member of this group, TELUS actively participates in the consultation and development of treaty language. Our commitment includes developing relationships with Aboriginal administrations through the creation of protocol agreements that recognize Aboriginal rights and title to traditional territories.

First Nations Telehealth Trial – In collaboration with the province of B.C. and the University of British Columbia (UBC), TELUS is participating in a First Nations telehealth trial in the remote northern community of Tachie. Telehealth technology provides interactive virtual consultations between health professionals and patients in different locations. Since the trial began in March 2004, TELUS has worked closely with the Tl'azt'en Nation and the UBC Faculty of Medicine to support this initiative.

Service Improvement Plan – Through TELUS' Service Improvement Plan, filed with the CRTC, we have joined forces with unserved First Nations communities to provide first-time communications services. Working closely with the First Nations Summit and Indian and Northern Affairs Canada, TELUS has accelerated the delivery of telephone services to two remote Aboriginal communities in B.C. – Takla Lake and Fort Babine.

business and management practices

Technological growth for economic development

Expansion of wireless networks – TELUS Mobility already provides digital wireless coverage to 94 per cent of Canada's population.

In 2004, TELUS Mobility invested \$355 million in capital expenditures for national wireless network expansion and enhancements, and we have targeted to invest between \$350 and \$400 million in 2005.

Telehealth – TELUS is one of Canada's leading authorities on telehealth technology, which facilitates interactive virtual consultations between health professionals and patients in different locations. This technology allows health professionals to transmit various images, including still x-rays and live ultrasound, between urban hospitals and rural or remote clinics.

In B.C., we are developing a physicians' portal for the exchange of clinical records and results between all health regions. Working in partnership with the Provincial Health Services Authority, Fraser Health Authority and Pacific Coastal Health Authority, our goal is to help physicians access medical information and images on a high-speed network.

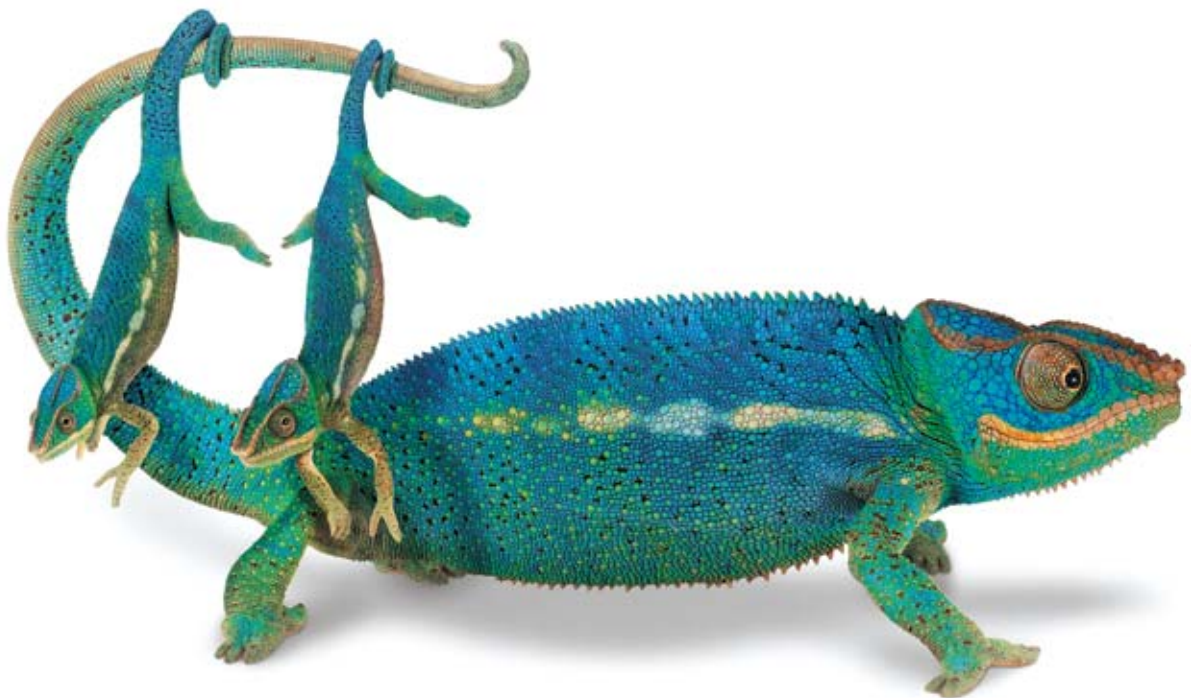
Education – We believe it is important to support school boards in accessing and incorporating new technologies and are currently supporting two innovative programs in school systems across Canada.

First, we are partnering with schools in Ottawa, Burnaby, Vancouver and St. John's to facilitate distance learning that connects students from multiple locations in real time to participate in enriched learning experiences. For instance, through videoconferencing technology linking students, parents and educators from schools in these cities, TELUS sponsored a presentation featuring the National Arts Centre Orchestra.

Second, we support online learning that gives our communities the ability to access educational content anytime, anywhere. The TELUS Learning Connection is a collaborative partnership between TELUS and Alberta Learning, the Alberta Teachers' Association, the Faculty of Education at the University of Alberta and the College of Alberta School Superintendents. Specifically, this award-winning initiative provides online teaching resources and tools for teachers, students and, most recently, parents. The newly developed parents' section features selected and organized resources to support their children's learning and proactively deal with issues like child safety on the Internet. This Web-based program features more than 18,000 pages and averages three million hits a month from users in more than 20 countries. For more information, visit www.2learn.ca.

future friendly stakeholder relations

At TELUS, we achieve best results when we work co-operatively with our stakeholders sharing ideas, perspectives and solutions. We believe in asking for the input of stakeholders, listening, and then acting. By working together to develop solutions, we build a solid foundation for long-term relationships of trust that benefit our communities socially, economically, and environmentally.



stakeholder relations

Our list of stakeholders includes customers, government, shareholders, employees, suppliers, industry advocacy groups and community partners, and others. We obtain and act on stakeholder feedback in a variety of ways. More information about our work with various stakeholder groups can be found in the public policy, economic development, communities, workplace, and environment sections of this report.

Listening to customers, resolving issues and delivering on our commitments – Achieving the levels of customer service excellence we seek unites our team in a long journey. In listening and responding to the needs of customers, we are seeking to better deliver what our customers need and expect. In 2004, we reinforced our efforts and commitment to customer service as a corporate priority. Teams throughout TELUS initiated actions that have had undeniable impacts. Our efforts in this area continue as a corporate priority in 2005.

Customer value measurement surveys – One of the ways that TELUS measures customer service is through direct feedback from customers via our customer value measurement (CVM) surveys. CVM helps us quantify, in our customers' terms, exactly how we are doing, and helps us focus on the right service priorities as identified by our customers. CVM results in 2004 indicate that the attention and effort team members have put toward our priorities, as identified by our customers, are paying off. This customer feedback will continue to be a key input into our strategies and priority setting in 2005 and beyond.

National data collection e.Tool – In 2004 an enterprise-wide process was introduced to track and respond to customer feedback, and a new national data e.Tool was launched to consolidate information representing the voice of the customer across TELUS. This tool also tracks the status of a complaint, and identifies top priority service fulfillment issues. The input from this process is essential in helping TELUS drive product, process and team performance changes to ensure a superior customer service experience.

A Monitoring our progress for continuous improvement – Our ongoing efforts to enhance customer service have had positive impacts evident in key results achieved in 2004. We work hard to provide good customer service and ask customers

wishing to comment on our service to contact TELUS directly, or write to the Canadian Radio-television and Telecommunications Commission (CRTC), an independent agency of the Government of Canada responsible for the regulation of telecommunications companies. During 2004, the number of customers voicing concerns each month to the CRTC steadily decreased in numbers to 323 in December 2004, a significant decline from a year ago. One of our goals is to address all verbal complaints to the CRTC within 48 hours. We are making progress in our efforts to provide superior customer service.

A Access improvements – In 2004, TELUS reached an important milestone in our journey towards best-in-class levels of service excellence for the CRTC indicators on access to our business office and access to our repair office. These indicators reflect our ability to answer 80 per cent of our calls within 20 seconds. As of December 2004, we had exceeded the CRTC standard for 14 consecutive months on both indicators – a TELUS first, and a reflection of the spirited teamwork and determination of our team to significantly enhance the customer experience.

Taking action on modem hijacking – Modem hijacking can affect anyone with a dial-up connection. When the user unknowingly downloads certain programs from Web sites or pop-up windows, the downloaded file accesses software on the computer and causes the modem to dial phone numbers in foreign countries, resulting in long distance charges. High-speed Internet subscribers should not be susceptible to this scam; those who have a dial-up connection such as a fax modem in addition to high-speed Internet can be vulnerable.

Due to a rise in modem hijacking in Canada and resulting customer feedback, we took steps in 2004 to help protect customers by blocking all direct-distance dialed calls to countries where modem hijacking scams most commonly originate, including Guinea-Bissau, Nauru and São Tomé.

As a precaution, customers should disconnect any dial-up connections when not in use. They can also subscribe to TELUS Call Gate® service to protect unauthorized users from dialing without authorization.

number one wireless operator

TELUS Mobility was recognized in December 2004 – for the third consecutive quarter – as the number one wireless carrier in North America by independent analyst N. Moore Capital Ltd. of New York based on excellent customer satisfaction, subscriber growth, average revenue per subscriber and cash flow, and low cost of acquisition. TELUS Mobility's focus on customer care has led to one of the lowest churn rates in the global wireless industry.



Community consultations – Across Canada in 2004, we conducted numerous public meetings in communities where wireless installations or cell tower sites are planned. Base station antennas provide high-quality wireless communications in communities across Canada, and support emergency services, community and highway safety, as well as enhance the lives of Canadians both professionally and personally. All TELUS Mobility wireless installations are certified to conform to Safety Code 6, a standard developed by Health Canada and administered by Industry Canada. Safety Code 6 sets out the requirements governing the safe operation of wireless transmission equipment.

Direct customer feedback – Each year, we survey thousands of wireless customers by phone to understand their perception of and experiences with TELUS Mobility. To respond to the input received, follow-up surveys help ensure our customers receive the highest levels of service. We also conduct numerous “mystery shopping” visits to our TELUS Mobility corporate stores and independent channel partners to experience retail shopping in the same way as customers. The information gathered becomes an important element of new programs to enhance the customer experience.

Award of excellence – We also survey our sales channels in TELUS Mobility to assess levels of satisfaction and to identify areas for improvement. Consequently, in 2004 we initiated a Channel Self-Serve program, allowing our independent dealers to serve customers more efficiently in their stores.

As a result, TELUS Mobility won an award of excellence at the 2004 Canadian Information Productivity Awards, recognizing Channel Self-Serve as a standout innovation in the category of efficiency and operational improvements.

Building strong communication with our team members – Strong communication and two-way dialogue within the TELUS team are essential to our growth strategy. We strive for communication that is comprehensive, clear and interactive. Our corporate communication channels, which include a weekly letter from our chief executive officer (CEO), e-mail bulletins, a Web portal and a bi-weekly video news program, have feedback mechanisms that enable and encourage team members to submit comments, suggestions and questions.

Additionally, our CEO and executive vice-presidents conduct regular communication sessions with managers and front-line team members. These forums are a blend of formal presentation and candid discussion on issues raised by team members. They provide invaluable insight for improving customer service and making TELUS a workplace of choice.

Annual investor survey – Each year, TELUS Investor Relations conducts a perception study, through a third party, to obtain feedback on our investor relations and communication activities. The survey audience is our institutional shareholders and telecommunications analysts, and survey respondents have the option of remaining anonymous, if they wish. Survey results are analyzed with a focus on improving processes.

future friendly economic performance

TELUS plays a strong role in Canada's economic growth through innovative telecommunications products and services that enrich the lives of Canadians, build sustainable communities and increase shareholder value. In this section, we demonstrate our commitment to economic growth now and for the future.



Through revenue, earnings and cash flow

Industry overview

Setting the stage for 2005 were significant consolidation activities in the Canadian telecommunications industry in 2004 and market introduction of new telecom services by new entrants facilitated by new technologies such as voice over IP (VoIP).

The Canadian telecom industry generated revenues of approximately \$32 billion in 2004, with Bell Canada and its affiliated regional telecommunications companies representing about 50 per cent of the total. As the second largest full-service telecommunications provider in Canada, TELUS generated \$7.6 billion in 2004, or about 24 per cent of the total.

Overall revenue growth in the Canadian telecom market in 2004 was approximately three per cent, somewhat higher than the growth experienced in 2003 but with continued weakness in wireline voice, data, wholesale and business markets. Wireless was the growth engine for the sector, with industry revenues approximately 18 per cent higher in 2004, compared to 2003. As a result, TELUS, which is strategically focused on both wireless and data, outperformed the industry with six per cent growth.

It is expected that 2005 will be another year of transition for the Canadian telecommunications industry. Incumbent carriers expect increased competition for local voice and long distance as cable-TV companies prepare to launch IP telephony using VoIP.

Wireless companies are expected to continue to focus on growth through subscriber additions and increased revenue from expansion of data services.

TELUS' strategic focus on delivering national business service in data and IP, and its large exposure (41 per cent of consolidated 2005 revenue guidance) to the fast-growing Canadian wireless market, position the company for above-average growth in 2005 and beyond.

The financial performance information presented here is extracted from our audited financial statements for the year 2004. A complete review of TELUS' financial and business information is available in our online annual report at telus.com/annualreport.

TELUS financial highlights

Operating revenues grew six per cent in 2004 to \$7.6 billion, led by strong wireless growth. Operating earnings, or EBITDA (earnings before interest, taxes, depreciation and amortization), increased 10 per cent, led by a 40 per cent wireless EBITDA growth.

Net income increased by \$242 million in 2004 due to improved operating profitability, lower financing costs and lower effective income tax rates. Capital expenditures increased slightly in 2004 for internal systems and processes, network infrastructure, implementation of new large customer contracts and development of new services. Cash flow, defined as EBITDA less capital expenditures, increased \$209 million to \$1.8 billion in 2004.

Financial highlights			
(\$ in millions except per share amount)	2004	2003	% change
Operating revenues	7,581	7,146	6.1
EBITDA ¹	3,091	2,816	9.8
Operating income	1,448	1,163	24.5
Net income	566	324	74.7
Earnings per share, basic	1.58	0.92	71.7
Capital expenditures	1,319	1,253	5.3
Cash flow ²	1,772	1,563	13.3
Dividends declared per share	0.65	0.60	8.3
Dividend payout ratio ³	41%	65%	-

1 EBITDA is earnings before interest, taxes, depreciation and amortization.

2 Cash flow is defined as EBITDA less capital expenditures.

3 Dividend payout ratio calculated by dividends declared per share divided by basic earnings per share.

economic performance

Revenue composition – TELUS' total operating revenues in 2004 consisted of 40 per cent from voice (local and long distance) revenues, 37 per cent from wireless revenues and 19 per cent from data revenues. Combined data and wireless

revenues were 56 per cent of total operating revenues in 2004, a four per cent increase from 2003. This is consistent with our continued focus on the growth markets of data and wireless and caused the healthy revenue growth.

Revenue composition				
(\$ in millions)	2004	%	2003	%
Voice – local and long distance	3,067	40	3,122	44
Data	1,416	19	1,368	19
Wireless	2,812	37	2,360	33
Other	286	4	296	4
Total operating revenues	7,581	100	7,146	100

Segmented information – The company's reported segments, which reflect TELUS' organization structure used to manage the business, are TELUS Communications and TELUS Mobility. The two segments are differentiated based on products and

services, distribution channels, technology and regulatory treatment. The following table provides a segmented breakdown of various financial data.

Segmented data						
(\$ in millions)	Communications	Mobility	2004 consolidated ²	Communications	Mobility	2003 consolidated ²
Operating revenue	4,866	2,833	7,699	4,881	2,375	7,256
Operations expense	2,918	1,691	4,609	2,881	1,560	4,441
EBITDA ¹	1,948	1,142	3,090	2,000	815	2,815
Capital expenditures	964	355	1,319	893	360	1,253

1 EBITDA is earnings before interest, taxes, depreciation and amortization.

2 Intersegment revenues and associated operating expenses between TELUS Communications and TELUS Mobility are eliminated upon consolidation.

Capital expenditures – TELUS' capital expenditures of \$1.3 billion in 2004 increased five per cent from the previous year. Approximately 63 per cent of the 2004 capital expenditure

was spent in B.C. and Alberta with 36 per cent spent in Central Canada. This compares to 65 and 34 per cent, respectively, of capital expenditures spent in the same provinces in 2003.

Capital expenditures by province				
(\$ in millions)	2004	%	2003	%
British Columbia	337	25.6	352	28.1
Alberta	496	37.6	463	37.0
Saskatchewan	2	0.1	1	0.1
Manitoba	4	0.3	4	0.3
Ontario	348	26.4	274	21.9
Quebec	124	9.4	151	12.1
Atlantic Canada	1	0.1	3	0.3
Outside Canada	7	0.5	4	0.3
Total capital expenditures	1,319	100.0	1,253	100.0

Unleashing the power of the Internet – TELUS is the second largest Internet service provider (ISP) in Western Canada and the third largest ISP in Canada. In 2004, we increased our high-speed Internet subscriber base by 23 per cent, to end the year with approximately 690,000 high-speed Internet subscribers across Canada. We are striving to ensure a majority of households in British Columbia, Alberta and Eastern Quebec have access to high-speed Internet service and have made a considerable investment of \$800 million in this high-tech infrastructure.

TELUS Mobility serving close to four million Canadians – Our wireless subscriber base grew by 512,400 subscribers in 2004 and we now serve more than 3.9 million customers from coast to coast. Our total network coverage of 30 million brings digital wireless service to 94 per cent of the Canadian population.

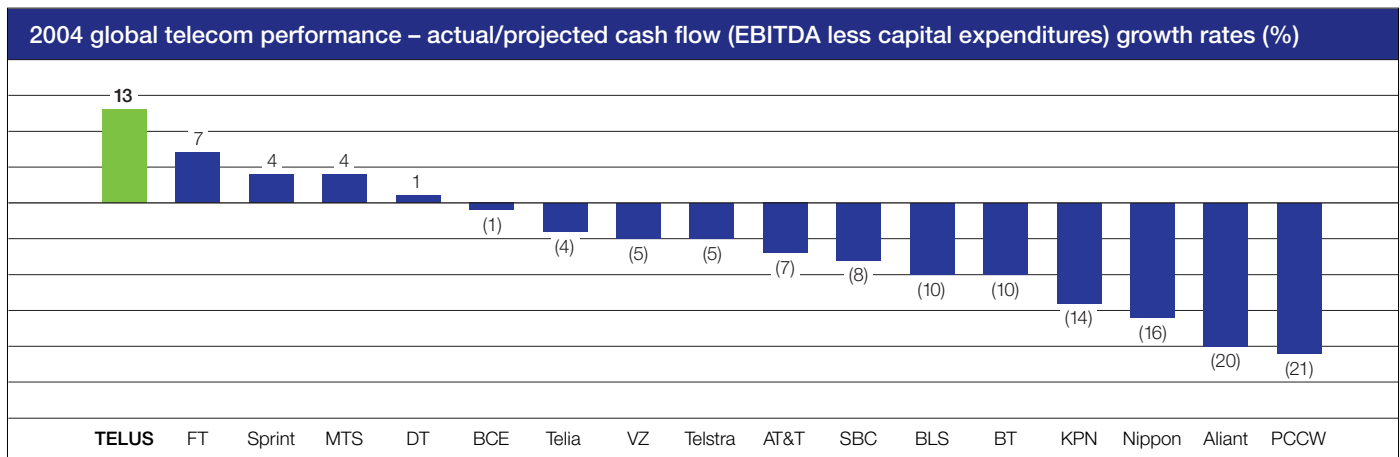
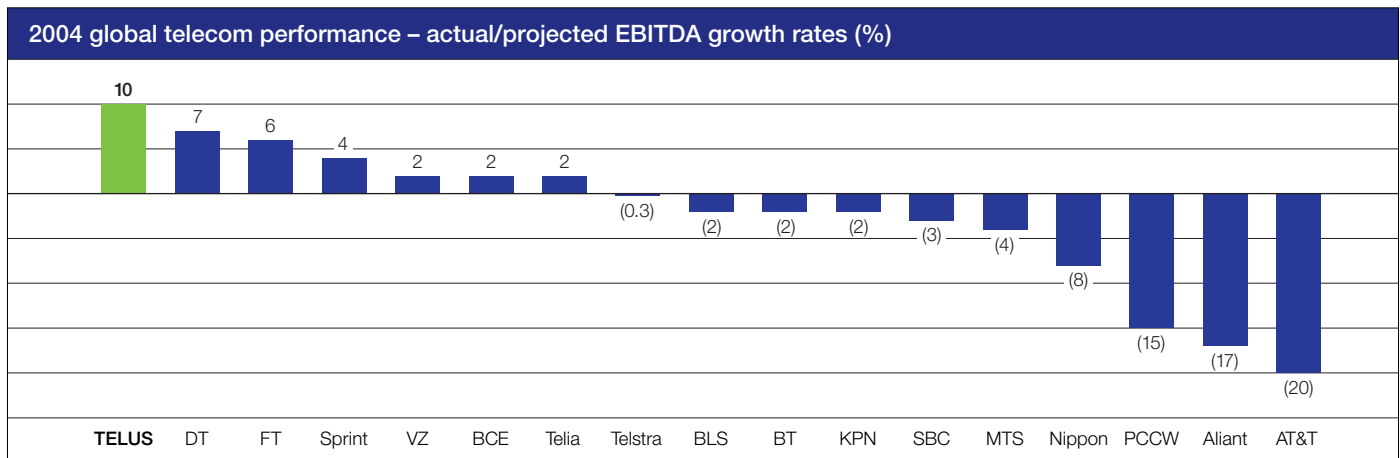
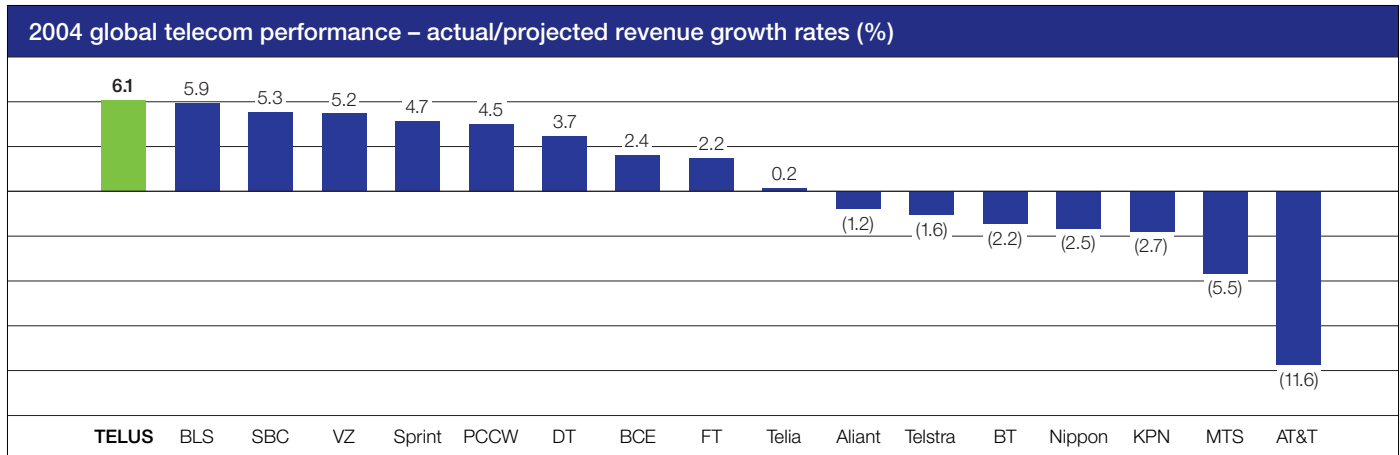
Vendor payments – TELUS' total vendor payments in 2004 were approximately \$3.3 billion (including GST and PST). Nearly 82 per cent of these vendor payments were made to Canadian companies or multi-national companies with locations in Canada, with the remaining 18 per cent of vendor payments made to non-Canadian vendors. This compares to 85 per cent and 15 per cent, respectively, in 2003.

Vendor payments by location				
(\$ in millions)	2004	%	2003	%
Vendors with locations in Canada	2,713	82	3,018	85
Non-Canadian vendors	595	18	533	15
Total vendor payments	3,308	100	3,551	100

economic performance

Comparative performance – The following three charts summarize TELUS' 2004 financial performance by comparing our revenue, EBITDA and cash flow growth to global telecom

companies. The charts provide evidence of our economic leadership amongst our global peers.



Note: TELUS data based on actual results. Other estimates provided by Bloomberg, company and analyst reports as of February 16, 2005.

Legend: Aliant (Canada), AT&T (US), BCE (Canada), BLS (Bell South – US), BT (British Telecom), DT (Deutsche Telecom), FT (France Telecom), KPN (Netherlands), MTS (Canada), Nippon (Japan), PCCW (Hong Kong), SBC (US), Sprint (US), Telia (Italy), Telstra (Australia), VZ (Verizon – US)

Stock price performance – As shown in the share price performance chart below, TELUS' common and non-voting shares have outperformed the Canadian Standard & Poor's/

Toronto Stock Exchange (S&P/TSX) Composite Index over the past two years based on a \$100 investment made on December 31, 2002.



TELUS taxes – The taxes TELUS pays to the three levels of government go to support services for all Canadians.

During 2004, TELUS paid taxes to the federal, provincial and municipal governments as follows:

TELUS taxes¹			
(\$ in millions)	2004	2003	2002
Federal government	64.3	65.6	76.9
Provincial and municipal governments:			
British Columbia	68.1	67.5	86.0
Alberta	39.3	35.7	35.0
Saskatchewan	0.3	0.1	
Manitoba	0.5	0.5	0.5
Ontario	31.1	26.4	27.9
Quebec	24.2	21.1	23.8
Prince Edward Island	–	0.1	0.1
Provincial sub-total	163.5	151.4	173.3
Total	227.8	217.0	250.2

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

economic performance

In 2004, TELUS recorded a net recovery of \$194.6 million (\$165.5 million in 2003) in federal and provincial corporation income taxes. Of this amount, \$177.8 million (\$157.1 million in 2003) was due to the application of losses net of federal capital tax payments, and the remaining \$16.8 million (\$8.4 million in

2003) was federal investment tax credits earned on projects qualifying as scientific research and experimental development.

In addition, TELUS collected from customers and remitted to governments the following amounts of sales taxes:

Sales taxes collected			
(\$ in millions)	2004	2003	2002
Goods and services tax and harmonized sales tax	526.5	505.4	477.7
Provincial sales taxes:			
British Columbia	120.9	120.8	116.7
Saskatchewan	1.2	1.0	0.8
Manitoba	1.6	1.3	1.0
Ontario	62.5	50.0	39.8
Quebec	56.8	52.3	46.2
Prince Edward Island	0.2	0.1	0.1
Provincial sub-total	243.2	225.5	204.6
Total sales taxes collected	769.7	730.9	682.3

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

Investment in research – TELUS' telecommunications operations are supported by research and development activities to test and trial emerging new technologies. TELUS also funds collaborative research and development activities with selected communications research organizations such as TRILabs (Telecommunications Research Laboratories). TRILabs is the largest not-for-profit applied telecommunications research consortium in Canada with annual revenues of more than \$10 million. As an industrial partner, TELUS contributes more than \$600,000 per year of sponsorship and in-kind funding to TRILabs.

TELUS Mobility has a research and development program that invests in wireless communication technologies such as third generation, or 3G, wireless communications. As part of its PCS (personal communications services) licence conditions, TELUS Mobility must spend at least two per cent of certain PCS and cellular revenues on research and development. In 2004, this represented \$24.1 million.

TELUS jobs and activities benefit Canadians – TELUS' contributions to the Canadian economy are significant and include innovative high-tech job creation with competitive industry salaries and company benefits for 25,800 team members, as well as payment of federal and provincial income taxes from these jobs. Across Canada in 2004, the TELUS team shared \$1.94 billion in total salaries and benefits. TELUS also has a positive impact on our industry with research and development activities and, as an increasingly profitable Imagine Caring Company, we are better able to make a difference in the areas we serve with our commitment to community investment.

future friendly communities

At TELUS, corporate social responsibility means making a positive difference to the social, economic and environmental well-being of the communities where we live, work and serve. It means a commitment to building a corporate culture of giving, and engaging the hearts and minds of our 25,800 team members and 15,000 retirees to improve the quality of life in our communities.



communities

We are dedicated to setting a standard of excellence in good corporate citizenship and to becoming Canada's premier corporate citizen. We are proud of our designation – since 1995 – as an Imagine Caring Company, which means we annually commit more than one per cent of our pre-tax profits to directly support the building of strong communities.

A In 2004, we contributed \$10 million of financial and in-kind support to charities and non-profit organizations across Canada.

TELUS has a long history of using technology to connect Canadians and communities. Our community building efforts are focused on innovative projects in health and wellness, education and sport, and arts and culture. We believe we can have the greatest impact by supporting projects that engage youth and make innovative use of our technology.

TELUS also supports our team members in their relentless pursuit of lending a helping hand. In 2004, the TELUS team logged thousands of hours of volunteer time and pledged millions of dollars to charitable organizations across Canada.

Health and wellness

TELUS is committed to supporting innovative projects in health and wellness. In fact, improving the lives of Canadians is a cornerstone of our community investment program. Through our contributions in this area, we are helping Canadians access new technologies and enhanced programs that improve lives and build stronger communities.

Calgary Health Link – In November 2004, Calgary Health Link, a program of Calgary Health Trust, marked its second anniversary of providing Calgary and southern Alberta with 24/7 professional advice and health information via telephone. To date, the Calgary Health Link's registered nurses have fielded more than 660,000 calls from people seeking help with medical concerns, ranging from questions about the common cold to detecting early signs of a stroke or heart attack. This partnership allows TELUS to help fund and solve challenging issues and promote excellence in health care. For more information see www.calgaryhealthregion.ca/healthlink/.

“TELUS’ support of Leucan’s children is a corporate project that involves TELUS’ employees, customers and suppliers. Through its approach, TELUS has shown excellence in its industry, as well as a rare quality of social involvement. TELUS’ contribution will help us support our children and their families in their continuing battle against cancer.”

Ginette Charest
General Manager – Leucan, Montreal



“With TELUS, we are taking another great leap towards achieving our vision for Canada’s alpine athletes. It’s more than a vision – it’s a plan with clear goals designed to make all of Canada proud of its alpine skiers in 2010. TELUS’ support will be instrumental in that plan.”



Ken Read

President, Alpine Canada Alpin

Leucan – We are proud to support Leucan, a non-profit organization based in Quebec that focuses on the well-being and healing of children with cancer. Leucan offers support in St. Justine’s Hospital, the Montreal Children’s Hospital, the Centre Mère-Enfant du CHUQ in Quebec City, and the CHUS in Sherbrooke. Each year, Leucan helps children and their families by providing information and referrals, financial assistance, emotional support, massage therapy, and social and recreational activities. For more details visit www.leucan.qc.ca.

Education and sport

TELUS has made a long-term commitment to education and sports programs in Canada. Our vision is to fund innovative educational and sports programs that will enable Canadian youth to excel and succeed in today’s competitive environment. In 2004, TELUS partnered with a number of leading national and regional sport and education organizations, including the Calgary Board of Education, the TELUS Learning Connection, the National Arts Centre, Alpine Canada Alpin, the Canadian Snowboard Federation and Hockey Canada.

Science World British Columbia – We are promoting technological innovation and have invested in the future of tomorrow’s leaders by supporting Vancouver’s Science World. This represents a 15-year, \$9 million investment that will be a multi-faceted partnership involving outreach and education programs, as well as initiatives to upgrade the facilities.

La Fondation Marie-Victorin – Through innovative technology, we are promoting environmental preservation in Montreal in a new and compelling way. Through our support of La Fondation Marie-Victorin, a Montreal-based organization that provides financing to scientific institutions, we are significantly contributing to the creation of a multimedia presentation in a downtown Montreal metro station. Through a TELUS fibre link, cameras set up in the BioDome, Insectarium and Planetarium will provide film images of nature, in real time, to a large circular space within the Metro station, known as La Rotonde, through which six million commuters pass each year.

A Alpine Canada Alpin – In 2004, TELUS and Alpine Canada Alpin (ACA) entered into an eight-year, \$4 million partnership that will boost our vision of helping kids from the playground to the podium. Our commitment has bolstered the national ski organization’s goal of making Canada a world-leading alpine ski racing country. Our contribution includes enhancement for every aspect of ACA’s operations including coaching, athletic performance, participation, marketing and fund-raising. TELUS will provide innovative technology and support for the Legacy Fund, as well as supporting CDAST, the Canadian Disabled Alpine Ski Team. Further details about Alpine Canada Alpin are at canski.org.

“We would like to extend our tremendous and heartfelt thanks and congratulations to the employees of TELUS for successfully and enthusiastically demonstrating their support for their community and for students in need. The TELUS Kits for Kids program impacts student success.”

Nancy Close
Vice Chair, Calgary Board of Education



A TELUS Kits for Kids – Across the country, our team members show their support for kids in need through the TELUS Kits for Kids program. The goal of this program is to help those children who cannot afford the necessary school supplies for the new school year. The TELUS team raises funds and collects supplies to fill new backpacks with the needed essentials. In 2004, approximately 4,600 backpacks full of school supplies were delivered to children in need.

Arts and culture

We believe the arts inspire creativity, while nurturing the spirit, intellect and diverse expression of Canadians from coast to coast. Through our focus on arts and culture programs, we help young Canadians get their creative juices flowing, thus setting in place a foundation of skills that will help foster their success in today's highly competitive knowledge-based economy.

The Royal Conservatory of Music – In 2004, we made a five-year, \$10 million investment in the Royal Conservatory of Music to help strengthen the creative capital of young Canadians. The Royal Conservatory of Music is Canada's foremost music school and a national leader in music and arts education. Since 1886, the Royal Conservatory of Music has been pursuing its mission to develop human potential through leadership in music and arts education. By combining TELUS' leading technology and the Conservatory's innovative approach to music education, we are taking a leadership role in inspiring young creative minds.

Additionally, TELUS supports Learning Through the Arts, an Internet-based education program that helps teachers from kindergarten to grade 12 implement core curriculum subjects such as math, science, history and language. For more information, visit the Royal Conservatory of Music at rcmusic.ca.

Arts Umbrella – Arts Umbrella is a leader in visual and performing arts education for children and youth, and is recognized as a pioneer in multidisciplinary programming for visual, media, dance, music and theatre arts. Arts Umbrella nurtures and inspires over 30,000 children each year to think critically and act creatively. TELUS has partnered with Arts Umbrella to expand its educational reach into rural and underserved communities across British Columbia. For more information about Arts Umbrella, visit artsumbrella.com.

Edmonton Symphony Orchestra – TELUS has partnered with the Edmonton Symphony Orchestra (ESO), to address future viability, a critical issue facing many arts groups today. The ESO recognized that their patrons tend to be older adults and school-aged children, resulting in a large void in the 18 to 28 year old age group. The Pulse8 club was launched as an innovative approach to tackling this issue and ensuring the viability of the ESO for future generations to enjoy. This program offers privileges such as discounted tickets, special performances and events geared specifically to the young adult market. For more information about Pulse8 and the ESO, visit www.edmontonsymphony.com.

“In TELUS we are gaining not only a Lead Donor for our Campaign, but also a major partner in our mission to develop human potential through the arts. Thanks to the support from one of this country’s most respected companies, Canadians will soon have access to one of the finest buildings for arts education in the world – the TELUS Centre for Performance and Learning™.”



Dr. Peter Simon
President, The Royal Conservatory of Music – Toronto

A spirit of helping others

We are committed to nourishing a spirit of giving, which extends to our 25,800 team members across the country. Over the past five years, TELUS and our team members have contributed more than \$54 million of financial and in-kind support to charities and non-profit organizations across Canada. In 2004, our contributions were \$10 million.

Through the TELUS Employee Charitable Giving Campaign, team members pledge contributions to charities, which TELUS matches dollar for dollar. In 2004, TELUS engaged the experts at Canadian Business for Social Responsibility to audit our charitable giving campaign and provide us with feedback on how TELUS could make the most impact through our corporate matching grants. It was through their feedback and guidance that changes were made to the campaign to ensure a more focused, strategic alignment to our corporate priority of becoming Canada’s premier corporate citizen. While TELUS team members

continued their support for the program, the charitable selection was much smaller, and as a result, giving declined. Through TELUS team member feedback, the list of qualified charities will continue to expand with a goal of reaching \$2 million in 2005.

In late 2004 and early 2005, TELUS and our team members contributed funds to help the survivors of the tsunami disaster in South Asia. Donations made by team members were matched by TELUS up to \$250,000 and, combined, we donated more than \$575,000 to relief activities. As well, TELUS donated one cent from every long distance call made on the New Year’s long weekend, adding another approximately \$57,600 to our contributions.

In addition, TELUS donated approximately \$365,000, through the TELUS Volunteer Involvement Fund, to Canadian charitable organizations as recognition of the more than 1,800 members of our team who volunteered more than 60 hours of their personal time to charitable causes in 2004.

TELUS financial and in-kind assistance					
(\$ in millions)	2004	2003	2002	2001	2000
Amount	A \$10	\$10	\$10	\$11	\$13
TELUS Employee Charitable Giving Program¹					
Team member pledges	\$1.0	\$2.7	\$2.3	\$2.4	\$1.5
TELUS matching funds	\$1.0	\$2.7	\$2.3	\$2.4	\$1.5
Total contributions pledged	\$2.0	\$5.4	\$4.6	\$4.8	\$3.0

¹ Campaign year is defined as the year in which money is pledged during the fall campaign of that year for the TELUS Employee Charitable Giving Program. Total contributions pledged are then distributed to charities the following year.

future friendly workplace



An important part of corporate citizenship is being a good employer. Our people have a right to a respectful and healthy workplace, where team members can achieve their full potential.

We are on a journey to create a workplace of choice – one that incorporates best practices in leadership, learning and development, diversity, employment equity, ethics, compensation and recognition, and corporate governance.

In 2004, TELUS received external recognition for its learning and development practices and for excellence in leadership development.

For TELUS, a *future friendly* workplace means having the right processes, systems and technologies in place to consistently deliver business and workplace excellence. It means being committed to open, honest and transparent dialogue about our business with all our stakeholders – team members, customers, investors and the communities in which we live, work and serve.

Supporting our team members

TELUS is dedicated to embracing diversity and attracting and retaining the best in our industry sector by providing a work experience that is challenging, rewarding and respectful. TELUS strives to enable team members to perform to a high standard with the right tools, processes and support. Our team members play a vital role in our success. We strive to ensure team members are treated fairly, and with dignity and respect for their skills, career goals and viewpoints.

TELUS seeks to provide workplace programs that meet the professional and personal needs of team members. Our goal is a workplace that offers new opportunities for growth and innovation, and where high performance is rewarded. We are strongly committed to high ethical standards and working together in an inclusive way.

Listening to our team

Through Pulsecheck, a bi-annual survey, team members can share their opinions and feedback about TELUS. Survey results are shared with team members and provide an essential tool for shaping improvements in our quality of work-life and the workplace. Feedback from the survey told us our 2004 efforts should focus on recognition, leadership accessibility and helping team members perform their jobs better through improved processes, support, information and empowerment.

Percentage of team members participating in Pulsecheck survey					
2005 target	Fall 2004	Spring 2004	Fall 2003	Spring 2003	Spring 2002
78%	78%	78%	75%	75%	74%

Participation in the Pulsecheck survey is high with 78 per cent of team members completing the 2004 surveys.

Percentage of team members expressing overall satisfaction with TELUS as a place to work compared to other companies for which they might work					
2005 target	Fall 2004	Spring 2004	Fall 2003	Spring 2003	Spring 2002
60%	59%	61%	61%	60%	68%

In the past few years, we have seen a downward trend in the percentage of team members who express overall satisfaction with TELUS as a place to work. This trend can partially be attributed to TELUS being unable to complete a new collective agreement with unionized team members in Alberta and B.C.

Labour relations

Reaching a collective agreement remains a priority in 2005. The recent decision by the Canada Industrial Relations Board (CIRB) overturning its year old binding arbitration order returns the

company and the Telecommunications Workers Union to the collective bargaining process. Every effort will be made to achieve a resolution to the long overdue resolution to these negotiations.

A Union representation¹				
	Management	Bargaining unit	Total	% Unionized
TELUS Communications Inc.	7,599	11,901	19,500	61%
TELUS Mobility	5,027	1,271	6,298	20%
Total	12,626	13,172	25,798	51%

¹ As at December 31, 2004.

Grievances and arbitrations – cases filed¹			
	A 2004	2003	2002
TELUS Communications Inc.	274	285	372
TELUS Mobility	79	113	115
Total	353	398	489

¹ Data has been restated from our 2003 corporate social responsibility report to include TELUS Québec.

Leadership excellence

We recognize that leaders play a vital role in creating a workplace of choice. At TELUS, our managers are supported with several innovative programs that drive best-in-class leadership practices. Leadership development highlights for 2004 include:

- **Senior Leadership Forum at Ivey Business School** – 180 senior leaders participated.
- **High Performance Leadership Director’s Business School** – sessions for more than 50 leaders were completed in Vancouver, Edmonton and Toronto.
- **Executive Development and Leaders of the Future Programs** – individual and group development programs were launched for 238 leadership development participants.
- **High Performance Leadership Workshops** – customized workshops on leadership expectations and critical skills development were held for almost 900 management participants.

Our Pulsecheck survey measures the opinions of team members related to the quality of leadership at TELUS. Over time, the quality of our leadership has been strongly validated by team members. We believe this is crucial because it shows the level of support and effectiveness of individual leaders at TELUS. Numerous external studies have shown that the quality of immediate supervisors is a key determinant of the level of employee engagement.

Quality of leadership					
2005 target	Fall 2004	Spring 2004	Fall 2003	Spring 2003	Spring 2002
75%	75%	75%	74%	74%	75%

Investment in learning

In our workplace, customized career development plans (CCDPs) play a key role in fostering a culture where team members can learn, share knowledge and develop their abilities to their fullest potential. Team members, ideally in conjunction with their managers, create development plans that include a variety of learning activities and use different delivery technologies to enhance their skill development and facilitate success in current and future career roles. Learning activities include on-the-job training and development, mentoring, job shadowing, online and instructor-led courses, and external training. An important aspect of the CCDP process is two-way feedback and mutual objective setting between managers and team members.

There is a proven relationship between team member engagement and satisfaction with organizational performance, management practices, customer satisfaction and revenue.

For this reason, and to encourage quality and high standards of participation in the CCDP process, twice each year a random sample of TELUS Communications Inc. team members complete an online survey regarding their experience with the process and with performance management overall. Specific questions on the CCDP process are also included in the bi-annual Pulsecheck survey sent to all members of the TELUS team including TELUS Communications, TELUS Mobility and TELUS Québec. The following table shows the Pulsecheck results specific to the CCDP process.

Pulsecheck survey				
	2005 target	Fall 2004	Spring 2004	Fall 2003
I have a customized career development plan (professional development plan)	90%	94%	84%	82%

Learning investment				
	2005 target	A 2004	2003 ¹	2002 ¹
Amount spent (millions)	\$ 41.8	\$ 35.4	\$ 32.8	\$ 28.3
Percentage of salaries and wages	2.40	2.14	1.98	1.66
Approximate amount spent per team member	\$ 1,565	\$ 1,370	\$ 1,325	\$ 1,097

¹ Data has been restated from our 2003 corporate social responsibility report to include TELUS Québec and TELUS Mobility.

our values in action

The TELUS team is working together to deliver a friendly future for our customers, team members and shareholders. Our values guide the way, both at work and in our communities:



we have the courage to innovate



we embrace change and initiate opportunity



we believe in spirited teamwork



we have a passion for growth

Illuminati Award for Best Leadership Development Program

In March 2004, TELUS received the Illuminati Award for Best Leadership Development Program. TELUS was selected by a diverse and esteemed selection committee, based on the merits of our ability to identify business needs, deploy training programs that support organizational objectives and demonstrate measurable outcomes. The Illuminati Awards were conceived by Thomson NETg, a global leader in enterprise learning, recognizing excellence in learning and development.



During 2004, the company invested more than 500,000 hours developing team members. Team members continually embrace the use of e.learning tools as an effective and flexible way to learn. Our team completed more than 139,000 courses developed by our network of e.learning authors or purchased from our educational partners. Our e.learning curriculum includes mandatory courses related to safety and ethics, as well as technical skills, sales, customer service and leadership education.

In keeping with our commitment to excellence in the workplace, TELUS calculates a quarterly impact of learning measure by surveying team members who have taken classroom and e.learning courses, 60 to 90 days after they have taken a course. In 2004, 76 per cent of those surveyed felt the courses they completed had improved their performance on the job.

TELUS honoured with BEST Award – In 2004, the American Society for Training and Development (ASTD) recognized TELUS as one of the top organizations worldwide for using employee learning and development to drive enterprise-wide success.

TELUS ranked sixth in the world, beating our 2003 ranking of seventh worldwide. TELUS was the only Canadian company to receive a BEST award. The BEST awards recognize organizations that demonstrate enterprise-wide success or achievement as a result of team member learning.

Compensation of team members

Compensation at TELUS is designed to support our high performance culture. For management and professional team members, TELUS compensation is both market driven and performance based. We aim to pay competitively on base salary and, through our variable pay program, high performers are able to be paid at the 75th percentile. Our pay for performance orientation is founded upon the establishment of stretch goals set at the individual, business unit and organizational level. Results are measured against those goals and paid to reflect performance. For many of our team members governed by a collective agreement, incentive pay is also available in addition to their base salary.

In all provinces, TELUS' lowest wage paid is approximately twice the provincial statutory minimum wage.

In addition, team members are able to be owners in our business through either the stock option/Restricted Share Unit plan or TELUS Employee Share Plan.

Benefits for unionized team members are covered by their respective collective agreement. Additional information on benefits for management and professional team members can be found online under the careers heading on [telus.com\careers](http://telus.com/careers).

Total compensation and benefits ¹				
(\$ in millions)	2004	2003	2002	2001
Total compensation and benefits	\$1,960	\$1,883	\$1,996	\$1,954

¹ This information is taken from TELUS' 2004 annual report.

Recognizing, rewarding and sharing success

Our team members share in the success of our company through excellent compensation and benefits programs that offer choice and flexibility. Our market-based compensation for management and professional team members is aligned with similar high-tech companies and recognizes individual contributions and competitive skills sets. To ensure our compensation remains competitive, we review compensation levels annually and on an as-needed basis.

TELUS earns a BEST Award

In 2004, the American Society for Training and Development (ASTD) recognized TELUS as one of the top organizations worldwide for using employee learning and development to drive enterprise-wide success. TELUS ranked sixth in the world, beating our 2003 ranking of seventh worldwide. We were the only Canadian company to receive a BEST Award.

TELUS Employee Share Plan – TELUS offers our team members the opportunity to participate in an Employee Share Plan, through which they can purchase TELUS shares through regular payroll deductions. Team member contributions, up to six per cent of their salary, are matched by the company. In 2004, for every \$10 a team member invested in TELUS shares, the company contributed \$4. In 2005, for employees below a certain management level, the company contribution has been increased to \$4.50. With ownership of 8.4 million shares, or approximately two per cent of the total outstanding shares, our TELUS team members are our seventh largest shareholder group.

Percentage of eligible team members participating in TELUS Employee Share Plan			
	2004	2003	2002
Percentage participating	70.9%	66.9%	66.1%

Benefits program – Our benefits program is about individuality and choice. We provide a variety of lifestyle programs to help our team members balance their work and personal life, including flexible work options.

PLAN-IT – As a flexible benefits plan for management and professional team members, PLAN-IT allows the tailoring of personal benefits plans to suit individual needs.



Team Machine® program – Through our Team Machine program, team members can nominate and recognize the outstanding performance, superior teamwork and extraordinary results of their colleagues who exemplify TELUS values in action. In receiving a Team Machine award, team members receive points they can either share with others or exchange for a wide range of merchandise.

Commitment to a respectful workplace

A workplace where TELUS team members are treated with respect and dignity is fundamental to our values. A B.C. joint workplace harassment policy was first put in place in TELUS in 1996, with similar policies subsequently implemented in Quebec and Alberta. TELUS is now launching a national policy to rejuvenate our focus on building a respectful workplace that is pervasive across our company.

A Respectful Workplace Office was established with the appointment of the TELUS respectful workplace officer in September 2004. The office will strive to ensure that TELUS and TELUS team members maintain the highest standards of conduct, fostering a workplace free of harassment and indignity. Beginning in the fall of 2004 and extending through the next 18 months, a mandatory, face-to-face training program will be conducted. Our objective is for all team members to understand the respectful workplace policy and their rights and responsibilities in daily activities and decision-making at TELUS. All team members can view this policy on our internal Web portal.

These initiatives are in addition to the services of a full-time human rights co-ordinator and other trained team members who serve as objective third parties in resolving harassment disputes and recommending corrective action.

Workplace accommodation policy

Workplace accommodation refers to the obligation of an employer and union to take steps to eliminate disadvantage to team members or job applicants resulting from a rule, practice or physical barrier that has or may have an adverse impact on individuals or groups protected under the Canadian Human Rights Act. TELUS implemented its workplace accommodation policy in 2002.

TELUS takes this responsibility seriously, and conducted an internal audit in 2004 on the policy and procedures. While the audit found that the process was working adequately, some enhancements to the policy and procedures have been implemented to improve overall effectiveness.

Team member complaints filed with the Canadian Human Rights Commission ¹			
	A 2004	2003 ¹	2002 ¹
New	12	10	11
Closed	16	10	8
Open	8	12	12

¹ Data has been restated from our 2003 corporate social responsibility report to include TELUS Québec and TELUS Mobility.

Complaints filed by our team members with the Canadian Human Rights Commission (CHRC) show minimal variation over the last three years, with the number of open cases decreasing in 2004. Of the 16 complaints closed in 2004, 11 were from team members in TELUS Communications and five were from TELUS Mobility. Thirteen of the 16 complaints were cases of alleged discrimination based on the prohibited ground of disability¹ in employment, and the remaining three were cases of alleged discrimination based on the prohibited ground of gender. Of these 16, evidence did not support five complaints; six were successfully settled through mediation, and the rest were either withdrawn by the complainant, or are being pursued by other avenues of redress.

¹ For example, visual, hearing, learning, cognitive or language limitations, etc.

Employment equity and diversity practices

The workplace is for everyone. We believe the diversity of our team is a significant competitive advantage and we respect the dignity and worth of all our team members. Each year we champion initiatives and process improvements that further workplace inclusiveness and we continually monitor for any signals of inequitable treatment in the workplace.

We also track the representation rates of four designated groups within our workforce. As a federally regulated employer,

TELUS is legislated by the Employment Equity Act. The purpose of this act is to eliminate workplace barriers related to four designated groups – women, Aboriginal Peoples, persons with disabilities and members of visible minorities. The progress in this area is used to gauge how fair and equitable our employment practices are for everyone. Our goal is to have a workforce that mirrors the diversity of Canada's workforce and ensures equal opportunity for all.

Workforce profile ¹					
%	2003 Canadian workforce availability ²	2002 Canadian workforce actual representation for telecommunications ³	A 2003 TELUS actual ⁴	2002 TELUS actual ⁴	2001 TELUS actual ⁴
Women	43.3	45.4	44.0	45.5	47.6
Members of visible minorities	17.4	11.6	13.5	11.5	9.0
Aboriginal Peoples	1.4	1.3	2.1	1.9	1.5
Persons with disabilities	4.0	2.0	2.8	2.9	2.7

1 Based on data collected for reporting under the Federal Employment Equity Act. Figures for 2004 for TELUS are not available until June 2005.

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

3 Canadian workforce actual representation for telecommunications carriers refers to the percentage of the designated group (i.e. members of visible minorities, Aboriginal Peoples, persons with disabilities, women) who are employed at telecommunications carriers in Canada.

4 TELUS actual refers to the percentage of the designated group (i.e. members of visible minorities, Aboriginal Peoples, persons with disabilities, women) who are employed at TELUS. Data has been restated from our 2003 corporate social responsibility report to include TELUS Québec and TELUS Mobility.

Generally, our current representation rates indicate that access to employment opportunities at TELUS for Aboriginal Peoples and women is not an issue. Although representation of visible minorities is below the availability within the Canadian

workforce, participation of visible minorities in our workplace has increased steadily from 2001 to 2003 and is above that of other Canadian telecommunications companies.

Gender statistics – senior leadership ¹				
%	2005 target	A 2004	2003 ²	2002
Executive leadership team				
Male	81.0	81.2	87.5	93.0
Female	19.0	18.8	12.5	7.0
Vice-presidents				
Male	81.0	83.0	84.0	84.8
Female	19.0	17.0	16.0	15.2

1 Based on headcount as of December 31 for each year.

2 Data has been restated from our 2003 corporate social responsibility report to include TELUS Québec and TELUS Mobility.

workplace

In 2003, we put an action plan in place to ensure internal processes, including recruitment, leadership development and succession planning, were free of gender barriers. Goals were established to ensure women at TELUS continue to advance to senior levels based on their skills and achievements.

In 2004, we created the TELUS Women's Network, Connections. During the year we established an interim steering committee, created a comprehensive proposal for approval, and launched initiatives including sponsorship of focused events and training sessions. Indicative of our commitment to gender diversity, TELUS has set targets for women in senior leadership roles and is currently meeting this target, with 18.8 per cent of our leadership team now female.

Two of our executive vice-presidents, Janet Yale and Karen Radford, were included in the 2004 list of Canada's Most Powerful Women compiled by the Women's Executive Network as part of its annual Top 100 Awards. This prestigious awards program identifies and celebrates the 100 most exceptional and influential women in Canada.

Looking beyond our workplace, we do not generally come into contact with or do business with countries or organizations known for violating human rights and child labour laws. As a Canadian organization, we fully support the Canadian Human Rights Act in these matters and issue assurances about our own employment equity practices on an as-needed basis.

celebrating diversity

TELUS and our executive leadership team take seriously our responsibility in assuring a workplace of dignity and respect at TELUS. The Respectful Workplace Policy, and the establishment of the role of respectful workplace officer and the joint training program will ensure the intent of this policy becomes reality for our team members now and in the future.

Source: CEO e.letter of September 27, 2004

Measuring our progress

We measure the level of inclusiveness and respect within the workplace in several ways, two of which are the semi-annual Pulsecheck survey and the annual employment equity survey. These vehicles give us a quantitative picture of how our workforce is changing and the appreciation of a diverse workforce.

Our team members continue to respond positively overall to the statement: "TELUS respects employees of different ages, race, colour, gender, sexual orientation, religions, ethnic origin, language, marital status, family status and disability."

In addition, qualitative information is collected through consultation with team member representatives, a virtual Web-based Diversity Advisory Council, and the Joint Employment Equity Committee that comprises equal representation from the company and the union.

Percentage of team member survey participants who agree TELUS respects diversity						
2005 target	Fall 2004	Spring 2004	Fall 2003	Spring 2003	Spring 2002	Fall 2001
85%	85%	84%	86%	85%	86%	89%



Health and safety in the workplace

We believe health and safety is a team effort and an integral part of our daily business. We take pride in our holistic approach to personal and organizational wellness that uses internal and external resources to assist team members to proactively manage their health and optimize their work and personal life. We also provide quarterly updates to the Audit Committee of the Board of Directors on TELUS' health and safety policies, programs and results.

Safety of our team members, our customers and the community at large is also of paramount importance. Each of TELUS' legal entities has customized approaches to health and safety including policies, training, safety committees, Web site information and safety consultants. We voluntarily conduct audits of our safety practices, on a regular basis, to identify areas for improvement. Our health and safety policy, which is available to team members through our internal Web portal, outlines our health and safety goals and the operational principles that govern our workplace.

TELUS Communications Inc. (TCI) represents the highest safety risk exposure across TELUS due to the size of the organization, the nature of the work activities, and the number of facilities. TCI's (excludes TELUS Québec and TELUS Mobility) accident and injury claim rate in 2004 was 1.4 lost-time accidents per 200,000 person-hours worked.

Lost-time accidents per 200,000 person-hours worked			
	2004	2003 ¹	2002 ¹
TELUS consolidated ²	A 1.1	1.2	1.0
Telecommunications sector in Ontario (2002) ³	2.1	N/A	N/A
Telecommunications sector in the United States (2002) ⁴	1.6	N/A	N/A

- 1 Data has been restated from our 2003 corporate social responsibility report to include TELUS Québec and TELUS Mobility.
- 2 Includes TCI, TELUS Mobility and TELUS Québec.
- 3 Telecommunications sector results for Canada overall are not available due to provincial jurisdiction of governing bodies.
- 4 Occupational Safety & Health Administration, U.S.A.

Our Technology and Operations (T&O) business unit was responsible for approximately 86 per cent of the lost-time accidents in 2004. The largest business unit in TELUS, T&O's team of approximately 9,600 members is responsible for designing, planning, building, operating and assuring the TELUS wireline network, as well as delivering a comprehensive and robust suite of voice, data and IP services on a national scale across all customer segments. T&O set a 2004 performance target of 2.2 lost-time accidents per 200,000 person-hours worked. The rate is a trailing metric that measures past safety efforts. T&O performed slightly better than the target with a rate of 2.1 lost-time accidents per 200,000 person-hours worked. T&O also has set performance targets for training and inspections (vehicle, building and worksite) to proactively identify and control workplace hazards.

In 2004, four safety audits of high-risk operations were conducted, with 80 per cent required as the minimum pass percentage. In Customer Service Delivery, the Calgary area scored 91 per cent while the B.C. area scores ranged from 86 to 93 per cent.

Absenteeism

In 2004, our absenteeism rate was 10.5 overall days lost per team member. By comparison, employees in the service-producing sector in Canada were absent an average of 9.1 days per year in 2003. TELUS' long-term goal is that team members be absent no more than 8.3 days per year, a target that is in alignment with benchmarking results for telecommunications companies in Canada.

Overall days lost per team member ¹			
2005 target	A 2004	2003	2002
10.4	10.5	10.3	11.2

- 1 Excludes TELUS Mobility.

Corporate health and wellness program

In 2004, TELUS Health and Wellness implemented a comprehensive health awareness program to provide information and proactive strategies and resources to team members. This included the development of a wellness Web site, lunch and learn programs delivered nationally on a variety of wellness topics, and a wellness expo supported by more than 40 health and wellness vendors and specialists.

TELUS has engaged several employee assistance program service providers to provide short-term assessment and counselling/referral information to team members, their dependants and retirees.

Usage of employee assistance program ¹			
	A 2004	2003	2002
Percentage of team members accessing the employee assistance program	9.6	9.9	10.6
Percentage of survey respondents rating the employee assistance program as excellent	80	80	79

¹ Figures provided by TELUS' main Employee Assistance Program service provider.

Team member assistance offerings were expanded during 2003 to include WorkLife Solutions Services, which provides support on issues such as child care, elder care, education, nutrition and specialized programs for teens, young adults and their parents. In 2004, the use of WorkLife Solutions programs increased by more than 39 per cent. In addition, team member satisfaction surveys about the program continue to show improvement.

Internal occupational health advisors – Occupational health advisors assist team members to recover following an illness or injury by providing resources and return-to-work programs. As well, ergonomic consultants ensure job tasks and work environments are designed to match human needs. Team members can also access self-help and on-site ergonomic assessments and ergonomically sound equipment.

In 2004, our corporate ergonomic program played a strategic role in the ergonomic design and implementation of the corporate work environment standard for contact centres. This is an important first step in the standardization of future friendly work environments and proactive injury prevention.

On-site fitness facilities – Keeping focused on the holistic benefits of exercise, TELUS offers its team members 15 on-site fitness facilities at major centres, including Victoria, Vancouver, Burnaby, Edmonton, Calgary and Montreal. About 25 per cent of team members who work in these locations take advantage of them. In 2004, we invested more than \$350,000 to upgrade facilities and equipment.

On-site group activities are offered at TELUS Mobility offices across Canada over lunch hours or after work for a variety of active living, spiritual and social wellness-sponsored clubs or classes. TELUS Mobility team members are also offered fitness club discounts.

The Pulsecheck survey was one of the feedback mechanisms that led to the renewed emphasis on wellness. TELUS intends to continue its focus on wellness, with the goal of raising the favourable responses to the following questions:

	2005 target	Fall 2004	Spring 2004	Fall 2003
I think TELUS supports a healthy working environment	59%	58%	57%	57%
The balance between my work and personal commitments is right for me	62%	61%	61%	61%

future friendly environment

For TELUS, achieving environmental sustainability means working to reduce our environmental footprint, and helping others diminish theirs, by offering innovative communication solutions that replace the movement of goods, services and people with the movement of ideas and information.



Telecommunications is perceived as an environmentally friendly technology; however, as Western Canada's largest telecommunications company, we realize the importance of reducing the potential impact of our operations on the environment.

This section of the report addresses our impact on our physical surroundings. More information about TELUS' overall risks and opportunities is available in our online annual report at telus.com/annualreport.

Environmental management

TELUS is committed to being an environmental leader.

We take our responsibility seriously, integrating environmental considerations into business decisions, including the build out of our network, right-of-way construction, the sale of properties and in strategic bid documents. We offer innovative communication solutions, such as teleconferencing, distance learning and the ability to telework, all of which positively impact our environment. Our goal is to demonstrate continuous improvement, and meet – or exceed whenever possible – regulatory standards.

Our environmental management system (EMS) is based on the ISO 14001 model. Working with our business units, we continuously review and prioritize our environmental risks, develop policies and targets to minimize our impact, and monitor our progress. For example, in 2004, fuel tanks and generator systems were reviewed and reprioritized, based on proposed legislation from the Canadian Council of Ministers of the Environment (CCME), dealing with fuel systems for petroleum products.

Policies, objectives, targets – We have proactively implemented environmental policies since the early 1990s. Our current corporate environmental policy was adopted in 1997 and modified in 2003. Our overarching policy is supported by specific procedures and targets for key aspects of our business including spills and releases, Halon, fuel storage, remediation of sites and waste management. Our complete environmental policy is available at about.telus.com.

To ensure good governance, each quarter we present environmental reports to the Audit Committee of the Board of Directors. We also strive to have periodic external audits of our EMS – our last audit was in 1998 and the next is scheduled for 2005. Selected environmental indicators in our 2004 corporate social responsibility report have been audited by PricewaterhouseCoopers.

Workforce engagement – On our environmental Web site, we encourage two-way dialogue with employees through an online mailbox where employees can identify environmental issues or concerns. One of the most critical resources in the deployment of our EMS is our online environmental information system (EIS). The EIS gives all team members 24 hour access to our catalogue of site environmental risks, chemical inventories and material safety data sheets (MSDS) for over 3,200 sites across Canada. Our 24 hour emergency reporting system ensures advice is always available and information is communicated as needed to government regulators and the environment team.

Our excellence in corporate sustainability was recognized in 2004 when we were named to the Dow Jones Sustainability Index for the fourth year in a row. Of the 318 companies qualifying in 2004, TELUS was one of only 13 Canadian companies and the only North American telecommunications company to be recognized.



Environmental training – Environmental training for our team is a priority. We continually look for best practices in corporate environmental training, which extends to numerous areas including spill response, chemical management and the Workplace Hazardous Materials Information System (WHMIS). In 2004, approximately 9,600 environment-related courses were completed, a 58 per cent increase over 2003, due to offering more online environmental courses. In 2004, we also increased our focus on training our construction crews with 418 members of our field teams receiving training on either the Species at Risk Act (SARA) or construction practices.

Environmental training			
	2004	2003	2002
Environmental courses	9,600	6,125	6,110 ¹
Total team members (year end)	25,800	24,719	25,752
Environmental training/total team members ²	37%	25%	24%

- 1 This number was revised in 2003 to reflect changes in the tracking methodology at that time.
- 2 Environmental courses/total team members refers to the total number of environmental courses divided by total team members as at year end.

Stakeholder engagement

We are committed to engaging stakeholders who are impacted by our business, and whose input can help us make better business and environmental decisions. We strive to engage both internal and external sources including our team, industry stakeholders, non-government organizations and government regulators.

In efforts to influence environmental policy in Canada, the TELUS team participates with various stakeholders, including the Canadian Chamber of Commerce, the Business Council of British Columbia, the Banff National Park Transportation and Utilities Advisory Group, the Industrial Construction Reclamation Group and the Greater Vancouver Regional District Sustainable Cities Initiative. And we continue to work with Alberta

Environment and the cities of Edmonton and Calgary in their pioneering work on the protection of utility corridors from hydrocarbon damage.

In 2004, we supported the Conference Board of Canada and their publication of “The National Corporate Social Responsibility Report – Managing Risks and Leveraging Opportunities.” We also participate in a number of stakeholder questionnaires, which result in sustainability rankings, as well as opportunities to determine benchmarking criteria for corporate social responsibility reporting. Moreover, we provided financial support to The Environmental Law Centre (Alberta), the Emerald Awards for Environmental Excellence, and the Alberta and B.C. Recycling Councils.

We communicate our environmental sustainability performance to external stakeholders through our corporate social responsibility report and annual report, both of which are available either as paper copies or online at telus.com.

Environmental awards

In 2004, our environmental efforts were recognized by several external organizations.

Corporate Knights – In 2004, for the second year in a row, TELUS was recognized as Canada’s best environmental corporate citizen by Corporate Knights, as part of their Best 50 Canadian Corporate Citizens review. Research for the Best 50 was sourced from Innovest Strategic Value Advisors based on five categories – environment, international stakeholder relations/human rights, product safety and business practices, community relations and employee relations/diversity in the workplace.

Dow Jones Sustainability Index – For the fourth year in a row, we were named to the Dow Jones Sustainability Index (DJSI), a worldwide ranking of companies that are recognized leaders in economic, social and environmental performance. We continue to be the only North American telecommunications company to be recognized, and are one of only 13 Canadian companies on the index.

Spills, releases and effluent – We train our team members to report all spills and releases to our 24-hour network operations centre (NOC). Our environment group then works with NOC to report spills to regulators as required, within the appropriate time-frame, and to investigate the root causes of all spills. Processes and systems are reviewed and revised where necessary. In 2004, a spill was reported to the federal government, however, we failed to notify the provincial government as this incident required. Overall, volume of spills decreased in 2004.

Spills and release reporting¹			
Spill type / year	A 2004	2003	2002
Reportable	13	7	10
Not reportable	35	36	49
Total spills	48	43	59
Approximate volume (L) ²	1,000	2,700	1,500
Approximate weight (kg) ³	500	400	400
<p>1 Spill amounts reflect best estimate based on investigation results (rounded to nearest 100). Quantities restated for 2002.</p> <p>2 Volume in litres includes liquid petroleum hydrocarbons, battery acid, glycol and other.</p> <p>3 Weight by kilograms includes refrigerants (Chlorofluorocarbons) and fire suppression agents (Halon and FM-200).</p>			
<p>2004 target: 100% compliance to legislative reporting requirements.</p> <p>2004 results: One spill was not adequately reported within the required 24-hour period.</p> <p>2005 objective: 100% of sites in regulatory compliance for spill reporting.</p>			

We do not manufacture products for sale, thus have no effluent other than domestic wastewater, which is common to all companies.

Chemical management – In 2004, we undertook a review of our approach to chemical management. Due to the changing nature of our business, as well as the proliferation of chemicals in our workspaces, we have concluded that providing access to a wide selection of MSDS requires the resources of an external service. In 2005, we will select and implement a third party MSDS provision service. Working with our planning and standards groups, we will define TELUS' limited operating chemical requirements, work to reduce hazardous chemicals at our sites and increase the focus on proper disposal of chemicals.

Environmentally sensitive lands and biodiversity – TELUS facilities are placed across Canada to provide new services, replace or repair damaged facilities and upgrade or remove facilities. These facilities include data centres, central offices, radio and wireless towers, manholes, copper and fibre-optic cables. Our lines may be placed either aerially or below ground/underwater. Through our policies and training, we aim to reduce the environmental impact on water, soil, vegetation and habitat associated with service installation or maintenance.

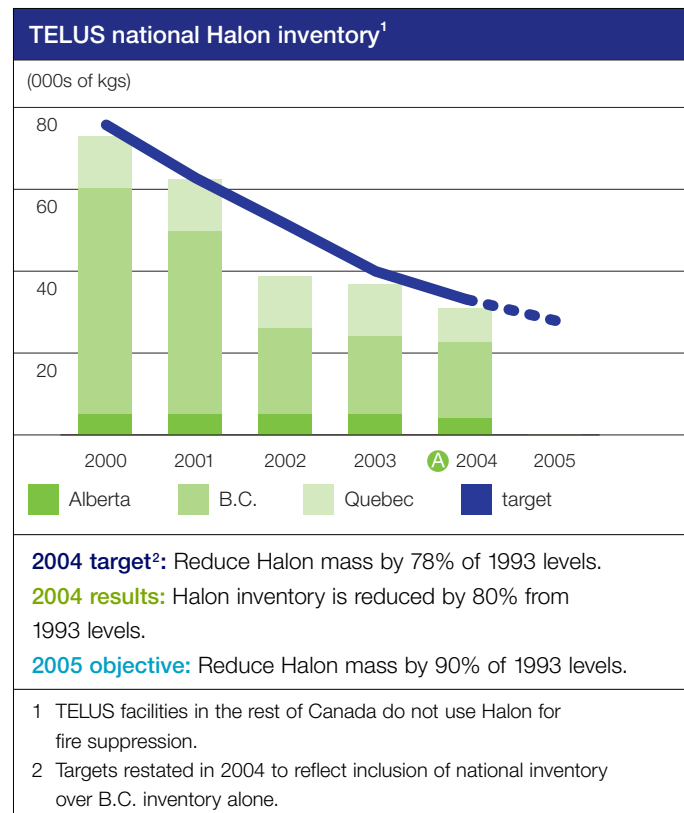
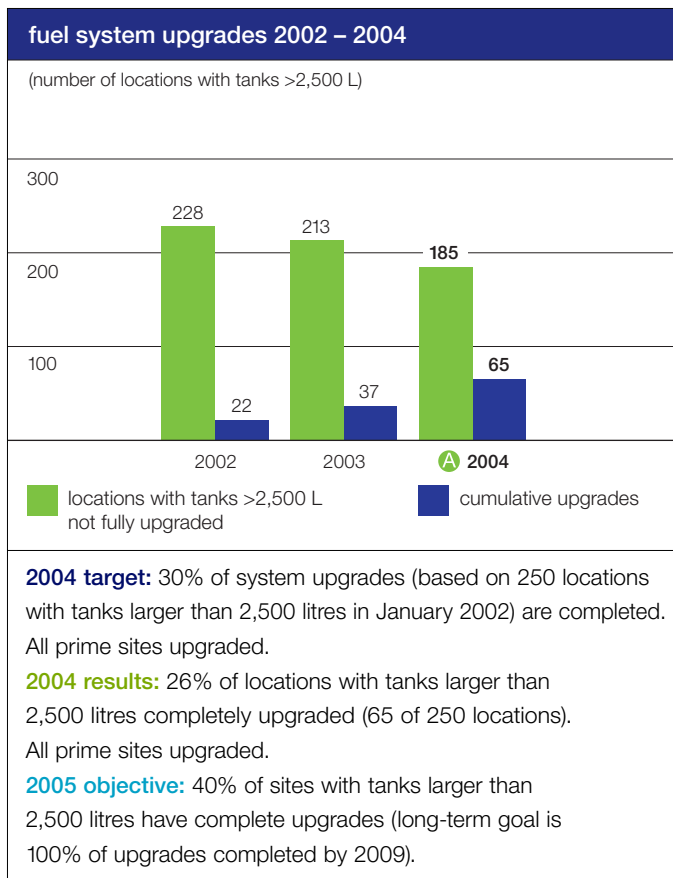
In June 2004, we encountered our first requirement under the Species at Risk Act. Working with the Department of Fisheries & Oceans, Environment Canada and the Alberta Sustainable Resource Development group, a plan was put in place to protect the Leopard frog species present on a wetland crossing near Medicine Hat, Alberta. We implemented a mitigation strategy that minimized our impact on this sensitive species.

Our Environment team led five class screening assessments and supported five environmental impact assessments throughout 2004. The most significant of these was the North Island fibre ring assessment, which has taken more than three years from the start of the assessment to the recent laying of the cable, including significant archaeological and marine life assessment. Specifically protected were First Nations' heritage sites, invertebrates (starfish, shellfish), eel grass, herring and juvenile salmonids.

Fuel systems – At remote locations we use diesel, propane and/or kerosene fuel for generators to provide the sole source of power and back-up for commercial power at critical business locations. We had 523 locations with tanks (any size), including 213 locations with tanks larger than 2,500 litres, at the start of the year, however, with the removal of tanks from 45 locations and the upgrading of 28 sites, only 185 locations with tanks larger than 2,500 litres remain to be upgraded. We reduce risk to the environment with measures such as reducing quantities of stored fuel, installing secondary containment, corrosion protection, continuous monitoring alarms and emergency shut-off devices. We also completed upgrades to all prime power sites in 2004. In one instance, continuous statistical leak detection was used as a substitute for tank replacement based on business requirements. Pending legislation for tanks larger than 2,500 litres led us to revisit our risk matrix in 2004. Based on the probability

and consequences of failure, we developed new targets for 2005 and beyond. A total of \$3.1 million was spent on fuel system upgrades and removals in 2004, with plans to spend similar amounts in future years.

Ozone depleting substances – Halon is a chlorofluorocarbon (CFC), and a strong ozone depleting substance. The Montreal Protocol includes a provision to monitor and reduce the use of Halon around the world. Halon has been a key component of our fire protection strategy since the mid-1970s and in 1993, we introduced a plan in B.C. to remove Halon from our sites. Although our Halon inventory increased with the 2002 acquisition of QuébecTel, in 2004 we moved closer to our target by removing more than 5,880 kilograms of Halon or 16 per cent of the remaining inventory. As noted in our spills and releases section, we also track the loss of R-22, another ozone depleting CFC used as a refrigerant in many of our cooling systems.



“TELUS is one of the very few Canadian organizations that does have in place a plan/strategy to eliminate the use of Halons within their operations. Keep up the good work!”

Source: Environment Canada, letter – November 2004



Utility poles – We own or have joint-use agreements for about 1.5 million poles in Alberta, B.C. and Quebec. Wood utility poles may be treated with pentachlorophenol, creosote or chromated copper arsenate (CCA) to prolong service life. New poles in Alberta and B.C. are almost exclusively CCA-treated.

Based on agreements signed with Hydro-Quebec in 2004, we were able to remove from service our last five pole bunks in Quebec. In B.C., our goal is to reduce the risk posed by 55 pole storage locations, 78 per cent of which are considered small, having fewer than 20 poles on site. In 2004, eight pole storage locations were either upgraded by adding mitigation measures (tarps, containment, non-cedar bark mulch) and/or eliminated. This represents a risk reduction of 15 per cent. We will strive to achieve a further 10 per cent reduction in risk in 2005.

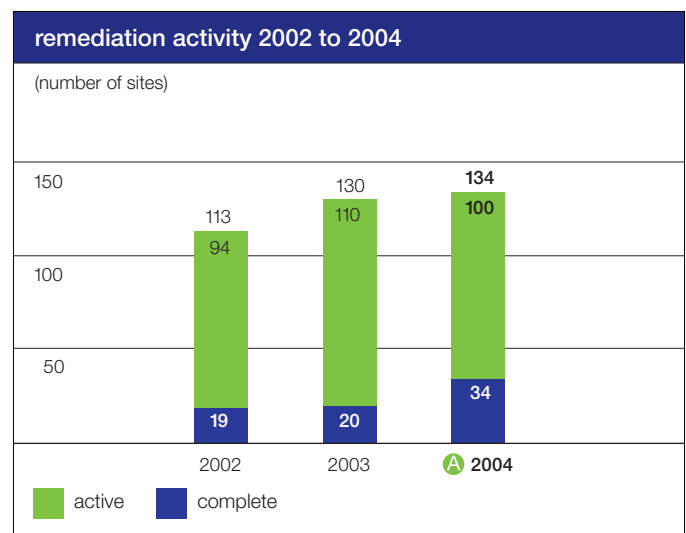
We do not release out-of-service treated wood poles for private use, either by the public or by team members. Through an outside company in B.C., we recycle utility poles, which are manufactured into lumber, fence panels and Adirondack wooden chairs.

Remediation of contaminated sites – Despite improving practices and training, spills or releases occur at some of our facilities, creating contamination of the soil and groundwater. In addition, our properties can be contaminated by third parties. In 2004, we initiated a new process for evaluating and prioritizing contamination on the basis of risk, focusing on sites that posed a measurable risk to receptors.

Remediation techniques employed by TELUS vary, based on the extent of the contaminated area, and the degree and type of contamination. Large or complex remediation, or remediation of properties being offered for sale are performed by independent third party consultants, while our own environmental advisors monitor all sites and address those with low levels of contamination.

In 2004 we had 134 sites undergoing assessment or remediation, of which 34 were completed. For the most part, contamination at our sites consists of petroleum hydrocarbons, metals, pole preservatives or other chemicals. Active remediation can involve excavation or extraction systems, while the passive approach consists of nutrient addition and monitoring of natural breakdown of contaminants over time.

The increase in the number of sites under remediation is indicative of our support for corporate initiatives such as the disposition of surplus property and the reduction or upgrading of fuel systems.



Energy and resource management

Energy use – By the end of 2004, more than 55 per cent of the nations representing over 55 per cent of the carbon dioxide (CO₂) emissions had ratified the Kyoto accord, which came

into effect in February 2005. Canada's commitment is to reduce greenhouse gas emissions by six per cent below 1990 levels, by 2012.

TELUS energy consumption ¹				
	A 2004 ⁴	2003	% change	2002
Direct sources ²	393,009,000	432,949,238	-9	438,739,830
Indirect energy ³	700,567,000	611,284,845	15	499,250,055
Total	1,093,576,000	1,044,234,083	5	937,989,885

1 All results in kW hours.

2 Includes all types of direct energy (fuels – diesel, gasoline, propane, heating oil).

3 Includes electricity and steam. Excludes indirect sources such as rental cars and flights.

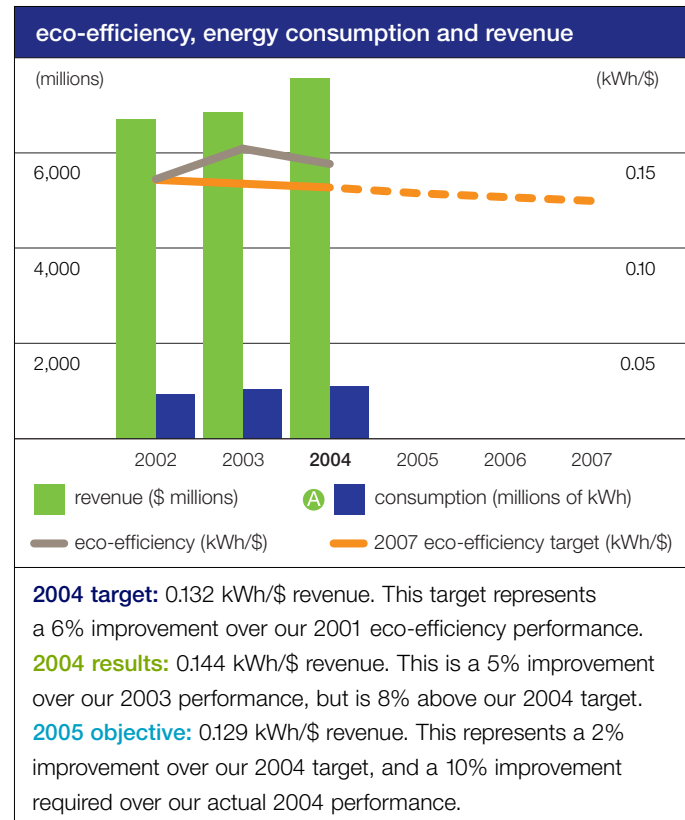
4 Calculation methodology updated in 2004. Year-over-year changes are estimates. 2004 includes TELUS Québec operations for the first time.

Reducing our energy consumption means having a clear understanding of our energy use. Our energy monitoring system has steadily improved and 2004 marks the first time we are reporting results from all significant facets of our business – TELUS Communications (including operations in Quebec) and TELUS Mobility. The data represents our most complete accounting of energy use to date. In some cases, the data relies on assumptions to translate annual cost numbers (with the associated variability in energy price) to energy use.

TELUS' energy target is based on the efficient use of energy and measuring consumption against economic results, an approach known as eco-efficiency. We report consumption, but have also normalized these figures by comparing usage to millions of dollars of revenue. Our target is to reduce energy consumption per unit of revenue generated by 10 per cent by 2007 (below 2001 levels).

Although we are not yet meeting our eco-efficiency target, the trend is moving in the right direction. Our total energy consumption in 2004 of 1,093 gigawatt hours translates to just under 90 kWh per square foot of space (based on 12,400,000 square feet) or 0.2 per cent of Canada's total electricity use based on 2001 results (see www.eia.doe.gov/emeu/cabs/canada.html).

To meet our target, more work remains to be done, however, we are committed to meeting our goal and continue to look for new ways to achieve greater energy conservation.



Energy conservation initiatives in 2004 include the installation by TELUS Mobility of a new generation of switching equipment that powers down when not in use, battery back-ups reduced from four hours to three, and increased use of ambient air to cool our facilities, where practicable. These additional conservation practices helped minimize the increase in power consumption attributable to the inclusion of additional energy sources in 2004 (e.g. Quebec operations). We expect to improve in eco-efficiency going forward, as we move to our next generation network and decommission

older, less energy efficient equipment. However, at this time we are running both systems, as we make the transition.

Fleet – As a result of our operational efficiency program, since 2001 we have reduced the number of vehicles (including both leased and owned) in our fleet by 1,400 or 24 per cent, the distance travelled by 18 per cent, and the total fuel consumed by 26 per cent. The number of kilometres travelled per litre of fuel increased by ten per cent over that same period. In 2004, we also approved a pilot program to add hybrid vehicles to our fleet and expect to receive them in early 2005.

Fleet statistics			
	2004	2003	2002
Distance travelled (kilometres)	73,407,000	80,346,083	98,600,000
Number of vehicles	4,478	4,680	5,315
Fuel consumption (litres)	14,099,350	15,632,844	18,944,000
Distance travelled per litre (kilometres/litres)	5.21	5.14	5.20

Air emissions – Since TELUS is not a manufacturing company, our direct air emissions are the result of fleet operations, fuel use for power and heat, and losses from fire suppression and refrigeration systems. Indirect emissions also result from some forms of energy consumption (e.g. electricity and steam). Our target for CO₂ emissions is intensity-based (similar to our eco-efficiency target for energy). Specifically, we want to reduce emissions per dollar of revenue by two per cent per year through 2007, using 2003 as a base year. Our CO₂ intensity increased

by one per cent year-over-year, in large part due to increased tracking of our emissions, and our CO₂ emissions were 0.06 per cent of Canada's total CO₂ equivalent for 2001. (See www.ec.gc.ca/pdb/ghg/1990_01_report/executive_e.cfm.) Over the next few years, this target will be influenced by programs such as purchasing green energy, leasing hybrid vehicles, reducing accidental releases, purchasing carbon credits and/or tracking carbon avoidance through programs such as teleworking.

TELUS greenhouse gas emissions¹				
	A 2004	2003	% change	2002
Direct emissions ^{2,4}	85,330	89,166	-4.5	92,347
Indirect emissions ^{3,4}	338,610	290,952	14.0	213,823
Total	423,940	380,118	10.0	306,170

1 All sources, expressed as metric tonnes of carbon dioxide equivalent.

2 Emissions from fuel (natural gas, gasoline, diesel, propane) and ODSs (Halon, R-22) and includes methane and nitrous oxide.

3 Emissions from electricity and steam.

4 Emission factors from Canada's Climate Change Voluntary Challenge Registration Guide (2003).

For information on other TELUS air emissions, refer to our online report at about.telus.com.

environment

Alternative energy – Where possible, and economically feasible, we remain committed to expanding the use of alternative energy. At year-end 2004, we had 35 solar-powered installations in service, thereby forgoing the need for diesel generators and the accompanying risks. We are also evaluating generator technology to ensure systems are sized correctly, and are as clean and efficient as possible.

2004 teleconference and videoconferencing – In 2001, we began reporting carbon and nitrogen oxide avoidance, based on the use of our conferencing services as a replacement for travel. In 2002, video and teleconference calls were combined and we continue to report on this environmental opportunity to reduce greenhouse gases. In 2004 both internal TELUS and external use of conferencing services increased by 40 per cent. With TELUS' acquisition in late 2004 of ADCOM, Inc., the largest videoconferencing company in Canada, we expect our conferencing services to continue to increase in 2005.

Pollutants avoided using video and teleconferencing ¹			
	2004	2003	2002
Conference calls	420,000	299,000	433,000
Carbon dioxide (t) ²	178,000	128,000	184,000
Nitrous oxides (t) ²	20	14	20

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

2 t – metric tonnes.

Water usage – In 2003, we recognized the importance of tracking our own water use, as part of the Canadian and global effort to protect and conserve water.

Although we do not engage in any significant manufacturing processes, we are a large company with many employees, thus producing a large domestic water use footprint. In 2004, we expanded tracking of our water usage to our Quebec and Mobility operations. The lack of flow meters (our own or municipally supplied) at our facilities presents a challenge. Currently, we can only account for approximately 55 per cent of our water usage. Better tracking will support conservation endeavors already in place, such as installation of automatic faucets and low flush toilets in some of our facilities.

TELUS water consumption		
	2004	2003
Total measured use ¹	1,000,000 m ³	395,780 m ³
Water / team member ²	70 m ³ /yr	90 m ³ /yr
Canadian norms (domestic) ³	125 m ³ /yr	125 m ³ /yr

1 Represents metrics from approximately 55 per cent of TELUS owned and leased facilities in 2004 (20 per cent in 2003).

2 Based on use at TELUS, divided by employees for locations with water results.

3 Environment Canada Web site www.ec.gc.ca/water.

partnering with Teletrips

TELUS, working with Teletrips Inc., is a partner in the Calgary Sustainable Mobility Project.

A pilot involving TELUS team members will

quantify the positive impacts of telework, from emissions reduction, to reduced congestion on our roads, to improved quality of life – not only for our employees, but for the citizens in the municipalities in which TELUS operates.



Waste reduction – Tracking the amount of waste created at our facilities has posed a challenge due to the large number of our facilities, the different types of operations, the remote placement of sites, and the varying methods for tracking or paying for waste collection. In most cases, waste collection is not invoiced on a weight basis, but rather on frequency of collection. Thus we are currently unable to report on total waste in a meaningful way.

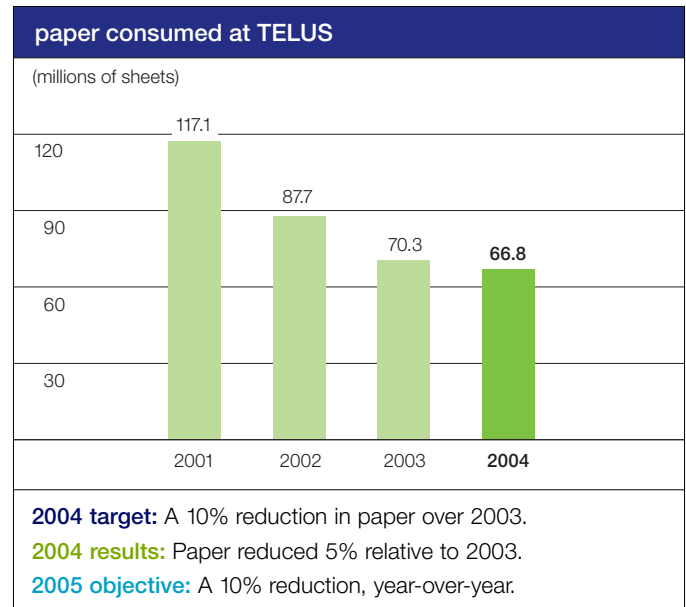
We handled 3,650 litres and more than 342,000 kilograms of hazardous wastes in 2004, 46 per cent more than in 2003, due to including more facilities in our tracking, as well as the elimination of inventories at facilities sold as part of the operational efficiency program.

Recycling – For many years, we have had an integrated waste recovery and recycling program in place. The total weight of recycled material for 2004 was 7,130 metric tons, resulting in a cost avoidance of over \$460,000, based on landfill tipping fees of \$65 per metric tonne.

Detailed waste descriptions (type of waste) and recycling information (by volume or weight) at TELUS facilities from 2002 to 2004 can be found at about.telus.com.

The total weight of recycled material was steady, year-over-year, despite decreases in areas such as cardboard, circuit cards and telephone directories. We now include numbers from all corporate divisions.

Reducing paper at TELUS – When it comes to reducing paper use at TELUS, we are seeing marked success. Through internal programs such as Make Pulp Fiction, and our new standard of purchasing duplex printers for double-sided printing, as well as specific group initiatives like the Paperless Office and e.Bill, which encourages customers to switch to online bills, we have been able to reduce our paper consumption (historically over 10 per cent annually) each year. The Make Pulp Fiction program, in place since 1997, has been our biggest success, accounting for an additional 3.6 million sheets of paper, or approximately 80 trees, saved this year and 2,100 trees saved to date.



Wireless phone, battery and accessory recycling – TELUS Mobility is leading by example with a national recycling program that encourages Canadians to return their wireless phones, batteries and accessories to a TELUS Mobility store or Product Care Centre for recycling when they purchase a new phone, switch from another carrier, or wish to recycle phones that are no longer being used.

Launched in late 2004, TELUS Mobility's phone recycling program underscores the importance of recycling materials used in the manufacturing and operation of wireless phones and accessories.

In addition to phones, customers can also drop off rechargeable batteries at hundreds of participating TELUS Mobility stores and dealers across Canada for recycling through the Rechargeable Battery Recycling Corporation (RBRC). In 2004, an estimated 17,000 batteries were collected and recycled.

in harmony with the environment

“eTree is a new initiative between ComputersharePepper and the Tree Canada Foundation, Canada’s leading not-for-profit conservation and reforestation organization. TELUS has partnered with eTree so shareholders can choose to receive TELUS annual report materials online. This will reduce CO₂ emissions and deliver more efficient and effective service. As a thank you, TELUS will plant a tree in your name – at no cost to you.”



John Wheeler, Vice-President, TELUS Investor Relations
Letter to TELUS shareholders – December 2004

Product responsibility

Our internal environmentally responsible procurement policy, approved in March 2003, supports purchasing recycled and environmentally preferred products, whenever they perform satisfactorily and can be purchased for a reasonably competitive price. We have considered life-cycle analysis in our purchase of products for selective network builds. For example, in our wireless network, energy efficiency was one component of the evaluation of the next generation of cellular switches.

Our standard supplier agreements include clauses pertaining to environment, and health and safety, and specific language ensuring compliance with applicable federal, provincial and local regulations.

Engaging our suppliers in our vision of sustainability, we ask them to complete assessment forms whenever we enter into a new contract. Suppliers are asked to provide information on their company’s EMS, environmental record and internal procurement practices as well as financial information.

We also operate a supplier quality program, which measures the quality of performance of our top suppliers through surveying major internal stakeholders. Results are formally presented to the supplier and the key stakeholders. In 2004, 37 suppliers, representing more than \$720 million in purchases, were evaluated under the program. Of these, 10 suppliers, representing \$75 million in purchases, were issued certificates to recognize their efforts in providing TELUS with exceptional delivery, product performance and quality, as well as customer service during the evaluation period. Participation in the surveys during 2004 was up 13 per cent from 2003. Action items resolved within 90 days also increased in 2004, up 9.3 per cent.

To learn more about our environmental policy, practices or targets, visit about.telus.com.

auditors' report

To: The Board of Directors and Management of TELUS Corporation

We have been asked to audit selected quantitative performance information presented in the TELUS 2004 Corporate Social Responsibility Report (the Report) for the year ended December 31, 2004, marked with the symbol **A**. We did not attempt to audit all information included in the Report. Preparation of the Report is the responsibility of TELUS management. Our responsibility is to express an opinion as to whether the selected information is fairly stated.

Scope and criteria

We examined TELUS' performance assertions for the year 2004 relating to community investments; charitable donations; environment; health and safety; workplace diversity; employee relations; and other areas as marked with the symbol **A**. We did not examine the narrative sections of the Report except insofar as they incorporated the selected quantitative performance information. Our audit criteria were based on the 2002 version of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, relevant regulations, TELUS management definitions, and industry standards.

The economic performance information presented on pages 16 to 22 was extracted from TELUS' audited financial statements for the year ending December 31, 2004. This information was excluded from the scope of our audit.

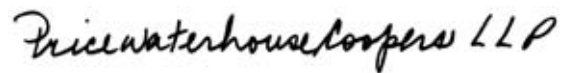
Methodology

Our audit was completed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 developed by the International Federation of Accountants. We planned and performed our work in order to provide reasonable, rather than absolute, assurance with respect to the information we examined. We believe our work provides a reasonable basis for our opinion.

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

Opinion

In our opinion, the selected information set out in this Report marked with the symbol **A** is fairly stated in all material respects.



PricewaterhouseCoopers LLP
Vancouver, British Columbia, Canada
March 7, 2005

Description of our assurance process

TELUS management asked us to audit certain assertions by management regarding the company's 2004 corporate social responsibility performance and to provide a report setting out our conclusions. Our work was carried out at TELUS' offices in Vancouver, Edmonton and Calgary. The audit team comprised professionals with background and experience in corporate sustainability management and assurance.

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

- interviews with relevant TELUS management and staff and relevant third parties;
- evaluation of relevant data management systems and processes;
- examination of internally and externally generated documents and records, including correspondence with external parties; and
- testing and re-calculation of performance data on a sample basis where appropriate.

Global Reporting Initiative (GRI) Guidelines

This report has been prepared using Stratos Inc.'s methodology from their benchmarking report *Building Confidence, Corporate Sustainability Reporting in Canada*, as well as the Global Reporting Initiative (GRI) Guidelines. Stratos' criteria are of particular relevance to the Canadian context. The index below lists where in the report the reader can find information related to each GRI criterion, or directs the reader to TELUS' annual report – business review and financial review. Taken together, these reports form TELUS' reporting package of financial, social and environmental performance.

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Footnotes

- 1 Statos is a sustainability consultancy. Visit stratos-sts.com.
- 2 Redundant with telus.com/annualreport.
- 3 Redundant with information that can be found at about.telus.com.
- 4 NA = not applicable.
- 5 Not relevant.
- 6 Not discussed, internal policy – tracked internally.
- 7 Appears throughout report.
- 8 Planned for future reports.
- 9 Currently not tracked.

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telus.com

EthicsLine hotline

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

phone 1-866-515-6333

e-mail ethicsline@telus.com

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

TELUS is committed to working in an environmentally responsible manner.

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

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