

# our opportunity


## 2009 corporate social responsibility report





## About this report

Information contained in this 2009 corporate social responsibility (CSR) report covers the period from January 1, 2009 to December 31, 2009, unless otherwise stated. The material includes TELUS' wireline and wireless operations across Canada, as well as TELUS International, where specified. As our TELUS International footprint expands, we will strive to ensure that this is better reflected in the scope of our key performance indicators. Currently, TELUS International is fully represented in our economic indicators, workplace demographics, Integrity training and compensation and benefits. Also contained in this report are 2009 targets and results and 2010 targets for key performance indicators in three main categories related to CSR – the economy, society and the environment, which represents our triple bottom line approach.

We use the following symbol  to highlight information that was independently reviewed by PricewaterhouseCoopers LLP (PWC) in 2009.

The 2008 CSR report was issued on June 2, 2009.

We are always looking for ways to improve our report and welcome your feedback and questions. Please send any questions or comments to [sustainability@telus.com](mailto:sustainability@telus.com).

# Priorities and Results

1

## 2009 and 2010 CSR priorities

We take a triple bottom line approach to business, balancing economic growth with a diligent focus on environmental and social goals. The scorecard illustrates, at a glance, TELUS' CSR results and highlights from 2009 compared to our 2010 CSR priorities.

Issue	2009 CSR priority	2009 results	2010 CSR priority
Economic growth	Realize 2009 consolidated financial targets: revenue, operating earnings, EPS and capital expenditures, while maintaining compliance with financial policy targets	Achieved target on capital investments  Revenue impacted by recession in Canada and industry-wide competitive intensity  Earnings affected by lower revenue and an acceleration of efficiency initiatives that resulted in higher restructuring costs and increased expenses  Met long-term financial guidelines and policies	Realize TELUS' 2010 consolidated targets: revenue, operating earnings, EPS and capital expenditures, while maintaining compliance with long-term financial guidelines and policies
Governance, integrity and transparency	Certify under Section 404 of SOX on a continuous basis, conduct annual fraud risk assessment and continue to prepare for the conversion to International Financial Reporting Standards (IFRS) for accounting  Successfully integrate CSR requirements into annual key business unit strategic review process and establish regular CSR scorecard progress reviews by the Audit Committee (quarterly) and the Executive Leadership Team (mid-year and year end)	Achieved SOX certification for 4th consecutive year of compliance. Completed fraud risk assessment for 3rd consecutive year. IFRS conversion is on track for planned January 1, 2011 conversion  CSR integration into strategic planning processes commenced. This included increased participation in TELUS' strategic planning activities  Provided quarterly CSR status reports to the Audit Committee of TELUS' Board of Directors	Certify under Section 404 of SOX on a continuous basis, conduct annual fraud risk assessment and be ready for reporting under IFRS in 2011  Continue to drive CSR accountability across TELUS' strategic planning and performance management processes
Community welfare	Evolve TELUS' overall community investment strategy to more closely align with our strategic intent, business priorities and financial performance  Increase Ipsos Reid research "Contribution to Community" composite perceptions overall by 3% in each city where we have a TELUS Community Board	Made significant progress in aligning overall community investment strategy with strategic intent, business priorities and financial performance  Ipsos Reid data for 2009 showed a reduced score for TELUS overall that was 3.9% below target	Maintain and enhance alignment between Community Investment strategy and execution with TELUS' strategic intent, business priorities and financial performance  Increase team member and retiree involvement in Team TELUS Cares and TELUS Community Ambassadors programs
Workplace well-being	Acknowledging an increased focus on operational efficiency and workforce restructuring, we will support our team members with wellness and workplace engagement programs and in giving back to the communities where we live through Team TELUS Cares participation	Target for wellness was 20% participation. On average, where fitness facilities are available onsite, 27% of team members participate in onsite fitness classes  Overall engagement decreased from 58% in 2008 to 54% in 2009. Team TELUS Cares participation was 35%, down 2% from 2008	Bolster engagement with a focus on recognition, career and performance development as well as to drive process excellence  Continue offering a wide range of well-being programs  Achieve 56% engagement and 36% participation in Team TELUS Cares programs
Environmental sustainability	Publicly disclose our absolute CO <sub>2</sub> emission reduction target  Achieve a 2% year-over-year decrease in CO <sub>2</sub> emissions and energy consumption normalized to revenue	Did not disclose target but continued efforts to develop a fulsome climate change strategy  Missed target CO <sub>2</sub> emissions and energy consumption reduction normalized to revenue by 5.7% and 8.2% respectively	Complete and publicly disclose 10-year climate change strategy  Execute on the Environmental Management System implementation plan and align Human Resources (HR) operations with the ISO 14001:2004 standard

This section of the report is a summary of TELUS' key economic, social and environmental performance results for 2009 and 2010 targets. To determine the content of each report, TELUS assesses the CSR materiality of certain aspects of its business, as well as using the pertinent Global Reporting Initiative (GRI-G3) reporting guidelines to help direct its disclosure. The GRI-G3 guidelines provide a baseline for the type of discussion, as well as the volume and type of metrics that can be found within the report. Last year, we reported on at least 20 indicators but we lacked the management approach discussion required to assess our report at an "A" Level. This year, we have closed the gap, received assurance on key indicators and as a result have self-assessed our GRI-G3 compliance level as "A+".

- ✓✓ Exceeded target
- ✓ Met target
- ✗ Missed target

### Economy

Performance measure	Original target for 2009 <sup>1</sup>		2009 results	2010 target <sup>2</sup>	GRI-G3
Consolidated					
Revenues	\$10.025 to \$10.275 billion	✗	\$9.606 billion	\$9.8 to \$10.1 billion	EC1 Core
EBITDA <sup>3</sup>	\$3.75 to \$3.9 billion	✗	\$3.491 billion	\$3.5 to \$3.7 billion	—
Earnings per share (EPS) – basic	—	—	\$3.14	\$2.90 to \$3.30	—
EPS – basic (excluding income tax-related adjustments and loss on redemption of long-term debt) <sup>4,5</sup>	\$3.40 to \$3.70	✗	\$2.81	—	—
Capital expenditures	Approx. \$2.05 billion	✓	\$2.103 billion	Approx. \$1.7 billion	EC8 Core
Wireline segment					
Revenue (external)	\$5.05 to \$5.175 billion	✗	\$4.899 billion	\$4.85 to \$5.0 billion	EC1 Core
EBITDA <sup>3</sup>	\$1.65 to \$1.725 billion	✗	\$1.558 billion	\$1.575 to \$1.675 billion	—
Wireless segment					
Revenue (external)	\$4.975 to \$5.1 billion	✗	\$4.707 billion	\$4.95 to \$5.1 billion	EC1 Core
EBITDA <sup>3</sup>	\$2.1 to \$2.175 billion	✗	\$1.933 billion	\$1.925 to \$2.025 billion	—
Long-term financial policies and objectives					
Net debt to EBITDA (excluding restructuring costs)	1.5 to 2 times	✓	2.0 times	1.5 to 2 times	—
Unutilized liquidity	Maintain a minimum of \$1 billion	✓✓	\$1.7 billion	Maintain a minimum of \$1 billion	—

<sup>1</sup> Set December 16, 2008.

<sup>2</sup> Please refer to Caution regarding forward-looking statements summary. The 2010 economic targets were set on December 15, 2009.

<sup>3</sup> Earnings before interest, taxes, depreciation and amortization (EBITDA) is not a calculation based on Canadian or U.S. generally accepted accounting principles (GAAP).

<sup>4</sup> A non-GAAP measure. For comparability purposes, excludes items quantified in Note 5 that were not contemplated in setting targets.

<sup>5</sup> Excluding from 2009 actual results, 55 cents per share of positive income-tax adjustments and 22 cents per share for a loss on early partial redemption of long-term debt that were not contemplated in setting 2009 targets.

## Social

Performance measure	2009 target		2009 results	2010 targets <sup>1</sup>	GRI-G3
Community	Evolve TELUS' overall community investment strategy to more closely align with our business strategic intent, priorities and financial performance	✓	Made significant progress in aligning overall community investment strategy with strategic intent, business priorities and financial performance	Maintain and enhance alignment between TELUS' community investment strategy and execution with TELUS' strategic intent, business priorities and financial performance	SO1 Core
	Increase Ipsos Reid research "Contribution to Community" composite perceptions overall by 3% in each city where we have a TELUS Community Board	✗	Ipsos Reid data for 2009 showed a reduced score for TELUS overall that was 3.9% below target		
Team TELUS Cares programs	Increase overall participation in Team TELUS Cares programs to 40% of our team member base	✗	Overall participation of 35% of team members, 5% below target	Increase overall participation in Team TELUS Cares programs to 36% of our team member base Increase volunteer hours of team members and retirees to 470,000 hours	—
TELUS Community Ambassadors	<i>New metric and priority for 2010</i>	—	Produced 52,782 care items	Produce 59,000 care items	—
Safety – lost time accidents per 200,000 person-hours worked	No target set	—	Achieved a 0.82 <sup>2</sup> ratio	Achieve a 0.82 ratio	LA7 Core
Engagement index	62%	✗	54%	56%	—
Average Canadian voluntary turnover	8.1% <sup>3</sup>	✓✓	6.5%	8% <sup>4</sup>	LA2 Core
Team member recognition spend	\$8.2 million	✓✓	\$8.6 million	\$7.65 million <sup>5</sup>	—
Investment in learning	\$29.4 million	✗	\$21 million	\$17.2 million	LA10 Core
Overall days lost per full-time equivalent team member	Less than 6.8 <sup>6</sup> days per year	✗	7.2 days per year	Replace absenteeism as a priority with a focus on safety	LA7 Core
	Review the way absenteeism is measured and develop robust targets for the future	✗	Reviewed how we measured absenteeism but did not develop robust targets		
Wellness participation	Develop a measure for our suite of wellness programs	✓	Developed new metric to measure our suite of wellness programs	See Wellness reach rate below	LA8 Core
	Target 20% team member participation in Active Living programs	✓	27%	25% <sup>7</sup>	
Wellness reach rate	<i>New metric and priority for 2010</i>	—	—	80% of team members nationally have access to wellness programs	LA8 Core

<sup>1</sup> Please refer to Caution regarding forward-looking statements summary.

<sup>2</sup> During the preparation of our 2009 CSR report, we identified errors in lost time accident calculation methodology. We have restated our 2007 and 2008 lost time accident values as a result.

<sup>3</sup> Target based on Conference Board of Canada 2008 result for communications/telecommunications average voluntary turnover less 20% to account for reduced turnover during the current challenging economic times.

<sup>4</sup> 2010 domestic turnover target is based on 2010 Mercer Canadian Compensation survey, which allows us to set the benchmark according to market context.

<sup>5</sup> 2010 target reduction reflects adjustments for affordability and reduced Canadian staffing levels.

<sup>6</sup> In 2009, absenteeism was redefined to include only injury or illness-related absence and to exclude other approved reasons for absence. As a result, 2009 targets were restated.

<sup>7</sup> 2010 target is lower than 2009 result because we expect fitness memberships to be affected by the number of team members relocating to new offices or working from home in 2010.

## Environment

Performance measure	2009 target		2009 results	2010 target <sup>1</sup>	GRI-G3
Environmental management system (EMS)	Develop and launch EMS gap closure implementation plan for HR business unit	✓	Developed and launched EMS gap closure implementation plan for HR business unit	Execute on plan and align the HR business unit with the ISO 14001:2004 standard	EN26 Core
EMS review of TELUS International	Establish working group to provide regular updates on TELUS International's environmental performance	✗	Began integration of TELUS International resources into program-based approach of EMS. Altered strategy but no dedicated working group formed	Integrate TELUS International measure with overall EMS program	—
Eco-efficiency	Achieve 2% year-over-year eco-efficiency improvement	✗	Our eco-efficiency worsened by 6.2% year over year	Expand focus beyond energy consumption to also include a customer connections ratio	EN5
CO <sub>2</sub> efficiency	Publicly disclose long-term absolute reduction targets	✗	We did not publicly disclose long-term targets	Targets pending disclosure of complete climate change strategy	EN16 Core
	Achieve 2% year-over-year CO <sub>2</sub> efficiency improvement	✗	CO <sub>2</sub> efficiency worsened by 3.7% year over year		
Paper consumption	10% reduction	✓✓	24% reduction	10% reduction	EN1 EN26 Core
Wireless device recycling	90,000 wireless devices recycled	✓✓	108,419 wireless devices recycled	Recycle 110,000 wireless devices  Comply with all e-waste and recycling regulations	EN26 Core
Water consumption	Update measurement protocol and capture 100% of use	✗	Revised strategy to account for actual measured volume instead of estimated volume	Increase the percentage of consumed water we are able to measure and stop using numerical consumption targets	EN8 Core
Environmental site assessments	Complete 1,780 assessments, including 80 by Environment team members	✓	Completed 1,829 assessments, (80 by Environment team members)	Complete 1,780 assessments, (80 by Environment team members)	EN26 Core
	Develop new methodology	✓	Developed new methodology	Implement new methodology	
High-risk site assessments	75% of high-risk sites	✓	83% of high-risk sites assessed	Assess 85% of high-risk sites	EN26 Core
	Develop new methodology	✓	Developed new methodology	Implement new methodology	
Spills and releases	100% reporting	✗	95% of reportable spills	100% reporting	EN23 Core
Fuel system upgrades <sup>2</sup>	18 fuel system upgrades	✗	12 fuel system upgrades	15 fuel system upgrades	EN26 Core
Halon removal	15% year-over-year reduction	✓✓	74% year-over-year reduction	We will no longer track this metric	EN26 Core
Contaminated sites	Investigate 20 sites and complete 5 sites	✓✓	Investigated 38 sites and completed 5 sites	Investigate 15 sites and complete 2 sites	EN14 EN2
	Develop new methodology	✓	Developed new methodology	Implement new methodology	EN6 Core

<sup>1</sup> Please refer to Caution regarding forward-looking statements summary.

<sup>2</sup> Includes both upgrades and removals.

# Message and Strategy

## 3

### A message from our CEO

The TELUS team understands there is a symbiotic relationship between the success of our company and the health of our communities, making it essential to live up to our brand promise – the future is friendly®. This is why our triple-bottom-line approach incorporating economic, social and environmental aspects, is embedded in the culture of our company.

Importantly, our shared set of values – we embrace change and initiate opportunity, we have a passion for growth, we believe in spirited teamwork and we have the courage to innovate – continues to guide our decision-making and daily interactions with our clients, colleagues and many other stakeholders. Moreover, our values help differentiate TELUS in the minds of consumers in a competitive marketplace as they become more aware of their influence in creating healthier communities by doing business with socially responsible companies.

Our team members, retirees and TELUS Community Board members are dedicated to our future friendly brand promise and continue to demonstrate their selfless passion and devotion to the communities where we live, work and serve. Their generosity of spirit and volunteerism earned our company recognition by the Association of Fundraising Professionals as the 2010 Outstanding Philanthropic Corporation. Notably, we are the first Canadian company to receive this global honour, which reflects our efforts to give where we live and expand our legacy of caring and volunteerism.

#### Navigating a challenging 2009

In 2009, we navigated our company through a recessionary economy, strong competition, and critical customer and operational delivery projects. Although we have been continually focused on operational efficiency and effectiveness over the last decade, we accelerated initiatives in respect to our structure, systems, processes and people in 2009, to help our company respond to the weak market conditions. These initiatives required great effort and significant personal commitment by our team members, and difficult but necessary operational decisions.

Our need to establish a more cost-effective structure for our company coupled with intense competition affected our economic performance, and in turn, our ability to fully achieve our corporate social responsibility objectives. Despite the market conditions, we focused on furthering our efforts to be a great workplace for our team members. Notably, we were named one of Canada's 10 Most Admired Corporate Cultures for 2009 by Waterstone Human Capital and Mediacorp Canada named TELUS one of Canada's Top 100 Employers and one of Canada's Best Diversity Employers for 2010.

TELUS is a company with immense opportunities to grow and prosper in the years ahead. Indeed, we have demonstrated a tremendous transformation over the last decade, growing the enterprise value of our company by 70 per cent. I am confident that together the TELUS team can continue to grow our company, creating sustainable economic value for our many stakeholders. To illustrate my level of confidence, I am taking the entirety of my 2010 annual base salary compensation, net of taxes, in TELUS shares.

#### We embrace change and initiate opportunity

The TELUS team undertook a significant journey last year, conducting business during a time of unprecedented change. Looking back, we achieved many successes, including launching our 3G+ wireless network

early and on budget, expanding the reach of TELUS TV® for our clients and optimizing our business resources for the recessionary economic and competitive environment.

We also initiated new opportunities in healthcare through an exclusive agreement with Microsoft in May 2009 to create TELUS health space™, powered by Microsoft HealthVault. This service is planned for launch in 2010, furthering our goal to improve Canadians' ability to take control of the health of their family members.

Furthermore, we embraced change in our workplace by adapting our work styles through the use of teleconferencing and videoconferencing to work collaboratively with our colleagues, clients and community partners. Our efforts in this regard enabled us to achieve our goal of \$26 million in year-over-year savings in travel expenditures. Our focus on reducing our impact on the environment earned TELUS a 2009 Power Smart Excellence Award from BC Hydro. We were also named one of The Global 100 Most Sustainable Companies at the World Economic Forum in Davos, Switzerland.

We did, however, encounter challenges in 2009 in regards to our environmental targets, experiencing a 6.5 per cent increase in our total energy consumption over the previous year. This increase was primarily due to our business growth, which was not offset by broad energy efficiency projects due to budget constraints. Power consumption is part of the infrastructure backbone of our industry; and as a result, we are working to be more efficient in our operations whilst developing energy reduction initiatives in 2010 as part of our overall climate change strategy.

#### We have a passion for growth

The TELUS team invested tremendously to position our company for long-term growth. When the economy took a turn for the worse, most companies reduced investing; TELUS did the opposite. In 2009, we increased capital spending to \$2.1 billion and took advantage of the weak economic environment to acquire world-leading equipment at better rates, which allowed us to build out our network more cost-efficiently.

On the wireless side, we contributed to the transformation of our country's competitive landscape with the launch of Canada's fastest 3G+ wireless network in November\*. This was a monumental effort in terms of the network design, engineering, project management, build and operational readiness required to cover more than 1.1 million square kilometres of Canada. Over 31 million Canadians can now access the most advanced speeds and services as a result of this investment. The effort required to build and launch this network will facilitate in a few years an optimal transition to Long Term Evolution, which is expected to be the first true world standard for mobile networks.

In our wireline operations, we continued to build out our broadband infrastructure to further support coverage and innovative solutions for our clients, improve our competitiveness and advance the ongoing roll out of higher-speed Internet and high-definition TELUS TV®. The significant expansion of our IP TV and new TELUS Satellite TV™ services increased our reach to more than 90 per cent of households across British Columbia and Alberta, compared to only a third at the beginning of the year.

The TELUS team is passionate about growth and as a result, we invested \$21 million in 2009 to offer innovative learning programmes

\*Comparing HSPA/HSPA+ national networks: "fastest" according to tests of data throughput speeds in large Canadian urban centres. Compatible device required. Actual speed may vary by device being used, topography and environmental conditions, network congestion, signal strength and other factors.



designed to further our success. Our programmes continue to earn international recognition; notably, we were the only Canadian company to receive a BEST Award from the American Society for Training and Development and we were also recognized with a Performance Management award from the Aberdeen Group. In 2010, we plan to invest \$17.2 million in training and development.



#### **We believe in spirited teamwork**

The TELUS team demonstrated exceptional resiliency last year as we navigated through difficult decisions, including a company-wide compensation freeze for management professionals and organizational restructuring. The latter resulted in a reduction of 2,150 domestic full-time employees; we expect to make another approximate 1,000 domestic reductions in 2010 given continued revenue pressures across certain telecommunications products and services. Undoubtedly, these factors affected our overall engagement score in 2009, which declined by four points to 54 per cent; however, our result continues to position TELUS as a strong Canadian company.

I am deeply grateful that, at a time when our communities need support more than ever, the TELUS team continues to make a difference, donating \$21 million in 2009. Additionally, a record 9,100 team members, retirees, family and friends participated in the 2009 TELUS Day of Service, recording 28,000 volunteer hours. Since 2000, TELUS, our team members and retirees have donated \$158 million and volunteered more than 3.1 million hours in communities across Canada, underscoring our ongoing commitment to give where we live.

Our company's rich and longstanding legacy of caring also includes the work of our nine TELUS Community Boards located in cities across Canada. Our innovative approach, which places funding decisions in the hands of local community leaders supported by TELUS team members, further reflects our shift from allocating funds to large sponsorships in favour of local, grassroots charities. Collectively in 2009, our boards allocated \$4.1 million in support of more than 340 community projects. Since their inception, the boards have allocated \$21 million and supported more than 1,500 community projects across Canada.

#### **We have the courage to innovate**

The TELUS team recognizes the importance of nurturing innovation for the benefit of our valued clients and many other stakeholders. We strive to innovate across our technology, products, services and workplaces, and deliver on our strategic intent to unleash the power of the Internet to deliver the best solutions for Canadians at home, in the workplace and on the move.

We are excited to be introducing new services such as TELUS TV® powered by Microsoft Mediaroom, the latest smartphones and devices, and TELUS health space™, which will give Canadians healthcare information at their fingertips. These innovations will indeed further our strategic intent by delivering products and services that move content and applications

more securely and freely in a way that makes a difference in the lives of our clients.

Our brand promise also extends to how we treat our team members in the workplace. Last year, TELUS created the Diversity and Inclusiveness Council to develop diversity initiatives across our organization. During 2009, the council established a partnership with Pride at Work Canada in support of the lesbian, gay, bisexual and transgender community in workplaces, and launched an internal website and blog to promote open dialogue on diversity issues. Notably, we gained recognition as one of Canada's Best Diversity Employers in 2009.

#### **Inspired by our shared values and the strength of our proven strategy**

I am grateful for our team's dedication to advancing our growth strategy, and I am more confident than ever that we can create sustainable economic value for our many stakeholders in the years ahead. Our commitment to our values, best-in-class corporate governance practices and corporate social responsibility reporting continues to gain recognition on a global scale. The Dow Jones Sustainability World Index once again, for the ninth consecutive year, ranked TELUS as one of the world's most socially responsible corporations in 2010.

We thank you for your support and look forward to embracing our shared opportunities ahead.

Sincerely,

Darren Entwistle  
President and Chief Executive Officer  
A Member of the TELUS team  
April 30, 2010

I am pleased to share with you our 2009 corporate social responsibility (CSR) report outlining TELUS' combined economic, social and environmental performance, which we refer to as our triple bottom line. This is a tradition we have maintained for the past dozen years. Each year, we have endeavoured to evolve and expand the scope of our report to provide information about our operations in an increasingly transparent, balanced and comprehensive manner.

We firmly believe strong governance and economic performance are the foundation upon which we can build and sustain our CSR leadership.

#### Methodology

As such, we apply our performance management approach to TELUS' CSR goals and set annual targets, measure and monitor our progress and then communicate our results in a manner consistent with our financial reporting methodology. We then strive to integrate CSR into our business activities and work to ensure we operate in a way that considers the economic, social and environmental impact of our business decisions and operations. We are pleased that our efforts continue to receive significant external recognition.

We also believe that a true measure of a corporate CSR program is not only what a company does in good times, but rather what it does when it faces challenges. In 2009, we stood true to our commitment to our communities despite intensifying competition, difficult economic circumstances and resource constraints. Sometimes these challenges led to a failure to achieve our CSR target objectives and, in the spirit of transparent disclosure, this report will detail our failures as well as our successes.

#### Innovation creates opportunity

One of our corporate values is the courage to innovate. As you read in this report, you will see many examples of how TELUS is bringing innovation and positive change to Canada. For example, with the launch of our 3G+ wireless network, which is one of only three in Canada and 17 worldwide, we are able to provide to customers an array of the latest wireless devices. Canada is also one of the few places in the world where the Apple iPhone is sold by multiple carriers, which reflects the intensity of wireless competition and innovation that benefit Canadian consumers.

We are also innovative in our CSR practices. In 2009, we strengthened the composition of our CSR leadership team – an executive-level team responsible for further entrenching CSR practices and objectives throughout TELUS – by increasing the number of vice-presidents on the team. Based on strategic input from external and internal resources, the CSR leadership team is responsible for executing our CSR strategy, identifying issues and opportunities and delivering programs to address them. Building upon its long-standing practice of receiving quarterly reports on the company's environmental progress, in mid-2009 the Audit Committee of TELUS' Board of Directors began monitoring our CSR progress on a quarterly basis as a regularly scheduled agenda item.

Looking ahead, we also:

- Are committed to integrating a more sustainable approach to our supply chain practices. In 2009, we drafted a Code of Conduct for our vendor selection process, trialing it in the areas of office supplies
- Intend to continue to focus on enhancing our customer service experience as we strive ensure that every client's journey through our processes, touch points, policies and engagement with our team members, products and services is consistently positive and favourable.

Our scorecard illustrates, at a glance, TELUS' 2009 CSR targets, results and highlights as well as our 2010 CSR priorities and targets.



#### Reporting innovations

For our 2009 CSR report, we have once again engaged PricewaterhouseCoopers to review certain key performance indicators and provide an assurance statement as to the accuracy of the reported results. This year, we enhanced our reporting process by asking all team members at a director level who contribute to this report, to provide a statement as to the reasonable accuracy and veracity of the material they have provided. This, we believe, may be a global innovation in the practice of CSR reporting.

Once again, we chose to produce an online CSR report to support our objective to reduce paper consumption. In support of this objective, we have improved the navigation and layout of our CSR website, better reflecting how we manage the various aspects of our CSR practices and adding more interactive features. In terms of printed collateral, we are producing approximately 20 per cent fewer brochures and postcards than we did last year, instead encouraging electronic delivery and viewing of these documents.

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

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


Last year, we set a goal to self-assess our 2009 CSR level of disclosure at an "A+" level. This requires reporting on a minimum of 20 GRI-G3 or performance indicators. I am pleased to report that we achieved this objective, in part by more fully including our international contact centre operations in our key performance indicators as they relate to sustainability.

#### **Our opportunity**

While we continue to face challenges due to economic, competitive and technological change, we are optimistic about the future. Our prudent financial policies and stewardship have maintained a strong balance sheet and we continue to be well positioned for success in the growing, yet intensely competitive, Canadian communications industry. From a CSR perspective, our careful financial stewardship has positive impacts for many in our community. For example, we set our dividend in a sustainable zone. In 2009, this means we did not have to lower our dividend despite the challenges we faced and this benefits pensioners and retirees who rely on this income stream.

Overall, we remain firmly committed to living the TELUS values, delivering on our brand promise – the future is friendly® – and being a leading Canadian corporate citizen. We continue to take a long-term strategic and integrated approach to CSR, including adhering to our commitment to ongoing, balanced, transparent disclosure and building upon our strong foundation of ethics and corporate governance. We are also striving to ensure that our core priority CSR commitments are sustainable in relation to our financial performance in both good and challenging economic times. We continue to position our company to take advantage of the many opportunities in the Canadian communications industry and to achieve long-term future success.

Sincerely,



Robert McFarlane  
Executive Vice-President and  
Chief Financial Officer  
Member of the TELUS Team  
April 30, 2010

Through our approach to Corporate Social Responsibility (CSR) and in line with our values, we strive to be one of Canada's leading corporate citizens. We follow the Global Reporting Initiative (GRI) definition of CSR, which is:

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

We work to integrate economic, social and environmental considerations into our business practices and foster a culture of sustainability. Our approach is designed to ensure that our CSR programs are viable for the long term and that we can fulfill our CSR commitments in both economically good and challenging times.

We engage team members through programs like TELUS Green Teams and Team TELUS Cares, and involve senior leaders from across TELUS through their participation in our corporate social responsibility leadership team, which reviews matters related to sustainability.



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

#### CSR reporting enhancements

Year over year, we strive to enhance not only our CSR practices but also how we report them. This year, we focused on:

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

Once again, we chose to produce an online report to limit the amount of material we print. This year, we improved the navigation and layout of our website, better reflecting how we manage the various aspects of our CSR practices, making the website easier to use and adding more interactive

features. In terms of printed collateral, we plan to produce approximately 20 per cent fewer brochures and postcards than we did last year. At the same time, we are disclosing more information about our sustainability practices, including data on our international contact centre operations. As such, we have self-assessed this year's report at a GRI-G3 "A+" level.

Also this year, we enhanced our reporting process by asking all team members at the director level who contribute to this report to provide a statement as to the reasonable accuracy and veracity of the material they have provided. This, we believe, is a leading-edge global practice in CSR reporting and is in addition to the executive sign-off process we have used for many years.

#### Stakeholder engagement

We solicit strategic input from various stakeholders and other sources, including:

- External stakeholders – customers, shareholders, debt holders, non-governmental organizations such as Canopy, peer organizations, and investment companies with socially responsible mandates like Ethical Funds, governments, TELUS Community Boards, suppliers, strategic partners, alumni, retirees, pensioners and community partners
- Internal stakeholders – team members, business unit leaders and executive leaders
- External verification of data collection processes and data integrity from auditors
- Guidelines for reporting from third parties (e.g. Global Reporting Initiative)
- TELUS enterprise risk assessment participants
- Industry organizations (e.g. Research Network for Business Sustainability)
- Academics.



In addition to our normal interaction with stakeholders, we conducted a more thorough review of our disclosure and process with our internal stakeholders for 2009. We conducted a survey and engaged one on one with key executive stakeholders to develop a streamlined and more strategically aligned approach to our CSR practices, disclosure and messaging.

In 2009, our internal and external stakeholders helped identify the following areas of focus for our CSR practices:

- Determining appropriate level of expenditure during times of restraint or economic weakness

- Assessing the impact of our community investment strategy
- Enhancing team member engagement, wellness, diversity and inclusiveness
- Addressing our contribution to climate change
- Understanding the role of our expanding international operations/activities
- Extending our influence in the supply chain
- Measuring client churn, client transactional scores and TELUS Customer Value Measurement
- Enhancing customer service and satisfaction levels.

In this report, we have strived to address these issues. In 2010, we intend to focus on enhancing our customer service experience and scores, and begin integrating a more sustainable approach to supply chain practices.

In regards to our disclosure, our stakeholders identified the need for us to demonstrate how the TELUS values help form the foundation of TELUS' CSR practices. They are, in fact, integral to and underpin what we are able to achieve on the sustainability front.

### Business and management practices

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

To enable alignment with our triple-bottom-line approach, TELUS uses an enterprise-wide risk and control assessment process that solicits and incorporates the expertise and insight of team members from all areas of the organization. This process seeks to address key risks to TELUS, including those related to CSR. More information on our risk assessment process is available in section 10 (Risks and risk management) of the 2009 annual report. Information on financial liabilities is listed in the Consolidated financial statements and notes section of the annual report.

### CSR and governance

We believe strong corporate governance is necessary to provide a solid foundation for CSR leadership. It encompasses considerations such as:

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

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

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

*Support 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.*

At TELUS, we have executed on a consistent strategy since 2000. Our strategic imperatives are:

- Building national capabilities across data, Internet protocol (IP), voice and wireless
- Focusing on growth markets of data, IP and wireless
- Partnering, acquiring and divesting as necessary to accelerate the implementation of our strategy and focus our resources on core business
- Providing integrated solutions that differentiate TELUS from our competitors

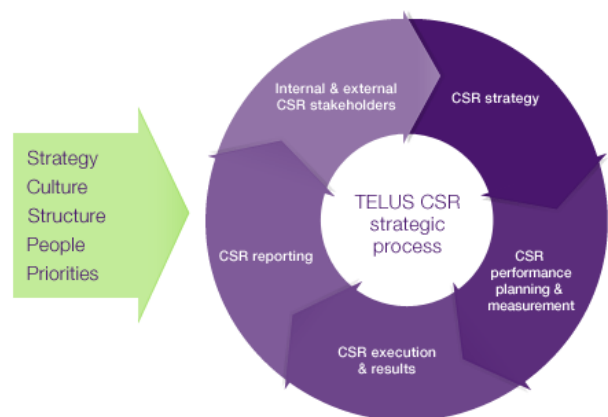
- Investing in internal capabilities to build a high-performance culture and efficient operations
- Going to market as one team under a common brand, executing a single strategy.

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



### *Engaged the right people and then developed organizational priorities for success*

This model is informed by the strategic context in which TELUS operates. It includes industry economics and technological change, the competitive landscape, customer requirements, the regulatory environment and our core competencies. Our vision of being a leading corporate citizen, and the tools we have as an organization to achieve this, are part of our core competencies.



Overall responsibility for the organization's CSR performance resides with the Executive Leadership Team. A CSR leadership team was established in 2006, and we enhanced the composition of the team in 2009 by increasing the number of vice-presidents at the table. The team now represents all TELUS business units and meets at least every quarter to review progress against CSR objectives and assess new or ongoing CSR initiatives. The team members focus on further entrenching CSR practices, measures and objectives throughout TELUS. We provide distinct progress reviews each quarter to the Audit Committee of TELUS' Board of Directors, separate from the combined environmental and CSR reviews provided in the past. We introduced this innovation in 2009.

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



### Management approaches

We have a robust approach in regards to all elements of our CSR practices. The following management approach discussions provide a deeper review of our CSR practices and aligns with our efforts to report in accordance to the Global Reporting Initiative:

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

#### Management approach: Economic

TELUS is focused on building sustainable economic growth for the benefit of our investors, customers, team members, suppliers and the communities where we live, work and serve. Our products and services can enhance the lives of Canadians, enable the success of our customers and contribute to the development of sustainable communities, while delivering long-term, positive results for our investors. Although the recession led to softening demand for telecommunications services and impacted TELUS' economic performance in 2009, we continued to contribute to our economy by:

- Purchasing more from suppliers in Canada
- Paying increased government taxes
- Driving innovation through higher research and development
- Investing in next generation technology
- Donating generously to our communities
- Distributing dividends to our equity investors
- Paying interest to our debt holders.

The ability to distribute these benefits depends on our ability to generate economic value. We measure this success against our economic targets.

Related to our annual consolidated targets are our corporate priorities.

In 2010, our corporate priorities are to:

- Capitalize on the full potential of TELUS' leading wireless and wireline broadband networks
- Enhance TELUS' position in the small and medium business market
- Ensure TELUS delivers its future friendly brand promise to clients
- Continue to improve TELUS' operational efficiency to effectively compete in the market and fund future growth
- Increase TELUS team engagement and live our culture of personal responsibility and customer service.

For details, including our 2009 financial highlights, strategic investments, taxes and more, visit the Economy section of this report.

#### Management approach: Community investment

We have designed our community investment strategy to be national in scope and local in delivery. Our team members, retirees and community leaders are integral to the success of our strategy.

We are committed to living up to our brand promise — the future is friendly® — for all Canadians and it is for this reason that we support projects that focus on youth and showcase social and/or technological innovation. TELUS funds projects to solve existing or emerging issues within our communities. This national strategy is then tailored to address key local needs are addressed.

Our community investment initiatives are geared to assisting young Canadians in the following areas:

- Arts and culture
- Health and well-being in our environment
- Sports and education.

In 2009, TELUS saw a substantial increase in the number of requests for support from the charitable sector. We anticipate this trend to continue through 2010 despite the slowly improving economic environment. Our biggest challenges will be to:

- Meet the growing needs of our communities

- Remain focused on investing in areas with the greatest return for our communities, our company and our team members
- Keep our community investments on strategy.

In 2010, we have the opportunity to strengthen our communities by:

- Designing community investment initiatives that help young Canadians become the next generation of performing artists and audiences
- Supporting the advancement of medical research, disease prevention and quality care
- Working to create a cleaner, healthier environment
- Supporting organizations that advance and promote physical and high-performance skills, recreation and accessibility to sports
- Enabling young Canadians to overcome obstacles and realize their full potential through access to progressive education programs
- Supporting projects that focus on youth and showcase social and/or technological innovation
- Engaging our team members and retirees through our volunteer and giving programs.

For details about our philanthropic giving, Team TELUS Cares programs, strategic partnerships and more visit the Community Investment section of this report.

#### Management approach: Team members

TELUS' commitment to its team members is reflected in our workplace policies, which range from diversity and inclusiveness to ethics and respect, and labour relations. TELUS invests in developing the best talent in the global communications industry, to drive engagement and success of the TELUS team. We remain committed to offering team members the opportunity to:

- Work on leading-edge solutions for our customers
- Be part of an exciting and learning-focused culture
- Contribute to the community through service and giving.

We measure our success in providing a welcoming, safe and professional workplace through indicators such as team member engagement, financial investment in learning, a range of wellness programs, as well as absenteeism and attrition rates, work time lost due to workplace injury, and team member participation in our community giving and volunteerism programs.

We offer a variety of career and leadership development programs to our team members, including classroom learning, mentoring, webinars, online learning and, more recently, the use of wikis, blogs and other social media tools. Our Diversity and Inclusiveness Council of volunteer team members assists in developing programs that promote diversity and equitable opportunity. Where a collective agreement is in place, joint management and union committees provide guidance on health and safety matters and safety statistics are reported quarterly to the Audit Committee of TELUS' Board of Directors.

For details about our employment practices, management/labour relations, health and safety, career development and training, visit the Team member section of this report.

#### Management approach: Human rights

The TELUS ethics policy ties together all policies regulating business behaviour and provides guidelines for the standards of ethical conduct by all team members, including members of the TELUS Board of Directors and the Executive Leadership Team. The policy, which specifically addresses human rights, is updated annually, communicated to team members, and housed on TELUS' internal and external websites.

TELUS seeks to build inviting workplaces that are inclusive and respectful of diversity. Working conditions at TELUS meet or exceed legal standards in the countries where we do business. Appropriate management control processes are in place to monitor company practices. Collective agreements set out the steps of the grievance and arbitration processes available to team members covered by such agreements. Internal complaints about respectful workplace practices are investigated and addressed by the Respectful Workplace Office, which reports quarterly

to the Human Resources and Compensation Committee of TELUS' Board of Directors. For more information, see page 5 in the Financial Review in the 2009 TELUS annual report.

#### **Management approach: Environment**

Reflecting our value of spirited teamwork, responsibility for managing TELUS' environmental footprint is shared by senior leaders from across TELUS who have specific areas of expertise such as Real Estate Operations and Network Strategy. The Audit Committee of TELUS' Board of Directors receives quarterly reports in regards to TELUS' ongoing environmental risk management activities.

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

The CSR leadership team provides executive oversight, guidance and strategic direction in regards to sustainability matters at TELUS.

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

#### **Management approach: Supply chain management**

In 2009, we continued work to optimize our supply chain and make it even more sustainable. Demonstrating a determination to embrace change and initiate opportunity, we developed a Code of Conduct to be used in our vendor selection process. We also received input from a broad range of team members on issues of sustainability, privacy, health and safety, compliance and regulation. We looked to outside sources, such as the Electronic Industry Citizenship Coalition Code of Conduct and the Sustainability Consortium's Index, for guidance on the code and were able to trial the draft code through our vendor selection process for office supplies.

Our business relies on thousands of suppliers of varying size from across Canada and around the world, and as a result, establishing a more sustainable supply chain will require a significant commitment of time and energy. Our supply chain management work will continue in 2010 with the ongoing refinement of our supply chain Code of Conduct and the development of the associated implementation and monitoring mechanisms.

One of our goals is to ensure that our products and services respect and protect our customers' personal information. TELUS has a Privacy Code that defines the principles that govern the collection, use and disclosure of our customers' and team members' personal information. Our code complies with the requirements of Canada's privacy legislation, the Personal Information Protection and Electronic Documents Act, and our own commitment to protecting customer and team member privacy.

The safety of our services is also imperative to our stakeholders and is an important part of our management. Making the Internet safer for families, especially children, is an important global issue and a key priority for TELUS. Among our efforts, we provide financial support to the Canadian Centre for Child Protection, which operates Cybertip.ca, Canada's national tip line for reporting the online sexual exploitation of children.

## Economy

### Our opportunity: Sustainable growth in the face of ongoing evolution

In 2009, significant developments transpired within the economic environment and strategic context of the telecommunications industry. TELUS' economic performance was impacted by these changes. While the global recession in 2009 led to softening demand for telecommunications services, the Canadian economy is expected to improve in 2010 with the Bank of Canada forecasting low single-digit growth. Given factors such as strength in the Canadian natural resources sectors and economic growth in Asia, we anticipate that growth in Alberta and British Columbia may be slightly stronger than in Central Canada. Nonetheless, considerable concerns remain around unemployment rates, formation of new households, the timing and impact of reduced government spending, and expected interest rate increases from the Bank of Canada later in the year.

In 2009, TELUS accelerated operational efficiency initiatives in response to economic and competitive conditions as well as to offset upfront costs of our strategic investments in wireless and wireline broadband network infrastructure. Further initiatives are continuing into 2010 with the company benefiting from both these investments and current year efficiency programs.

TELUS continues to face intensifying competition from cable-TV companies and from existing and new wireless companies. Traditional telecom services continue to experience decline due to technological and wireless substitution as customers are increasingly adopting new Internet Protocol (IP), data and wireless services.

To further our strategic intent and growth strategies, TELUS significantly expanded its broadband network and IP-based television (IP TV) services offerings in British Columbia, Alberta, and Eastern Quebec. By the end of 2010, we expect to provide broadband download speeds of 15 megabits per second (Mbps) or higher to customers in up to 90 per cent of households in the top 48 communities in Western Canada. In addition, TELUS is upgrading to VDSL2 Internet technology to offer broadband download speeds of up to 30 Mbps to these communities by the end of 2011. This supports compelling high-speed Internet offerings as well as multiple streams of High Definition TV (HDTV) to Canadians in Western Canada and Eastern Quebec on our industry-leading IP TV platform. Furthermore, TELUS began offering TELUS Satellite TV™ in mid-2009 to address customer demands for entertainment solutions in British Columbia and Alberta, particularly in rural areas.

Looking ahead, TELUS' fibre to the home (FTTH) program provides even greater bandwidth and a path to even higher speeds and capabilities in future. New residential subdivisions built in the top 48 communities in Alberta and British Columbia are already being served with gigabit passive optical network (GPON) based fibre optic capabilities. In addition, fibre to the building (FTTB), with Ethernet to the suite, is being deployed into new multi-dwelling units such as new condominium developments.

In February 2010, TELUS began an upgrade of its IP TV platform to next generation Microsoft Mediaroom. This allows for a best-in-class entertainment experience with superior picture quality, an upgraded on-screen programming guide and the ability to connect TELUS TV® with multiple high-definition streams on up to six televisions in a home. Most importantly, TELUS is the exclusive provider in Western Canada of PVR Anywhere, which enables clients to record up to three channels simultaneously from a single personal video recorder (PVR) that serves the whole home. These

innovations are expected to provide differentiation compared to services offered by cable-TV competitors.

The level of competitive intensity in the wireless industry is expected to continue to increase both from incumbent discount brand offerings and from regional new entrants, one of whom launched service in late 2009, with others expected to do so in 2010. New wireless entrants typically focus on winning market share in urban markets with strategies such as price discounting, unlimited usage plans and no contracts or system access fees. In 2008, TELUS launched our Koodo® value brand with lower price points and associated costs. The continued success and awareness of our Koodo® brand and the launch of our next generation 3G+ wireless network are expected to position TELUS well against these competitive challenges.

In November 2009, TELUS launched Canada's fastest\* next generation 3G+ wireless network allowing for economies of scale, incremental revenues from international roaming and positioning us to better respond to the growing wireless data opportunity in Canada. This new network, based on high-speed packet access (HSPA) technology, covers more than 31 million Canadians and provides advanced wireless speeds, innovative new smartphones and devices, new wireless applications, and international roaming to more than 200 countries. (\*Comparing HSPA/HSPA+ national networks: "fastest" according to tests of data throughput speeds in large Canadian urban centres, Compatible device required. Actual speed may vary by device being used, topography and environmental conditions, network congestion, signal strength and other factors.)

Smartphones, such as the Apple iPhone, are more expensive than traditional wireless phones and require significant upfront investment. TELUS offers Canadians the option of purchasing a handset at the regular price with no contract, or signing a multi-year service agreement and receiving a smartphone at a large discount. While this model represents a significant dilutive near-term investment for TELUS, these popular smartphones typically result in higher average revenue per unit (ARPU) due to increased data usage and result in lower churn rates, which lead to higher average lifetime revenue over time.

Both macroeconomic and competitive impacts led to significant declines in wireless ARPU in 2009. Economic recovery and the higher revenues associated with recently launched HSPA devices and smartphones are expected to support ARPU going forward. TELUS' strong brand promise and competitive position were also reinforced in late 2009 with the launch of our new Clear Choice™ pricing plans. The new pricing model offers simplified rate plans for customers – what you see is what you pay, with no system access fees or carrier 911 fees.

Combined with local phone, long distance, wireless, high-speed Internet and TV services, TELUS is increasingly offering bundled products to achieve competitive differentiation in the marketplace with an integrated set of services that provide customers more freedom, flexibility and choice.

TELUS remains focused on leveraging these strategic initiatives in wireline and wireless to improve our competitive position in 2010, as well as operating efficiency initiatives designed to reduce costs to help mitigate economic, competitive and dilutive investment impacts. We will continue to carefully monitor trends in 2010 to ensure timely adjustments may be made to help maintain profitability, cash flow and financial strength, while better serving the needs of our customers.

### Canada's sustainable economy

TELUS is focused on building sustainable economic growth for the



benefit of our investors, customers, team members, suppliers and the communities where we live, work and serve. Our products and services can enhance the lives of Canadians, enable the success of our customers and contribute to the development of sustainable communities, while delivering long-term positive results for our investors. Additionally, we contribute to the economy through our purchasing decisions, by paying taxes, by driving innovation through research and development and by investing in next generation technology.

In 2009, the Canadian telecom industry generated estimated revenues of approximately \$40 billion. As a leading telecommunications provider in Canada, TELUS generated \$9.6 billion in revenues in 2009, or approximately 24 per cent of the total.

Revenue in the Canadian telecom market grew by an estimated one percent in 2009, considerably less than the approximately three to five per cent growth experienced in recent years. Wireless and enhanced data continued to be the focus of increased investment and act as growth engines for the sector. Offsetting this growth was continued wireline industry weakness in voice service revenue, with declining long distance and legacy data revenues.

The Canadian wireless industry experienced decreased growth in 2009 with estimated year-over-year industry revenue and EBITDA increasing by approximately 3.2 per cent and 3.1 per cent, respectively (compared to 11 per cent and eight per cent in 2008). The Canadian wireless market continued to grow at a reasonable pace with an estimate of more than 1.4 million new subscribers in 2009, and a 3.6 percentage point increase in penetration (4.3 per cent increase in 2008) to approximately 69 per cent of the population. The penetration rate is expected to further increase in 2010 by approximately four percentage points.

The wireless market in Canada, at 69 per cent penetration, continues to present a meaningful growth opportunity. Canada's wireless industry is most comparable to the United States, which has a penetration rate of approximately 92 per cent. The lower penetration rate in Canada is attributable in part to less expensive local wireline rates in Canada. Penetration rates in many Western European countries have approached and even surpassed 100 per cent.

These rates are not exactly comparable to Canada for several reasons, including:

- Canada's wireline local service rates are the lowest of OECD countries, priced as flat-rate monthly charges that include all local calls to wireless phones
- Europe has a calling-party-pays regime for wireline local calls
- The dominance of global system for mobile communication (GSM) networks in Europe allows for multiple subscriptions on a single handset that are used to arbitrage roaming charges and which inflate subscription numbers
- A much lower population density in Canada that affects the economic efficiency and speed of providing coverage to 99 per cent of the population (i.e. 34 million people within nine million square kilometres in Canada compared to 730 million people within 10 million square kilometres in Europe).

These factors, historically, have reduced the demand for wireless substitution in Canada as compared to Europe.

A key driver of wireless revenue growth continues to be the increased adoption and usage of data services such as email, text and picture messaging, mobile computing, applications, gaming, ringtones, music, video downloads and mobile TV. This is being facilitated by the increasing availability and popularity of smartphones. In 2009, wireless data in Canada represented an estimated 20 per cent of industry ARPU.

This compares to approximately 41 per cent in Asia Pacific, 24 per cent in Europe and 28 per cent in the United States, suggesting a significant ongoing growth opportunity in Canada. The higher data proportion in Asia is due in part to a very low rate of penetration of wired Internet to households in many Asian countries. The higher data proportion in Europe is partly a result of the popularity of text messaging and the earlier wide availability of 3G+ facilitated by greater urban density. The higher proportion of

data usage in the United States is due in part to earlier introduction of the Apple iPhone. Since late 2009, Canada has faster national data networks than most carriers in the United States, which may spur higher data usage in Canada in the coming years.

To capture this data opportunity, Canadian wireless providers continue the roll-out of faster, next generation high-speed wireless networks, with TELUS successfully completing and launching our next generation 3G+ wireless network, facilitated by a network sharing agreement with Bell Canada.

While the recession has led to softening demand for telecommunications services, it is forecast by the Bank of Canada that the Canadian economy will return to economic growth in 2010. At TELUS, we believe that we will remain positioned for growth in the years ahead by:

- Maintaining our consistent strategic focus on providing a full suite of valuable and reliable communications services
- Delivering differentiated, premium national business solutions in data and IP
- Ensuring exposure to growth services such as wireless, data and IP including high-speed Internet and TELUS TV®
- Continuing to enhance our national wireless and wireline broadband networks.

At the same time, TELUS' management remains focused on initiatives aimed at lowering our cost structures and serving our customers more effectively to mitigate shrinking revenues in certain legacy services and to address economic, competitive and dilutive investment impacts.

#### Financial highlights

Operating revenues in 2009 of \$9.6 billion decreased by \$47 million when compared to 2008. Strong price competition and uncertainty regarding the economic recovery in Canada contributed to lower data revenue growth and accelerated voice revenue declines.

Wireless segment network revenue increased by \$23 million as strong data revenue growth was impacted by ongoing declines in voice revenues. Wireless equipment revenue increased by \$52 million from an increasing smartphone mix and higher customer retention volumes, as well as inclusion of results from Black's Photo (acquired in September 2009), partially offset by lower new customer volumes. In the wireline segment, data revenue increased by \$74 million, but this growth was more than offset by a \$198 million decline in voice local and long distance revenue caused by local competition, technological substitution and economic impacts. Wireless and data revenues combined represent approximately 71 per cent of consolidated revenues in 2009, as compared to 69 per cent in 2008 and 67 per cent in 2007.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in 2009 of \$3.5 billion decreased by \$288 million or eight per cent when compared to 2008, primarily due to restructuring costs and significantly higher defined benefit pension plan expenses. When excluding the impacts of restructuring costs and higher pension expenses, EBITDA decreased by \$39 million or one per cent in 2009. The underlying decrease resulted from lower wireless ARPU related to the recession and competitive impacts and higher wireless subscriber retention costs, as well as higher costs for delivery of TELUS TV® services and implementation of services for new wireline enterprise customers. These impacts were partly offset by lower non-pension employee-related expenditures, lower wireline advertising and promotion expenditures and lower costs to acquire new wireless subscribers.

Net income decreased by \$129 million in 2009. In both 2009 and 2008, net income included income tax-related adjustments arising from legislated income tax changes, settlements and tax reassessments for prior years. Underlying net income before favorable income tax-related adjustments was approximately \$828 million in 2009, as compared to \$1,082 million in 2008, a decrease of \$254 million. Notably, TELUS raised \$1.7 billion in long-term debt in 2009 at attractive rates of approximately five per cent, allowing us to retire debt with higher rates of up to 8.5 per cent and extend our average debt maturity by an additional year to five years. However, this resulted in an associated loss on the early partial redemption of long-term

debt of \$99 million, which impacted 2009 net income.

Cash flow, defined as EBITDA less total capital expenditures increased by \$350 million to \$1.4 billion. When excluding an \$882 million payment for AWS spectrum in 2008, cash flow declined by \$532 million, mainly due to lower EBITDA, which was impacted by higher restructuring costs due to accelerated operations efficiency initiatives, and increased capital expenditures supporting wireless and wireline broadband network investments.

For a longer term view of our financial performance or to learn more, visit TELUS' 2009 Annual Report ([telus.com/annualreport](http://telus.com/annualreport)).

#### 2009 financial and operating highlights

\$ in millions, except per share amounts	2009	2008	% change (2009 to 2008)	2007	% change (2008 to 2007)
<b>Operations</b>					
Operating revenues	9,606	9,653	(0.5)	9,074	6.4
EBITDA (operating profit) as adjusted <sup>1,2</sup>	3,491	3,779	(7.6)	3,758	0.6
Net income attributable to common & non-voting shares	998	1,128	(11.5)	1,258	(10.3)
EPS – Basic	3.14	3.52	(10.8)	3.79	(7.1)
Capital expenditures	2,103	1,859	13.1	1,770	5.0
Payment for wireless spectrum	–	882	–	–	–
Simple cash flow <sup>1,2,3</sup>	1,388	1,038	33.7	1,988	(47.7)
<b>Subscriber information (000s)</b>					
Wireless subscribers	6,524	6,129	6.4	5,568	10.1
Residential and business network access lines	4,048	4,246	(4.7)	4,404	(3.6)
Internet subscribers	1,215	1,220	(0.4)	1,175	3.8
TV subscribers	170	78	117.9	35	122.9
Total customer connections	11,957	11,673	2.4	11,182	4.4

1 Excludes a \$169 million incremental charge in 2007, which did not result in an immediate cash outflow, relating to the introduction of a net-cash settlement feature for share option awards granted prior to 2005.

2 Earnings before interest, taxes and amortization, including restructuring costs.

3 EBITDA less total capital expenditure. Total capital expenditures include payments for wireless spectrum.

#### Economic value distributed

\$ in millions	2009	2008	2007
Salaries, benefits and employee related expenses <sup>4,5</sup>	2,375	2,549	2,380
Operation expenses (excluding salaries, benefits and restructuring)	3,532	3,366	3,012
Defined benefit pension plan contribution	180	104	93
Capital investments (including research and development)	2,103	1,859	1,770
Payment for wireless spectrum	–	882	–
Total dividends to shareholders <sup>6</sup>	601	584	521
Interest expense on long term debt	474	468	464
Interest expense on short term debt	9	13	–
Amounts paid in respect of loss on redemption of long-term debt	99	–	–
Corporate income tax paid (recovery)	261	6	(123)
Donations <sup>7</sup>	21	24	22
Total	9,655	9,855	8,139

4 Excludes non-cash pension expense (recovery) in 2009, 2008 and 2007 of \$18 million, (\$100 million), (\$96 million).

5 Excludes \$169 million incremental charge in 2007, which did not result in an immediate cash outflow, relating to the introduction of a net-cash settlement feature for share option awards granted prior to 2005.

6 Fourth quarter dividend shown in the declaration year.

7 Includes corporate donations, TELUS match to Team TELUS Cares programs, donations made by TELUS team members, retirees and other eligible participants.

#### Supporting Canadian businesses

Through our purchasing power, TELUS supports Canadian companies, which helps strengthen Canada's economy. In 2009, we paid approximately \$6.9 billion in total vendor payments (including goods and services tax and provincial sales tax), of which 88 per cent or \$6 billion went to vendors with locations in Canada.

Approximately 72 per cent of consolidated revenues goes toward paying our suppliers and 91 per cent of the vendors with which we do business are Canadian companies or multi-national companies with locations in Canada.

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

#### Vendor payments by location

\$ in millions	2009	2008	2007
Vendors with locations in Canada	6,040	5,699	5,371
Non-Canadian vendors	833	764	756
Total vendor payments	6,873	6,463	6,127

### Strategic investments benefiting Canadians

In 2009, we increased our capital expenditures to \$2.1 billion, or 22 per cent of operating revenues. The increase in capital expenditures in 2009 was primarily directed to investments supporting next generation wireless and wireline broadband coverage and capabilities for residential and business customers. Over the past five years, TELUS has invested almost \$8.7 billion, with 99 per cent spent in Canada.

#### Capital expenditures by region

\$ in millions	2009	2008	2007
British Columbia	696	451	455
Alberta	711	739	699
Saskatchewan	1	1	1
Manitoba	6	1	5
Ontario	414	444	434
Quebec	252	183	154
Atlantic Canada	2	9	1
Outside Canada	21	31	21
Total capital expenditures	2,103	1,859	1,770

In November, after a rapid 12-month build-out, TELUS launched Canada's fastest \* 3G+ wireless network, which provides Canadians access to technology enabling increased wireless data download speeds of up to 21 Mbps (based on manufacturers' ratings) and access to international roaming in more than 200 countries. Notably, in terms of comparison, our 3G+ wireless network is one of only 3 in Canada and 17 worldwide that offer the most advanced 3G+ infrastructure available.

(\*Comparing HSPA/HSPA+ national networks: "fastest" according to tests of data throughput speeds in large Canadian urban centres. Compatible device required. Actual speed may vary by device being used, topography and environmental conditions, network congestion, signal strength and other factors.)

Our new network provides TELUS immediate access to the world's leading 3G+ smartphone and mobile Internet keys, enabling us to offer customers better choice in terms of devices, services and applications. In addition, TELUS will continue to bring a full suite of CDMA devices and TELUS Push to Talk® services with Mike® (iDEN), thereby providing the widest choice of wireless solutions to meet customers' needs.

In 2009, TELUS made significant progress on enhancing the speed, service capabilities and reach of our wireline broadband infrastructure. We now reach 1.8 million homes with ADSL2+ technology in our incumbent service regions. We plan to continue our fibre to the node (FTTN) broadband build to cover 90 per cent of the top 48 communities in Western Canada with 15 Mbps broadband service or higher by the end of 2010. In addition, TELUS is upgrading to VDSL2 technology to offer broadband download speeds of up to 30 Mbps to these communities by the end of 2011. This supports compelling high-speed Internet offerings as well as

multiple streams of High Definition TV (HDTV) to Canadians in Western Canada and Eastern Quebec on our IP TV platform.

Additionally, TELUS' investment in information, communications and technology is also delivering advances in priority areas such as healthcare and the environment. TELUS is contributing to improved patient outcomes and efficiency in the healthcare sector with new technologies such as electronic health records and TeleHealth that help shift the focus from remediation to prevention of disease. We are also helping our clients reduce their impact on the environment by providing the latest telecommuting, conferencing and data management solutions enabling the movement of ideas and information instead of people, vehicles and paper.

### Building our future through research and development

In 2009, TELUS invested an estimated \$653 million (primarily included in capital expenditures) in research and development, compared with an estimated \$210 million in 2008. A significant portion of our 2009 investment went toward the development of our 3G+ wireless network. In our wireline operations, we test and trial emerging new technologies and fund collaborative research and development activities with communications research organizations, such as TRLabs – the largest not-for-profit applied tele-communications research consortium in Canada. As an industrial partner, TELUS contributes \$660,000 per year in sponsorships and in-kind funding to TRLabs. For more information, visit [trlabs.ca/trlabs](http://trlabs.ca/trlabs).

#### Estimated investment in research and development

\$ in millions	2009	2008	2007
Research and development	653	210	85

### Taxes we pay

Over the past five years, TELUS has remitted taxes of more than \$5 billion to the federal and provincial governments, which in turn, supports services for Canadians. In 2009, TELUS remitted \$1.3 billion in taxes. This included a net payment of \$261 million in federal and provincial corporate income taxes and \$216 million in payroll, property tax, provincial corporation capital taxes, and sales taxes on goods and services used by TELUS, net of Province of Quebec tax credits received. In addition, TELUS collected \$822 million in sales taxes from our customers, which was remitted to federal and provincial government agencies.

Based on the assumption of the continuation of the rate of TELUS earnings, the existing legal entity structure, and no substantive changes to tax regulations, we expect substantial net cash income tax payments of approximately \$385 to \$425 million in 2010. This includes payments for the 2009 tax year in February 2010 and on an installment basis for 2010. This could result in an estimated \$1.5 billion in total taxes to be remitted in Canada for 2010.

TELUS also paid an additional \$4.8 million in tax to foreign governments and remitted \$1.4 million in respect of non-Canadian sales and use taxes billed to customers.

## Total federal and provincial taxes remitted

\$ in millions	2009	2008	2007
<b>Federal and provincial corporate income tax paid (recovery)</b>	261.2	5.8	(122.7)
<b>Other tax payments<sup>1</sup></b>			
Federal government	68.3	70.1	67.7
Provincial and municipal government and school boards:			
British Columbia	70.7	64.3	69.3
Alberta	23.9	25.0	35.4
Saskatchewan	0.2	0.2	0.2
Manitoba	0.9	0.7	0.4
Ontario	34.4	38.9	37.9
Quebec, net of tax credits <sup>2</sup>	17.0	27.3	15.6
Maritime provinces	0.2	0.2	0.1
Provincial subtotal	147.3	156.6	158.9
Total other tax payments	215.6	226.7	226.6
<b>Sales tax collected<sup>3</sup></b>			
Goods and services tax and harmonized sales tax	458.5	480.0	535.7
Provincial sales taxes:			
British Columbia	128.1	133.2	130.4
Saskatchewan	1.5	1.4	1.1
Manitoba	4.6	4.4	3.4
Ontario	115.7	106.8	82.4
Quebec	112.5	103.9	93.6
Maritime provinces	0.8	0.7	0.5
Provincial subtotal	363.2	350.4	311.4
Total sales taxes collected	821.7	830.4	847.1
<b>Federal and provincial taxes remitted (net of credits received)</b>	1,298.5	1,062.9	951.0

1 Includes payroll, property and business taxes, provincial corporation capital taxes and sales taxes on goods and services used by TELUS, net of salary-based Quebec Tax credits received.

2 Quebec tax credits in 2009, 2008 and 2007 were \$12.4 million, \$5.2 million and \$12 million, respectively.

3 Province of Alberta does not charge provincial sales tax.

## Balancing the interests of our equity and debt holders

TELUS paid \$601 million in dividends to our equity investors in 2009, which

included a 5.5 per cent dividend increase at the start of the year, and has returned more than \$2.4 billion in dividends to our shareholders over the past five years.

In addition, our shareholders can take advantage of an automatic dividend reinvestment to acquire additional shares without fees. Under this feature, eligible shareholders can have their dividends reinvested automatically into additional non-voting shares. Now, shareholders can reinvest their dividends to acquire non-voting shares from treasury at a three per cent discount from the average market price.

TELUS has a solid long-term track record of prudent financial policies that is reflected by the strong investment grade credit ratings (BBB+/A-, stable trend) we currently hold. We remained in compliance with our long-term debt policies in 2009 and successfully accessed the Canadian debt markets twice in 2009, raising \$1.7 billion of long-term debt at attractive rates of approximately five per cent, allowing us to retire debt with rates as high as 8.5 per cent.

## Dividends and interest paid to equity and debt owners

\$ in millions, except per share amounts	2009	2008	2007
Dividend declared per share	1.90	1.825	1.575
Dividend payout ratio (%) <sup>1</sup>	61	54	47
Total dividends paid to shareholders <sup>2</sup>	601	584	521
Interest on long-term debt	474	468	464
Interest on short-term obligations and other	9	13	–

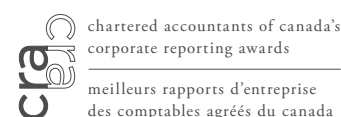
1 Last quarterly dividend declared per share, in the respective reporting period, annualized, divided by the sum of basic earnings per share reported in the most recent four quarters.

2 Fourth quarter dividend shown in the declaration year.

## Building on corporate governance and disclosure

The Canadian Institute of Chartered Accountants (CICA) recognized TELUS' leadership in corporate governance and disclosure in 2009 with TELUS receiving the Award of Excellence in the Communications and Media sector.

In 2009, the TELUS 2008 annual report ranked once again among the best in the world, according to a global survey of annual reports. In September, the Annual Report on Annual Reports by e.com awarded TELUS an A+ and ranked our report third best in the world, for a second straight year.





## Customers

### Our opportunity: Providing the best client experiences in the industry

Every year, our team supports more than 50 million touch points with our clients – by phone, in a store and via the Internet. Our goal is to have every client's journey through our processes, touch points, policies and engagement with our people, products and services as consistently positive and favourable as possible, from beginning to end. The sum of these experiences is their TELUS story. Guided by a commitment to Promise Made, Promise Kept and Hassle Free Client Experience, we are striving to provide the best client experiences in the industry.

### Delivering on customer expectations for advanced speeds and services

In 2009, the TELUS team achieved a number of potentially game-changing milestones. In November, we launched Canada's fastest\* 3G+ wireless network, which provides more than 31 million Canadians access to advanced speeds and services. Canadians now enjoy access to one of the most advanced 3G+ wireless networks in the world and access to world-leading devices such as the Apple iPhone 3GS. We also introduced the LG New Chocolate, the new BlackBerry Bold, the HTC Hero Android smartphone, the Nokia E71 and the Sierra and Huawei Internet Keys, and enabled international roaming to more than 200 countries. Additionally, this network supports our future plan for a smooth transition to the fourth generation wireless technology known as long-term evolution.

We also continued to build our wireline broadband infrastructure, using ADSL2+ technology, which enhances our service footprint for higher-speed Internet and high-definition (HD) TELUS TV® service to 1.8 million households. By the end of 2010, we expect ADSL2+ technology to reach up to 90 per cent of the top 48 communities in Alberta and British Columbia. As a next step, we are upgrading to VDSL2 technology, which will bring customers even faster networks speeds of up to 30 Mbps when the upgrade is largely complete by the end of 2011. This supports compelling high-speed Internet offerings as well as multiple streams of High Definition TV (HDTV) to Canadians in Western Canada and Eastern Quebec on our industry-leading IP TV platform.

### Our newest opportunity: entertainment

In 2009, we significantly improved our TELUS TV® offering for our clients as TELUS pursues the growth opportunity in the entertainment market. Our IP-delivered service coupled with TELUS Satellite TV™ now enables us to offer bundled entertainment services to more than 90 per cent of households in British Columbia and Alberta.

In February 2010, we introduced the next generation of our TV service on the Microsoft Mediaroom platform. This service allows us to provide our TELUS TV® customers with a best-in-class entertainment experience with superior picture quality and an upgraded on-screen programming guide that features a picture-in-picture capability. Notably, the PVR Anywhere feature enables clients to record and play shows on up to six TVs in the home from a single PVR.

### Supporting public priorities: healthcare and the environment

TELUS' investment in information, communications and technology is also delivering advances in priority areas such as healthcare and the environment. TELUS is contributing to improved patient outcomes and efficiency in the healthcare sector with new technologies such as electronic health records and TeleHealth that help shift the focus from remediation to prevention of disease. We are also helping our clients reduce their impact

on the environment by providing the latest telecommuting, conferencing and data management solutions enabling the movement of ideas and information instead of people, vehicles and paper.

### Client satisfaction

We strive to live up to our brand promise – The future is friendly® – in the minds of our clients, and accordingly client feedback is essential. Our company tracks four client satisfaction metrics and discloses two of these metrics – our blended wireless churn rate and the number of complaints received by the Canadian Radio-television and Telecommunications Commission (CRTC), and the Commissioner of Complaints for Telecommunications Services (CCTS). The CCTS is an independent agency, established in July 2007 by the member telecommunications services providers, that deals with consumer and small business complaints relating to local, long distance and wireless telephone services and Internet access. Results from our national data collection e-tool and the transactional surveys of our clients are not reported because of competitive sensitivity.

In 2009, we saw a 40 per cent decrease in complaints, which we believe is attributable to two factors. First, the initial media coverage on the creation of CCTS raised awareness of this organization as a channel for consumers, causing an influx of complaints. Once CCTS was no longer in the media spotlight, we saw a more steady flow of complaints. Second, CCTS has developed better processes to assess eligible complaints while redirecting other complaints elsewhere. For example, TELUS has a three-step process that our customers are asked to follow before they contact CCTS.

In 2010, we will continue to monitor the status of the complaint investigation process through our internal tracking system. We also expect to see an increase in complaints this year as we have been working with CCTS to better communicate to customers about the services provided by CCTS. Information about CCTS is now found in our directories, websites and on our billing statements.

In 2009, normalized blended wireless subscriber churn (excluding deactivation of analogue subscribers) increased minimally compared to last year. This is attributable to the economic downturn, higher churn for our Koodo® brand after its initial launch in 2008 and continued strong competition in the prepaid and postpaid wireless market segments.

### Client satisfaction indicators

Indicator	2009	2008	2007
Monthly blended wireless churn <sup>1</sup>	1.58%	1.52%	1.45%
CRTC and CCTS complaints	1,512	2,535	2,029

<sup>1</sup> Churn rate is calculated by dividing the number of wireless devices our clients disconnected during a given period by the average number of wireless devices on our networks during that same period. It reflects both prepaid and postpaid services.

\*Comparing HSPA/HSPA+ national networks: "fastest" according to tests of data throughput speeds in large Canadian urban centres. Compatible device required. Actual speed may vary by device being used, topography and environmental conditions, network congestion, signal strength and other factors.

### Privacy

We respect the privacy of our customers and team members and have a long-standing policy of protecting their privacy in all of our business operations. The TELUS Privacy Code sets out the principles that govern the collection, use and disclosure of customers' and team members' personal information. The Code reflects the requirements of Canada's privacy legislation, the Personal Information Protection and Electronic Documents Act, and our continuing commitment to protect both customers' and team members' privacy.

### Safe driving

Various governments across the country – including Newfoundland & Labrador, Nova Scotia, Prince Edward Island, Quebec, Ontario, Manitoba, Saskatchewan, British Columbia and Strathcona County in Alberta – have passed legislation making it illegal to drive while using a handheld wireless device. TELUS promotes responsible driving and recommends that driving safely should be every wireless customer's first priority. We offer a wide range of hands-free devices to help drivers keep both hands on the steering wheel as well as important safety tips.

### Internet safety

Making the Internet safer for families, especially children, is an important global issue and a key priority for TELUS. We provide significant financial support to the Canadian Centre for Child Protection (C3P), which operates [Cybertip.ca](http://Cybertip.ca), Canada's national tip line for reporting the online sexual exploitation of children. TELUS is also a long-time supporter of Internet literacy education through the Media Awareness Network (MNet), which strives to educate young people about various media.

In 2009, TELUS partnered with C3P to create a series of mobile safety education tools to address the increase in mobile use by adolescents and the potential risks associated with misuse of wireless technology. This exclusive campaign was the first of its kind in Canada. In March 2009, C3P launched the Canadian Centre for Child Protection/TELUS Mobile Safety website ([mobility.protectchildren.ca](http://mobility.protectchildren.ca)) and Guide, which offer parents

age-specific strategies to help keep children safe, such as the importance of guarding personal information (including phone number) and understanding the possibility that private messages could later become public. More than 300,000 copies of the Mobile Safety Guide were distributed to Canadian schools, Service Canada centres, and other organizations in 2009.

In 2010, we expect to continue our sponsorship of these two programs.

**cybertip!ca**



### Giving back with the help of our customers

#### Community TELUS TV® projects

In 2009, we advanced our community investment strategy by offering our clients purchasing decisions that benefit local charities. For example, we unveiled a TELUS TV® campaign in which we give \$100 to a local community project for every new customer who subscribes to TELUS TV®. For example, on Vancouver Island, our donation will go to the Queen Alexandra Foundation for Children in support of the creation of Jeneece Place, a home away from home for sick children in Victoria.

In 2010, we intend to launch the same TELUS TV® donation offer in other communities in British Columbia and Alberta.



#### Wireless initiatives

In 2009, we also introduced wireless campaigns to benefit local charities. For example:

- TELUS donated \$25 to the Boys & Girls Clubs of Canada for every smartphone we sold from April to September 2009. Based on the success of the program, we expanded it to include all mobile devices sold to December 2009. As a result, we presented a cheque to the Boys & Girls Clubs for \$679,000, which will be distributed among the 30 Boys & Girls Clubs in Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland Labrador. The clubs, which serve 13,265 young people and their families each year, will use the grants to address specific needs in their communities or to provide programs for young people during out-of-school hours.
- TELUS donated \$10 to Rethink Breast Cancer for each pink Jawbone wireless headset sold from October to December 2009, which totalled \$12,110.

#### Return and recycle

Clients helped us prevent 108,419 mobile devices from going into landfills by participating in our wireless handset recovery program. Through our ongoing relationship with Tree Canada, we sponsor the planting of trees as part of this program. More details can be found in the Environment section of this report.

#### Calling cards

Through an innovative new community partnership with Canada Safeway Foundation and the Canadian Breast Cancer Foundation (CBCF), TELUS developed a pink calling card to raise awareness of breast health. The calling cards were sold in Safeway locations across Canada and resulted in a \$50,000 donation to the CBCF.



### Our opportunity: Strengthening our communities

The TELUS team believes that to do well in business, we must do good in our communities. As such, we strive to live up to our brand promise – the future is friendly® – in what we do and we are passionately committed to our philosophy of giving. In 2010, TELUS was honoured to be named



the most philanthropic corporation globally by the Association of Fundraising Professionals, becoming the first Canadian company to receive this prestigious international recognition.

There is a symbiotic relationship between our company, our team and our communities. Our ability to differentiate ourselves in the minds of our customers continues to be a key driver of our community investment activities. Customers are increasingly aware that they help create healthier communities by choosing to do business with socially responsible companies. Strengthening our relationship in our communities is also beneficial in attracting and retaining top talent because employees are more loyal to companies that give them opportunities to make a meaningful difference in society. We also recognize that the investments we make are made possible by our customers' support of our products and services.

In 2009, in reflection of the value we place on our community contributions, we established a vice-president level position to oversee and be accountable for TELUS' community investment activities.

### Our strategy

At TELUS, we have designed our community investment strategy to be national in scope and local in delivery. We are committed to living up to our brand promise — the future is friendly® — for Canadians and it is for this reason that we support projects that focus on youth and showcase innovation. TELUS funds programs that use an innovative approach (social and/or technological) in addressing existing or emerging issues within our communities. This national strategy is tailored to address key local needs. Our team members, retirees and community leaders are integral to the success of our strategy.

Our community investment initiatives are geared to grassroots organizations that use innovation to address issues of importance to young Canadians in the following areas:

- Arts and culture
- Health and well-being in our environment
- Sports and education.

In 2010, we are reviewing our contributions to sports, including our large sports sponsorships, in an effort to ensure our programs are impacting young Canadians at the grassroots level.

### Our challenge

In 2009, TELUS saw a substantial increase in the number of requests for support from the charitable sector. We anticipate this trend will continue through 2010, despite the slowly improving economic environment. Our biggest challenges will be to:

- Meet the growing needs of our communities

- Remain focused on investing in areas with the greatest return for our communities, our company and our team members
- Keep our community investments on strategy and at a sustainable level.



### Our opportunity

- In 2010, we have the opportunity to strengthen our communities by:
- Designing community investment initiatives that help young Canadians become the next generation of performing artists and audiences
- Supporting the advancement of medical research, disease prevention and quality care
- Striving to ensure a cleaner, healthier environment
- Supporting organizations that advance and promote physical and high-performance skills, recreation and accessibility to sports
- Enabling young Canadians to overcome obstacles and realize their full potential through access to progressive education programs
- Supporting projects that focus on youth and showcase social and/or technological innovation
- Engaging our team members and retirees through our volunteer and giving programs.

### Being a leading corporate citizen

Since 2000, TELUS, our team members and retirees have contributed \$158 million to charitable and not-for-profit organizations and volunteered more than 3.1 million hours of service to local communities in support of our philosophy to give where we live. In 2009, our total financial and in-kind assistance was \$21 million.

To increase transparency in our philanthropic giving program, we have changed the way we report some of the TELUS matching contributions. Previously, the matching contributions for the Dollars for Doers program were reported in the Team TELUS Cares category. They are now reported in the Community Investment category. As a result, the aggregate totals are the same; however, changes will be reflected in the individual totals compared to the prior year's report.

## Total philanthropic giving

\$ in millions (rounded)	<sup>A</sup> 2009	<sup>A</sup> 2008	<sup>A</sup> 2007	<sup>A</sup> 2006	2005	2004	2003	2002	2001	2000	Total
Community investment <sup>1</sup>	12.1	14.6	14.4	9.5	6.4	8.6	8.1	7.9	7.7	11.9	101.2
In-kind	1.1	1.2	0.7	0.6	1.0	1.4	2.4	2.3	3.3	1.1	15.1
Team TELUS Cares (programs) <sup>2</sup>	3.4	2.7	2.7	0.0	1.0	2.9	2.3	2.4	1.4	1.4	20.2
Community (Boards)	4.1	5.4	4.6	3.5	3.5	0.0	0.0	0.0	0.0	0.0	21.1
Total	20.7	23.9	22.4	13.6	11.9	12.9	12.8	12.6	12.4	14.4 <sup>3</sup>	157.6

1 Includes corporate donations, TELUS match to Team TELUS Cares programs.

2 Includes only donations made by TELUS team members, retirees and other eligible participants.

3 Restated due to previous inconsistency in data collection.

## Measuring our contribution to communities

Through our long-standing relationship with marketing research firm Ipsos Reid, TELUS set a goal in 2009 to increase our contribution to community composite perceptions overall by three per cent in each city where we have a TELUS Community Board.

We did not achieve this target. However, TELUS does not consider the Ipsos Reid metric an effective measure of our community investment activities. The data appears to be influenced by other mitigating factors, such as customer service and the general discouragement Canadians expressed in polls in 2009 as a result of the economic decline. We have not set a similar target for 2010.

## Imagine Canada

TELUS continues to be a member of the Caring Company program, a designation by Imagine Canada. This means we donate more than one per cent of our pre-tax profits to charitable organizations each year.



## TELUS Community Boards

TELUS has launched nine innovative TELUS Community Boards coast to coast across Canada. These boards bring together influential community leaders with TELUS team members to strategically make local funding decisions. Funding decisions focus on addressing specific community needs and partnering with local organizations to help solve existing or emerging issues. These boards review charitable funding applications from local not-for-profit organizations and make funding decisions designed to deliver the most positive impact on the local community.

TELUS Community Boards span our country with boards in Victoria, Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montreal, Rimouski and Atlantic Canada. We launched the TELUS Atlantic Canada Community Board in 2009 to serve Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland Labrador.

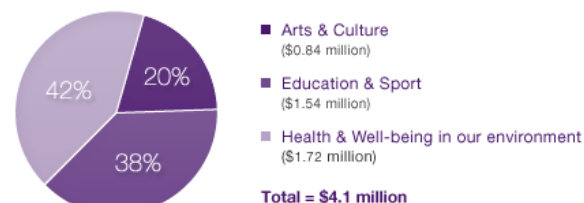
In 2009, our community boards provided \$4.1 million in funding to 341 grassroots community projects. Since their inception in 2005, TELUS Community Boards have donated \$21 million and supported 1,546 grassroots community projects.

## Community Board 2009 funding by focus area

We strive to support grassroots organizations that focus on youth at risk and address issues of concern for the local community. Since 2005, 95 per cent of the projects funded by our community boards have been in support of Canadian youth.

In 2010, the TELUS Community Boards plan to provide \$4.1 million in funding to various community projects.

### Community Board 2009 funding by focus area



## About our community board members

Our community boards are comprised of distinguished community leaders and local TELUS team members who have strong connections within the community, business and leadership expertise, and a great sense of compassion and willingness to make a difference. At the end of 2009, 61 per cent of our 148 community board members were external to TELUS; we are committed to keeping the boards' composition at more than 60 per cent external representation.

Participation in Team TELUS Cares was extended to our external board members in 2006 and since that time, donations provided by our external board members through our Employee Charitable Giving Campaign have more than tripled and now total more than \$400,000.

## TELUS Community Action Teams

We recognize that the need for support in our communities extends well beyond our major centres. As a result, we revised our regional funding program in 2009 and re-established the TELUS Community Action Teams (formerly called Community Advisory Teams.) These teams work alongside the Community Investment team and local TELUS general managers to review applications and fund local community programs.

Some of the programs we supported in 2009 included Big Brothers & Big Sisters of Prince George, Kootenay Gallery of Art in Castlegar, the Central Alberta Women's Emergency Shelter in Red Deer and the Wood's Homes Youth Emergency Shelter in Lethbridge.

In 2010, we intend to have eight Community Action Teams – four in British Columbia, three in Alberta and one in Ontario – operating with a total budget of \$240,000.



### Supporting our team members' opportunity to give where they live

TELUS is committed to fostering a corporate culture of giving by engaging team members with structured volunteer and donation opportunities to help make a positive difference in the communities where we live and work. Team TELUS Cares, our national charitable giving and volunteering programs for team members and retirees, underpins this commitment and our philosophy to give where we live. Team TELUS Cares motivates and mobilizes team members through three programs: Employee Charitable Giving, Dollars for Doers and TELUS Day of Service.

In 2009, TELUS, our team members and retirees contributed \$7.8 million of financial assistance as well as more than 466,000 volunteer hours to charitable and not-for-profit organizations across Canada. Our target for 2009 was an increase of five per cent in total donations and participation across all Team TELUS Cares programs. We surpassed the target by achieving a 28 per cent increase in donations; however, we saw a two per cent decrease in participation. The large increase in donations was due to the jump in dollars donated through the 2009 Employee Charitable Giving program, and the introduction of TELUS' double match to donations made by program participants to Children's Hospitals.

In 2009, Team TELUS Cares participation was 35 per cent, which was five per cent below target and two per cent less than the previous year. This result was attributable to the difficult economic circumstances, accelerated efficiency program with 2,150 full-time equivalent domestic employee reductions and other resource constraints. These challenges limited our ability to drive awareness around some of the Team TELUS Cares programs.

We maintained the team member participation rate in the Employee Charitable Giving program and saw an overall increase in funding. We saw a three per cent increase in volunteer hours recorded through the Dollars for Doers program and a 10 per cent increase in participation in TELUS Day of Service.

Our target for 2010 is to increase overall participation in Team TELUS Cares programs to 36 per cent of our team member base.

Team TELUS Cares Programs					
\$ in millions (rounded)					
Year	Employee Charitable Giving		Dollars for Doers		Total
	Pledged donations	TELUS match	Volunteer hours	TELUS donations	
2010 <sup>1</sup>	3.5	3.7			
2009	3.4	3.7	466,461	0.7	7.8
2008	2.7	2.6	453,094	0.7	7.5 <sup>2</sup>
2007	2.7	2.5	417,302	0.5	6.6 <sup>2</sup>
2006	0	2.0	390,000	0.4	2.4
2005	1.0	1.0	139,248	0.2	2.2
2004	2.9	2.9	324,277	0.4	6.2
2003	2.3	2.3	351,526	0.3	4.9
2002	2.4	2.4	349,634	0.3	5.1
2001	1.5	1.5	154,970	n/a	3.0
2000	1.4 <sup>3</sup>	1.4 <sup>3</sup>	62,305	n/a	2.8
<b>Total</b>	<b>20.2</b>	<b>22.4</b>	<b>3,108,817</b>	<b>3.5</b>	<b>48.5</b>

1 2010 Employee Charitable Giving information is available at this time due to the pledges are made in 2009 to be donated to charities in 2010; all other 2010 program information is not available until year end 2009.

2 Figure also includes Dollars for Fundraisers program donations. This program only took place in 2007 and 2008.

3 Estimated breakdown as exact breakdown is unavailable.

effective ways to make a difference in our communities. Through the Employee Charitable Giving program, we are able to encourage team members, retirees, board members and TELUS service dealers to make charitable donations to the charities of their choice with TELUS matching dollar for dollar all donations to 48,000 eligible registered charities. In addition, TELUS double matches pledges made to Children's Miracle Network Hospitals, thereby tripling donations.

We make donating simple by enabling team members to contribute funds through payroll deduction – all at once or spread out throughout the year. Retirees can make donations by pension deduction and members of the TELUS Board of Directors, TELUS Community Boards and TELUS dealers are also invited to participate.

TELUS team members, retirees, board members and TELUS dealers pledged \$3.5 million in 2009 to eligible charities for donation in 2010. Since 2000, TELUS has donated more than \$42.6 million to thousands of community organizations across Canada thanks to the Employee Charitable Giving program.

In 2009, we gave more than \$7 million to more than 2,900 charities across Canada:

- \$2.29 million from team members
- \$1.11 million from retirees, board members and TELUS dealers
- \$3.69 million match from TELUS.

These figures reflect the amounts pledged during the 2008 campaign.

Donations pledged in 2009 will be reported in the 2010 Corporate Social Responsibility report. With the TELUS match, TELUS will donate \$7.2 million in 2010 to Canadian registered charities.

### Employee Charitable Giving donations (including TELUS match)

Campaign year	Year donation given	Donation total (\$ in millions, rounded)
2009	2010	7.2
2008	2009	7.1
2007	2008	5.3
2006	2007	5.2
2005	2006	2.0
2004	2005	2.0
2003	2004	5.8
2002	2003	4.6
2001	2002	4.8
2000	2001	3.0
1999	2000	2.8
Total		42.6

### Dollars for Doers

Voluntary services and contributions of time and effort are extremely valuable to charities. Dollars for Doers rewards individuals and teams for personal volunteer work done throughout the year. Individual team members who record a minimum of 50 volunteer hours in a year can direct a \$200 cheque to the eligible charity of their choice. Teams of four or more TELUS team members who record a minimum of 200 volunteer hours in a year can direct a \$1,000 cheque to an eligible charity they choose. There are more than 48,000 eligible registered charities that TELUS supports.

In 2009, team members and retirees recorded more than 466,000 volunteer hours, which is an increase of three per cent compared to 2008. In total, TELUS gave \$735,000 in donations through Dollars for Doers in 2009. Since 2000, team members and alumni have volunteered 3.1 million hours in communities across Canada.

In 2010, our target is to increase recorded volunteer hours by three per cent to 470,000 hours.

### Employee Charitable Giving

Making a donation directly to a charitable organization is one of the most

### TELUS Day of Service

Our country needs individuals and corporations to become more involved in creating healthy and prosperous communities. In 2006, TELUS created a unique volunteer program – TELUS Day of Service – which brings together team members nationwide on a special day each year to make a difference. We held the 2009 TELUS Day of Service on Saturday, May 30. More than 9,100 team members, retirees, family and friends participated in 175 activities in 23 regions across Canada. In total, we gave 28,000 volunteer hours in one day. Overall participation increased by 9.8 per cent, exceeding our goal of five per cent.

Since its inception in 2006, TELUS Day of Service has mobilized 30,200 team members, retirees, family and friends to volunteer at 775 TELUS-organized activities benefiting the communities where we live, work and serve.

In 2010, our goal is to have 10,000 people volunteer their time during TELUS Day of Service.

### International Day of Service

We held the third annual TELUS International Day of Service in three locations in Manila, Philippines on September 13, 2009. More than 500 team members helped to build homes, plant trees and treat underprivileged children to a day of fun.

- In partnership with Gawad Kalinga, an organization that builds homes for the underprivileged, team members have helped to build 42 homes in the TELUS GK Village since 2007. In 2010, TELUS team members, together with Gawad Kalinga, plan to complete the rebuilding of 71 homes in Manila to house a total of 107 families
- Partnering with Bantay Bata, a non-profit organization that helps sick and abused children, team members entertained children with games, puppet shows, dancing, sports and crafts
- TELUS partnered with Bantay Kalikasan, an organization involved in the cleaning and preservation of rivers in Central Manila, to help relocate families living in poverty along the polluted banks of the Pasig River.

The number of team members in Manila participating in this special day of giving has increased each year from 250 in 2007 to 502 in 2009.

In addition, our team members are now involved in weekly volunteer community activities as well. Since 2007, the TELUS International Philippines team has donated 17,676 volunteer hours to these projects.

In 2010, we intend to complete our commitment to the current Gawad Kalinga village and continue to expand our volunteer activities with new partnerships, increased team member participation and additional volunteer hours.

### Spirited teamwork at a time of need in the Philippines

TELUS team members demonstrated tremendous support for those in need in the Philippines in the fall of 2009 when typhoons and flooding devastated the homes of almost 400,000 residents and displaced another two million people. More than 1,000 TELUS International team members were significantly affected, some losing their homes and possessions.

TELUS International Philippines quickly established contact with TELUS team members by leveraging the media and using text messaging. Team members rallied support for their colleagues by gathering and distributing more than 1,000 relief kits containing emergency supplies of food, water and blankets, while the management team provided cash advances to more than 1,500 team members, and funded temporary accommodations for more than 50 team members who were the most severely impacted.

In our Canadian offices, team members collected donations of food, shelter and blankets. In addition, TELUS made a \$50,000 donation to the Canadian Red Cross for relief efforts in the Philippines.

### Making a difference in Guatemala and El Salvador

In December 2008, TELUS acquired a 30 per cent interest in Transactel, a business process outsourcing and call centre company with facilities in three Central American countries. Since TELUS is only a minority investor in Transactel, we do not include in this report information about any other activities undertaken by Transactel. However, we are sharing the story of our International Day of Service event in Central America because it illustrates the power of community giving.

Many countries in Central America face challenges with poverty and homelessness. On August 29, 2009, approximately 1,000 volunteers worked to build three school classrooms in Guatemala to accommodate 160 families and renovated an education centre in El Salvador that serves 1,200 children. Our efforts were recognized by United Way (Fondo Unido), which awarded Transactel (TELUS' call centre operation in Central America) the "Community Hero Award" for organizing the largest volunteer activity in Guatemala in 2009.

### National food drive

Food banks across Canada are always in need of food items to assist them in carrying out their important work. Last fall, TELUS conducted a National Food Drive in honour of World Food Day on October 16. We encouraged team members to bring in non-perishable food items to benefit their local food bank and TELUS matched each food donation with a \$1 donation to the various food banks. In total, team members brought in 62,208 food items and raised \$13,924. TELUS matched each item and dollar contributed, for a total donation of \$76,132 to 34 different food banks across Canada. This is the second year for this initiative, which in October 2008 raised \$61,830.

In 2010, our goal is to donate \$80,000 through the TELUS National Food Drive. This is the first year we have stated a goal for this program.

### TELUS Community Ambassadors

TELUS has a large pool of retirees and team members who have a passion for volunteering in the communities where



they live, work and serve. Through the TELUS Community Ambassadors, we provide a vehicle for their volunteerism as well as an opportunity for social networking. The program maintains the tradition of community giving that has been part of the telecommunications industry for decades. Since 2000, the TELUS Community Ambassadors have contributed 2.6 million volunteer hours to our communities.

One of our goals for 2009 was to increase membership by 300, which we exceeded. Membership increased by 400 over the previous year. In 2009, more than 1,900 retirees and team members were involved in the program, through 20 local clubs – 11 in British Columbia, two in Alberta, five in Ontario and two in Quebec.

The Community Ambassadors in 2009 contributed more than 450,000 volunteer hours to communities across Canada and donated 52,782 care items, including:

- 21,688 comfort kits (personal hygiene items for the homeless and displaced families)
- 12,000 Kits for Kids (backpacks filled with school supplies for those children less fortunate)
- 4,364 heart and lung pillows (for patients who have had heart and/or lung surgery).

A second goal for 2009 was to increase care items by five per cent over the previous year. We missed this goal, by 4,284 items. This is because some clubs chose to focus on larger programs, such as Kits for Kids, rather than the smaller knitting and sewing projects.

### TELUS Community Ambassadors in-kind donations

Project	Estimated retail cost (\$)	Grand total (\$)
Angel wraps	10	200
Baby bags	20	19,220
Baby blankets	10	8,060
Baby jackets and sweaters	10	3,400
Cancer turbans	6	9,342
Chair covers	20	120
Comfort bears	5	7,770
Comfort kits	5	195,192
Cookies for cancers	5	1,720
Easter baskets	20	3,920
Finger puppets	3	5,529
Heart monitor bags	10	4,880
Heart pillows	5	20,090
IV cushions	5	1,310
Kits for Kids	50	600,000
Knitted animals	10	2,280
Lap blankets	10	10,560
Lung pillows	5	1,730
Toques, hats, scarves and mittens	3	14,427
Slippers	3	213
Sweaters/jackets	15	1,470
Socks	3	273
<b>Total</b>		<b>911,706</b>

In 2010, we hope to see 300 new members added to these clubs across Canada and delivery of 59,000 care items.

### TELUS Lunches and Breakfasts

Through a company-sponsored community partnership – TELUS Lunches and TELUS Breakfasts – we help feed Canadians who are homeless or in need of a helping hand. Throughout 2009, TELUS sponsored teams of five to six volunteers to serve meals for two hours at:

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

In 2009, 468 volunteers served 16,224 meals and recorded 936 volunteer hours. Effective December 2009, the TELUS Community Ambassadors began coordinating this program.

### Grassroots sports

In 2009, we ran grassroots sports pilot programs in Red Deer, Alberta and Prince George, B.C., two centres where we have significant numbers of team members and customers, but not TELUS Community Boards.

We sponsored the Red Deer City Soccer Association, providing 1,692 soccer balls – one for every child enrolled in the program and donating \$10,000. Similarly, we sponsored the Prince George Youth Soccer Association school program, providing a soccer ball to each of the more than 300 children at the Ron Brent Elementary School, a low income community school, and donating \$10,000.

In 2010, we intend to officially launch this program in eight centres across Western Canada and Quebec. This is the first year that we have set a target for the Grassroots Sports program, as a new part of our community sports strategy.

### Strategic partnerships

In 2009, to increase efficiency and support consistent decision-making, we established a two-tier system for evaluating sponsorship opportunities. The sponsorship working team, comprised of business unit managers and directors, meets monthly to review sponsorship opportunities, discuss contract renewals and share best practices. Oversight is provided by a sponsorship leadership team, comprised of business unit vice-presidents. In 2009, these two teams worked to:

- Align current and potential corporate sponsorships with TELUS values and business priorities
- Develop consistent messaging that identifies how TELUS' commitment to community exemplifies the corporate values
- Establish team member engagement initiatives (i.e. Team TELUS Cares) as a basic component of all sponsorship program plans.

### Education

#### Governance Essentials Program

Four years ago, in support of our commitment to give where we live, TELUS created a program to benefit not-for-profit organizations and team members in our local communities. Our three-day Governance Essentials Program (GEP) session educates directors of not-for-profit and charitable organizations on their key board accountabilities and director responsibilities. TELUS partners with the Institute of Corporate Directors and the University of Toronto's Rotman School of Management to offer the GEP.



Rotman School of Management  
UNIVERSITY OF TORONTO



INSTITUTE OF  
CORPORATE DIRECTORS  
INSTITUT DES ADMINISTRATEURS  
DE SOCIÉTÉS

Several of our Community Board members and members of TELUS' Board of Directors across Canada support the GEP by volunteering their expertise and experience at these sessions and acting as Executives-in-Residence.

### Stronger boards make stronger communities

Through this innovative program, we provide governance training so that our team members can successfully serve on local boards in their communities. We also offer a number of \$1,000 scholarships per session to encourage not-for-profit organizations to participate.

Since 2006, 1,080 people in Vancouver, Victoria, Edmonton, Calgary,

Toronto, Ottawa and Montreal have attended the

program and of the total attendees, 383 have been TELUS team members with the majority of the participants being community members. Over the same period, TELUS has awarded 264 scholarships.

We have continued to evolve the program. In 2009, we offered 10 scholarships per session and offered the first French-only program in Montreal. We planned to offer our first-ever Atlantic Canada session last year, however, due to delayed negotiations with our partner school, this session will be offered in Halifax in 2010.



### Looking ahead

We plan to sponsor five GEP programs in 2010 (three fewer than we did in 2009) in Vancouver, Edmonton, Toronto, Montreal and Halifax.

For more information, please visit [telus.com/gep](http://telus.com/gep).

## TELUS World of Science®

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

Over a period of 20 years, TELUS is investing \$43 million in these five science centres. As part of our investment, TELUS supports the Innovators Program, which identifies rising stars from each of TELUS' science centre partners across Canada. Recipients of the TELUS Innovators Award are chosen based on their demonstrated passion for continuous learning, new idea generation and their courage to innovate. Each recipient receives a \$2,000 bursary from TELUS to attend the Canadian Association of Science Centres Conference, which in 2009 took place in Regina, Saskatchewan.

In Calgary, TELUS is supporting the creation of one of the largest science centres in the country, which will further science literacy in the region when it opens in fall 2011.



## Computers For Schools

Computers For Schools is a federal-government-led initiative that was co-founded in 1993 by Industry Canada and the Telecom Pioneers with a goal to support access to technology in Canadian schools, libraries and non-profit organizations. It is the largest computer refurbishing program in North America and the fifth largest in the world, with TELUS as one of program's largest donors.

In 2009, TELUS donated:

- 891 desktop computers
- 651 laptop computers
- 135 printers
- 306 video monitors.

Our contributions to this program will vary depending on how many computers need to be replaced in a given year and our available funding. In 2009, we donated less equipment than we did in 2008.

## Free the Children – We Day

We Day is an event initiated by Free the Children that unites social issues speakers and musicians with youth from across Canada. The goal is to inspire youth to give back to their communities both locally and globally. TELUS is committed to inspiring young people to volunteer and as a result we have sponsored We Day since 2007.



In fall 2009, We Day events were held in Vancouver and Toronto. At both events TELUS offered text messaging to participants, which included 32,000 attendees in the venues and an additional 40,000 who watched online. Forty-two per cent of the attendees connected to one another, sending 14,800 text messages.

For 2010, TELUS is considering an enhanced sponsorship agreement with Free the Children and We Day, which will be expanded to include Montreal. Our goal is to top 20,000 text messages.

## Healthcare

### Upopolis

To reduce the loneliness and anxiety young patients often face during long hospital stays, TELUS partnered with Kids' Health Links Foundation to develop Upopolis. It is a safe, secure and future-friendly connection to a young patient's family, friends, teachers and fellow patients. Upopolis is a multilingual platform designed to enable kids from eight to 18 to stay up-to-date with school work, have fun and entertain



themselves, and ultimately to help create better health outcomes. Young patients can also access kid-friendly medical information so they can learn about their medical condition and what they can expect during their hospitalization.

Upopolis is currently available at McMaster Children's Hospital in Hamilton, BC Children's Hospital in Vancouver, Children's Hospital of Eastern Ontario in Ottawa, IWK Health Centre in Halifax, Lutherwood in Waterloo, and Sick Kids Hospital in Toronto. In 2010, we intend to launch Upopolis at Sainte-Justine Hospital in Montreal, Alberta Children's Hospital in Calgary, Stollery Children's Hospital in Edmonton and London Children's Hospital.

## TELUS Walk to Cure Diabetes

More than 300,000 Canadians have Type 1 diabetes, which affects children and adults suddenly, leaving them dependent on insulin for life. Through our sponsorship of the TELUS Walk to Cure Diabetes, we assist the Juvenile Diabetes Research Foundation (JDRF) in raising funds to help find a cure and increase the education and awareness of Type 1 diabetes.



In 2009, more than 3,750 TELUS team members, friends, family and retirees participated in the TELUS Walk to Cure Diabetes, raising more than \$430,000. We also support JDRF on other programs, bringing our total contributions since 1999 to more than \$4.2 million through corporate giving, sponsorship and team member fundraising and donation.

## Sports

Canadians love watching and playing sports, and the TELUS team recognizes that sports programs are important to our young citizens as they grow up. Our efforts to help kids and athletes play sports can be seen in local communities across the country and at the world level. We are the proud title sponsor for numerous events, including the TELUS World Ski and Snowboard Festival, the TELUS Cup (the national midget hockey championship), BC High School AAA Basketball Championship, and the TELUS World Skins game that features top names in international golf. In 2009, TELUS again supported Canada's athletes through partnerships with Hockey Canada, Alpine Canada Alpin and the Canadian Soccer Association and we entered an agreement to sponsor the BC Girls AAA Basketball Championships beginning in 2010.

We will examine our contributions to sports in 2010 in an effort to ensure our programs are impacting young Canadians at a grassroots level. As a result, we are reviewing our large sports sponsorships.

## H.E.R.O.S.

Since 2004, TELUS has supported the Hockey Education Reaching Out Society (H.E.R.O.S.), which provides boys and girls from economically challenged neighbourhoods an opportunity to play ice hockey. The premise of H.E.R.O.S. is to use the game of hockey as a catalyst to encourage positive behaviour, self-esteem, commitment and perseverance.



Hockey Education Reaching Out Society

In 2009, TELUS supported six H.E.R.O.S. programs across Canada through corporate funding, TELUS Community Board donations and volunteer programs. Our donations and in-kind support enabled H.E.R.O.S. to purchase equipment, ice-time and provide supplemental support for off-ice field trips, leadership training, academic assistance and nutrition programs.

TELUS plans to donate \$300,000 to H.E.R.O.S. in 2010 and to help support the establishment of a H.E.R.O.S. program in Montreal. This is the first year that we have established a goal for this partnership and included it in our overall community investment strategy.

## Hockey Canada

In December 2009, Hockey Canada hosted the 2010 IIHF World Junior Hockey Championship in Saskatoon and Regina, Saskatchewan, featuring the top junior hockey players from around the world. As a top tier sponsor

of Hockey Canada, TELUS helped Canadians get close to the action by offering giveaways including Team Canada jerseys and game tickets through online and in-store contests.

#### World Police & Fire Games

Held biennially, the World Police & Fire Games (WPFPG) offers police officers, firefighters, customs and correction officers from around the world an opportunity to showcase their athletic excellence in more than 65 sporting events. In 2009, British Columbia's Lower Mainland hosted the Games and TELUS sponsored the event to show support for those who keep us safe.

The sole and exclusive presenting sponsor of 2009 WPFPG, TELUS gave a combination of cash and value totaling \$1.5 million, including the donation of our communications services. We also developed and managed the official Games website and online registration and supported the Games volunteer program, which involved more than 3,500 volunteers.



#### Telethons

TELUS has helped Canuck Place Children's Hospice in Vancouver, the Variety Club of BC and the BC Children's Hospital with their annual telethons for seven, eight and 10 years, respectively. For each event, we designed a technology plan, installed phone banks, used our call centre technology, developed an online donation tool, recruited volunteers and provided an on-site support team. In 2009, we provided \$175,722 of in-kind assistance.

#### Supporting our troops

In 2009, TELUS celebrated the courage and teamwork of Canada's military troops and their families in a number of ways. Throughout the year, we gave event tickets (valued at more than \$70,000) that we receive from our various sponsorships to soldiers and their families. We were honoured to provide them with the opportunity to enjoy National Hockey League and Western Hockey League hockey games, concerts, skiing at Whistler/Blackcomb and Lake Louise, the TELUS Edmonton Open, the TELUS World Skins Game, IMAX movies and TELUS World of Science® exhibits. TELUS also made a \$30,000 donation to the Royal Canadian Legion Dominion Command Poppy Trust Fund and distributed 30,000 poppies to team members across the country.

In November, on the eve of Remembrance Day, TELUS was the presenting sponsor of the first annual True Patriot Love Foundation Tribute Dinner. Our support helped raise \$2.2 million for the Military Families Fund. Former Chief of Defence Staff and Chair of the TELUS Atlantic Canada Community Board, General (Ret.) Rick Hillier, established the fund. In 2010, we intend to continue supporting the members of the Canadian Forces and their families across Canada, make another donation to the Royal Canadian Legion Dominion Command Poppy Trust Fund and encourage team members to wear a poppy in November in remembrance of our fallen soldiers.





### Our opportunity: Increasing profitability while building greater engagement

Team members are vital to the success of our company. Thanks to their dedication to executing our national growth strategy and living the TELUS values, our company has evolved significantly over the past decade. In 2009, the TELUS team delivered on critical customer and operational initiatives and participated in our Team TELUS Cares programs to help strengthen our communities.

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

However, as we had commented in the TELUS 2008 CSR report, the economic conditions of 2009 necessitated accelerated cost-containment decisions, including the departure of 2,150 team members in Canada and lower management compensation. Changes of this nature are always difficult and can be discouraging. This undoubtedly contributed to the four per cent decline in team member engagement from 58 per cent in 2008 to 54 per cent in 2009 that was measured in our fall annual Pulsecheck survey.

While the Bank of Canada expects the Canadian economy to improve in 2010, challenges still remain as TELUS continues to face intensifying competition from cable-TV companies and from existing and new wireless companies. We are also seeing our business continue to evolve as customers choose new IP, data and wireless solutions in place of our more traditional wireline services. As a result, our focus on operational efficiency intensified in 2009 and will continue into 2010. We anticipate implementing further domestic staffing reductions in 2010 of approximately 1,000 team members to further reduce the company's cost structure given continued revenue pressures across certain telecommunications products and services. Our strategy is to focus the energy and resources of the TELUS team on increasing profitability while building greater team member and community engagement.

In 2010, TELUS plans to:

- Continue to support the business operations in controlling costs, including the reduction of staffing levels
- Provide financial and career support to team members displaced by organizational changes
- Engage team members in addressing the business challenges with an increased emphasis on collaboration and participation in mutual problem solving and process improvement
- Support team member wellness and work life balance through access to support services and wellness practitioners, health screening and improvement programs, and an Active Living program
- Help team members self-manage their careers through the launch of a new career web portal, expanding our complement of learning options, such as classroom courses, online learning and tuition reimbursement to encompass social media and other informal learning opportunities
- Continue to support team members working when and where they

can be most effective through programs such as Work Styles, while reducing costs and environmental impacts associated with real estate

- Continue to engage, support and inspire women at TELUS in the pursuit of excellence in their careers through the TELUS Connections network and the introduction of a mentoring program
- Foster a workplace that is inclusive and respects diversity, building on the momentum achieved with our Respectful Workplace training and resolution support and our Diversity and Inclusiveness Council
- Provide ongoing opportunities for team members to give back to the communities where they live, work and serve through Team TELUS Cares programs.

### Corporate citizenship and the workplace

At TELUS, we recognize that being an employer carries responsibilities beyond the immediate workplace. There are three areas of team members' lives where TELUS can have a positive influence. They are:

- Professional – by providing meaningful work to team members while advancing their careers and providing leading edge solutions for our customers
- Personal – by encompassing team members' well-being through Employee and Family Assistance Programs, financial rewards, and work/flex options like working from home
- Public/Community – by supporting team members to contribute to the community through service and giving.



We measure how well we are delivering on our commitment to team members, by tracking metrics for key programs. They include:

- Engagement, which measures the extent to which TELUS is a great place to work. Engagement is a key driver of team member productivity and customer satisfaction and is tracked on our corporate scorecard
- Wellness, which measures the success of work life solutions TELUS offers team members and their families

Team TELUS Cares, which measures the participation and financial contributions of team members in support of community giving and volunteer activities.

Through these key programs and our commitment to the TELUS values, we offer team members a suite of well-being programs, the opportunity to be part of an engaged and productive team that provides innovative solutions for our customers, enhanced learning options, and support programs that contribute to the community.

### Strength of our team members

The success of our company is predicated on the strength and productivity of our team members, who represent the TELUS brand and reflect our values. We have a long history of commitment and dedication to excellence. We live our values in interactions with our colleagues, customers and communities. Throughout 2009, team members demonstrated exceptional resilience in the face of many challenges, which was exemplified by the launch of our national 3G+ wireless network earlier than planned and by the expanded reach of TELUS TV® service for clients.

The company is also built on a corporate culture of delivering on the brand promise – the future is friendly® – and team members consistently show compassion for others through programs of community giving and volunteerism. For example, in 2009, TELUS team members continued to support grassroots community giving and volunteerism efforts and participation in TELUS Day of Service reached the highest level to-date.

In return, TELUS' commitment to its team members is reflected in our workplace policies, which include diversity and respect and ongoing investment in learning and innovation.

### A Workplace demographics 2009 (December 31)

Group	AB	BC	ON	QC	Other <sup>1, 2</sup>	Total
TELUS wireless 2009	718	960	5,509	1,997	327	9,511
TELUS wireline 2009	5,709	6,966	2,423	3,092	51	18,241
TELUS International <sup>3</sup>						8,642
Total active employees	6,427	7,926	7,932	5,089	378	36,394

1 For TELUS wireless, Other includes Manitoba (83), New Brunswick (82), Newfoundland (33), Nova Scotia (104) and Saskatchewan (25).

2 For TELUS wireline, Other includes Manitoba (5), Nova Scotia (14) and Saskatchewan (32).

3 TELUS International team members are located in Singapore, the Philippines, the United States, the United Kingdom, Australia and South Korea.

Type	AB	BC	ON	QC	Other <sup>1, 2</sup>	International <sup>3</sup>	A Total
Temporary	155	286	63	266	6	0	776
Regular	6,272	7,640	7,869	4,823	372	8,642	35,618
Total active employees	6,427	7,926	7,932	5,089	378	8,642	36,394

1 For Temporary, Other includes New Brunswick (1) and Nova Scotia (5).

2 For Regular, Other includes Manitoba (88), New Brunswick (81), Newfoundland (33), Nova Scotia (113) and Saskatchewan (57).

3 Regular international team members are located in Singapore, the Philippines, the United States, the United Kingdom, Australia and South Korea.

### Strengthening our leaders

We provide the tools and skills to strengthen our team by providing learning opportunities and support to upcoming, new and existing team leaders so that they can effectively engage, empower and lead their teams. Through our Leading at TELUS series, we provide development programs that enhance leadership skills critical to our high-performance culture and the engagement of TELUS team members. Leading at TELUS, where applicable, is available in French and English. In 2010, we intend to launch the TELUS Leadership Philosophy, introducing a new leadership framework that will be available in both official languages. Following the launch, we will continue to explore innovative ways to expand on the delivery of

effective leadership development while reducing costs.

### Leading at TELUS – Management Fundamentals

This program is designed to support new leaders with an in-depth overview of the TELUS specific processes/tools used in leading a team and focuses on a leader's accountability for successfully engaging and building relationships with their team members throughout the stages of the team member lifecycle. In 2009, 194 team members completed Management Fundamentals.

### Leading at TELUS – Skills Essentials

This series offers bilingual, modular programs for team members focused on coaching and engagement related skills. It covers:

- Essentials of Leadership and Coaching
- Coaching to Performance Expectations
- Reviewing Progress and Developing Others
- Managing Issues and Resolving Conflict
- Personal Productivity and Decision Making.

Since the program's inception in 2006, 988 team members have completed the program and 840 team members completed one or more modules.

### Leading at TELUS – Financial Management Fundamentals

Designed by the Human Resources and Finance teams, this course was designed to increase the financial acumen of team members at various levels of the organization and complement a number of customized e-learning courses offered to team members. In 2009, 411 team members completed the one-day course, which was led by members of the Finance team. Based on the number of successful completions, TELUS has phased out the leader-led session and continues to offer the e.courses on a go forward basis.

### Leading at TELUS – Presentation and Communication Skills Development

To enhance the presentation skills of team members, two courses are offered at TELUS. The Presentation Advantage workshop, which is appropriate for junior-mid-level managers, covers the fundamental skills required for making effective presentations. The Speaking as a Leader workshop, designed for senior managers and directors, covers more advanced skill development that focuses on delivering clear and compelling messages that inspire action. Both of these offerings will be included under the TELUS Leadership Philosophy framework when launched.

### Leadership NOW

This program, which launched in 2006, offers career development initiatives that recognize and invest in the development of our top leadership talent at all levels of the organization. It focuses on the development of TELUS' existing and future high-potential leaders who have the demonstrated desire and capability to move into roles of greater responsibility in the near future. This 12-month program is designed to develop key leadership competencies.

Each program tier has targeted core and elective curriculum to develop key leadership skills necessary for a next-level position. Participants have the opportunity to attend a variety of learning activities, including classroom and online sessions, guest speaker events, networking events and webinars. They also benefit from the Leadership NOW wiki and online leadership resources including articles, videos and books. In 2009, 33 per cent of Leadership NOW participants were women.

Tier	British Columbia	Alberta	Ontario	Quebec	Total
Emerging leaders	76	57	75	48	256
Managers	63	64	79	33	239
Total	139	121	154	81	495

## Senior Leadership Forum

The annual Senior Leadership Forum is designed to build upon themes and content from previous years to further strengthen the effectiveness of our senior leadership team, enhance personal leadership competencies and motivate our company's key decision-makers to think and perform at a world-class level. The annual forum targets our vice-presidents, senior vice-presidents and our Executive Leadership Team.

Partnering with the Rotman School of Management and INSEAD, two of the world's leading graduate business schools, the 2009 forum provided an opportunity to build upon existing relationships within our team to ensure we work collaboratively to achieve excellence in the execution of our strategy. Last year marked the first time our Board of Directors participated in the Forum.

In 2010, we intend to update the TELUS leadership philosophy, which will determine future leadership development investment. The 2010 Senior Leadership Forum will be held regionally at four separate events in Vancouver, Edmonton, Toronto and Montreal in the summer.

## Directors' Business School (DBS)

In 2009, TELUS continued to offer the Directors' Business School, which we launched in 2008. The key goals of this program are to help participants acquire the necessary tools to act more strategically and to further the continual development of leadership capabilities.

This program aligns directly with the Senior Leadership Forum and provides excellent educational content designed to build high-performance corporate leadership skills and capabilities for TELUS' director-level leaders. Through case studies and group discussions tailored to TELUS' challenges and opportunities, participants gain knowledge, experience and techniques to enhance TELUS' world-class leadership and business execution. In 2010, a cost-effective alternative for delivery of leadership development for team members is under consideration.

## Labour relations

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

### A Union representation 2009 (December 31)

Group	Bargaining unit	Management	Total	% unionized
TELUS wireline	9,484	8,757	18,241	52
TELUS wireless	3,858	5,653	9,511	41
TELUS International	0	8,642	8,642	0
Total active employees	13,342	23,052	36,394	37

## Collective bargaining

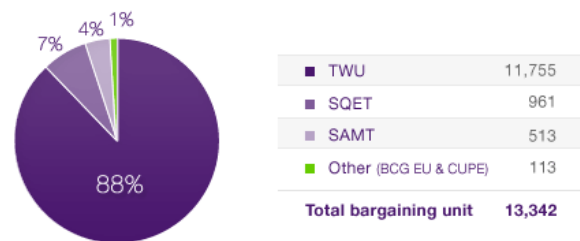
The current collective agreement with the TWU, covering approximately 11,800 team members across Canada, remains in effect until November 19, 2010.

The current collective agreement with the SAMT, covering approximately 500 professional and supervisory team members in Québec, remains in effect until December 31, 2011. Renewal negotiations for the collective agreement with the SAMT, covering approximately 10 professional team members in the wireless segment in Québec, were completed 2009, with a new agreement ratified and effective April 14, 2009. It will remain in effect until December 31, 2012.

Collective bargaining began in October 2009 to renew the collective agreement with the SQET, covering approximately 950 trades, clerical and operator services team members in TELUS' wireline operations in Québec. The current agreement expired on December 31, 2009, and in 2010 negotiations are expected to continue. Until a new collective agreement is

in place, the terms and conditions of the current contract will continue to apply.

### Bargaining unit team members by union affiliation



Both collective agreements covering TELUS Sourcing Solutions Inc. team members expire in 2010. The contract with the BCGEU covers approximately 60 team members and expires on March 31, 2010 and the contract with CUPE covers approximately 40 team members and expires on December 31, 2010. Team members in the CUPE bargaining unit were formerly included in two separate bargaining units each covered by separate collective agreements with CUPE and the Calgary Board of Education Staff Association (CBESA). In 2009, the bargaining units were merged and a replacement collective agreement was negotiated with CUPE to cover all team members in the newly configured bargaining unit.

## Core policies and programs

### Common Interest Forum

The Common Interest Forum was created in 2005 under the terms of the TELUS/TWU collective agreement to encourage dialogue between the company and the union. The two parties discuss issues such as industry developments, corporate strategy, growth of the business and staffing requirements. TELUS senior leadership and the TWU met once during 2009.

In addition, TELUS endeavours to provide notice to its unions and affected bargaining unit team members pertaining to operational changes such as contracting out, technological change and mergers, acquisitions and divestitures. Notice requirements of such changes are contained in the collective agreements.

## Grievances

In 2009, the unions representing team members filed 554 grievances and arbitrations, which is slightly less than in 2008 and on par with 2007. Discipline, pay and scheduling of time off remain the most common issues.

### Grievances/arbitrations

Group	A 2009	2008 <sup>1</sup>	A 2007
TELUS wireline	381	455	415
TELUS wireless	173	147	153
Total	554	602	568

<sup>1</sup> 2008 data has been restated to include additional grievance and arbitration cases identified after the release of our 2008 CSR Report.

## Integrity

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

In 2009, all TELUS team members were required to complete the TELUS Integrity 2009 course, which includes ethics, respectful workplace, corporate security and privacy training. All TELUS team members (including those in TELUS International except our Korean joint venture) as well as 90 per cent of contractors with access to our information systems completed this course as of January 2010.



In 2010, the TELUS Integrity course will be updated as appropriate to address new and emerging issues in regards to ethics, respect, privacy and security.

## Ethics

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

### TELUS EthicsLine

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

In 2009, the Ethics office fielded 377 calls, reflecting an increased awareness of ethical issues. Of these, it was determined that 29 per cent did not relate to the Ethics policy and were therefore referred to more appropriate areas, such as Client Care and Human Resources. Of the remaining 267 calls, 97 were inquiries from team members seeking advice on ethical situations and the remainder were complaints from external and internal stakeholders. Each complaint was researched and resolved appropriately. The Audit Committee of TELUS' Board of Directors reviewed a summary report of these calls.

#### Calls received by the Ethics Office

Type	2009	2008	2007
Non-ethics related	110	108	233
Requests for advice	97	104	100
Ethical complaints	170	144	134
Total calls	377	356	467

### Breaches of ethics and discipline

The Ethics office concluded there had been 94 breaches of the Ethics policy in 2009, compared to 64 in 2008. This increase is due to a number of factors, including increased awareness and monitoring of ethical issues and the fact that approximately 83 per cent of the breaches involved team members with five years or less service with TELUS, up from 80 per cent in 2008. The most frequent violations in 2009 were related to breaches of company policies and confidentiality and misappropriation of information. None involved fraud by team members who had a significant role in internal controls over financial reporting.

#### Corrective action

	2009	2008	2007
Letter on employment file	15	9	12
Employment suspended	32	39	25
Employment terminated	90	39	86
Team member resigned	16	6	15
Total team members disciplined	153	93	138

Note: Some of the breaches resulted in the discipline of more than one team member.

In third quarter of 2009, a detailed online training course was introduced for front line team members to be completed in early 2010, as part of enhancing training in areas of the company with newer team members.

## Respectful workplace

Respect is a cornerstone of our values and culture at TELUS. When we respect each other, we improve work relationships, enhance teamwork and increase productivity.

The Respectful Workplace office:

- Works within the framework of TELUS' Respectful Workplace Policy

and relevant Human Rights legislation, to support the TELUS team in building a strong culture of inclusiveness and respect

- Provides training on and build awareness of our policy
- Mediates and investigates workplace issues in a confidential manner
- Facilitates proactive and creative outcomes through education, consultation, mediation, and investigation.

Key points from our policy are covered in the mandatory annual Integrity training course. In addition, all newly hired team members are provided training on the Respectful Workplace. Our overriding goals are to help team members understand the law and expected behaviour as well as the protections and processes available to them should an inappropriate workplace issue arise. As of January 2010, 100 per cent of team members completed the Integrity course, which includes a Respectful Workplace training component.

In 2009, we began a review of our procedures and processes and, as a result, revised the Respectful Workplace Complaint Form. An indicator of the inclusiveness and respect within our workforce is based on analysis of complaints filed by team members with the Canadian Human Rights Commission (CHRC). These complaints identify practices that are causing concern and provide an objective process for determining or confirming the appropriateness of practices as business and societal priorities evolve.

In 2010, we plan to complete a review of the Respectful Workplace Policy and will continue to build on the review of the procedures and processes that was started last year.

### CHRC complaints

	2009	2008	2007
New	12	11	13
Closed	6	10	14
In progress at year end	13	7	6

Year over year, the number of CHRC complaints have been fairly stable with the main prohibited ground for complaints being disability. Complaints may be referred back to the internal TELUS resolution process, a resolution reached with the complainant through the CHRC, or it may be dismissed.

### Complaint outcomes

	2009	2008	2007
Referred to TELUS internal resolution process	3	5	9
Resolution reached	1	1	2
Dismissed	2	4	3

TELUS International follows local legislation that protects human rights in all international jurisdictions where we operate, our policy is to go beyond what is required by local laws to protect our team members' rights.

## Diversity and inclusiveness

TELUS believes diversity is a key success driver in the global marketplace and that we should mirror the diversity of the workforce in Canada. Therefore, we strive to build a culture of inclusiveness – one that respects and recognizes the individual skills and perspectives of team members – and create a workplace where team members have the opportunity to reach their full potential.

Diversity thrives when we honour the traditions, beliefs, lifestyles, abilities and perspectives of our team. In 2009, we:

- Launched an internal website focused on diversity that features our vision, website links and an online multicultural calendar
- Profiled team members from different walks of life in a series of stories published on our company intranet
- Established a partnership with Pride At Work Canada to support the creation and growth of the Lesbian, Gay, Bi-sexual and Transgender Employee Resource Group

- Partnered with Talent Oyster, an all-inclusive diversity job board that reaches more than four million unique households.

TELUS was named one of Canada's Best Diversity Employers in an annual competition that recognizes the nation's leaders in creating diverse and inclusive workplaces. From our team's perspective, our annual Pulsecheck survey results indicate that a large number of team members view TELUS as a diverse employer. In the 2009 survey, we used three questions to gauge our diversity and inclusion effectiveness. Last year, notably, we received a combined score of 85 per cent for these questions. Our target for 2010 is 86 per cent.

In 2009, TELUS also became a founding member of the Canadian Board Diversity Council, a new venture supported by the federal government with an initial mandate to design and implement a set of initiatives to increase female participation at the board level on Financial Post 500 corporate boards from 13 per cent to 20 per cent by 2013.

This year, our goal is to continue creating a work environment where all team members feel valued and believe their differences are respected. One of our Diversity and Inclusiveness Council's deliverables for 2010 is to better understand aboriginal issues in the work place. We intend to form an Aboriginal Employee Resource Group in 2010. To help us achieve this goal, we have partnered with two experts from Brock University who have provided guidance to other large organizations on programs and initiatives to strengthen relationships with First Nations and Métis Resource Groups.

### Employment equity

In Canada, TELUS is legislated by the federal Employment Equity Act. The purpose of this Act is to eliminate workplace barriers faced by women, Aboriginal peoples, persons with disabilities and members of visible minorities. In 2009, the prior year's representation rates at TELUS for Aboriginal Peoples and Women were recorded at slightly lower levels, while recorded representation of Visible Minorities and Persons with Disabilities increased on a year-to-year basis. For this year's report, the Canadian Workforce Availability is based on 2006 Census data; previous reports were based on 2001 Census data.

We strive to ensure that our workforce reflects the diversity in the Canadian talent pool and provides equal opportunity for all team members. Through our diversity, respectful workplace and equity programs, we work to create an inclusive and representative workforce while eliminating barriers that limit individuals from contributing in the workplace.

We do this in part by tracking the representation rates of these four designated groups within our workforce. We then analyze the data, with a goal to developing strategies and implementing programs that close any identified gaps. In 2009, we completed the final stages of an Employment Equity Audit conducted by the Canadian Human Rights Commission and received a letter of approval from the Commission indicating we have met all the requirements of the audit process.

In 2010, we intend to update our Workplace Accommodation Policy and supporting website information for team members. We also plan to enhance Connections, the TELUS Women's Network, by expanding opportunities for personal growth, development and local networking in addition to the diversity initiatives listed above. While the overall percentage of women working at TELUS across almost all categories has declined slightly, we believe our efforts to ensure the TELUS workplace is supportive have helped increase the number of women in non-traditional roles, (e.g. as managers of installation and repair teams).

### Workforce profile<sup>1</sup>

%	Canadian workforce availability <sup>2</sup>	Canadian workforce representation for telecommunications <sup>3</sup>	2008 TELUS actual	2007 TELUS actual	2006 TELUS actual <sup>4</sup>
Women	42.3	40.4	38.3	38.8	39.9
Members of visible minorities	21.8	16.2	14.8	13.3	13.6
Aboriginal people <sup>1,7</sup>		1.4	1.5	1.7	1.7
Persons with disabilities	4.7	1.9	3.1	2.8	2.8

1 Based on data collected for reporting under the Federal Employment Equity Act. Figures for 2009 for TELUS are not available until June 2010.

2 Canadian workforce availability refers to the percentage of the designated group (i.e. Visible minorities, Aboriginals, Persons with disabilities, Women) in the Canadian workforce who have the skills necessary to fill positions at TELUS. Based on 2006 Census data, this is the most current information available.

3 Most recent data available. Canadian workforce actual representation for telecommunications carriers refers to the percentage of the designated group (i.e. Visible minorities, Aboriginals, Persons with disabilities, Women) who are employed at telecommunications in Canada. As reported in the 2008 Employment Equity Act annual report published by the Government of Canada.

4 TELUS actual refers to the percentage of the designated group (i.e. Visible minorities, Aboriginals, Persons with disabilities, Women) who are employed at TELUS.

### Connections – the TELUS Women's Network

TELUS offers many team member programs designed to improve the inclusiveness of our employment practices. The Connections network provides women at TELUS with personal growth, development and local networking opportunities. See a short video about the network and how it benefits women at TELUS.

In 2009, as we planned, Connections invited all women team members to join the network and we achieved our goal of increasing membership to 3,100 from 2,800 in 2008. We also saw an increase from 1,180 to 1,500 in the number of team members who completed the four-part Taking the Stage program, which helps women speak with confidence. Although we missed our goal to have 1,600 team members complete the entire program by year-end 2009, approximately 2,000 had completed at least one part.

We planned to introduce a mentoring program in 2009. While we designed the program, we were unable to launch it. We plan to launch it in 2010. Similarly, we had planned to host eight Executive Leadership Team breakfasts and forums, which were designed to give women team members the opportunity to meet with and learn from our most senior leaders. Five events were held in 2009.

Through Connections, TELUS sponsors Women's Executive Network (WXN), which creates and delivers innovative networking, mentoring, professional and personal development for women in business. Connections sponsors WXN's breakfast series, Canada's Most Powerful Women: Top 100, and the WXN Wisdom mentoring program. In 2009, 41 team members participated in the mentoring program and we provided 400 guest seats at 34 of WXN's breakfast events, held across the country, thereby achieving our targets last year.

In 2010, we intend to:

- Maintain Connections membership at 3,000
- Pilot a women's mentoring program
- Launch the Inside Out Leadership workshop for 500 participants
- Promote WXN's Wisdom mentoring program and increase participation from 41 to 51 team members
- Hold 75 local networking events
- Hold 20 local outreach events
- Provide 400 guest seats at 34 breakfast series hosted by WXN.

Find out what Michelle Brabant Molleur, Complex Solutions Consultant for TELUS Québec and chair of the Montreal chapter of Connections has to say about Connections.

*"This is my first year as the regional chair for the Connections network in Montreal. I've had the privilege of setting up an executive committee and volunteer groups for the chapter's members. Our objective is to forge bonds for life. We encourage networking through meetings that spark interaction, and sharing of challenges and teamwork. To help our members with their professional and personal lives, we offer conferences such as: "How to establish a clear and progressive career plan" or "How to achieve good financial planning for the future" and many more. It goes without saying that I am learning a lot! I am getting to know my colleagues, going to them for help and, in turn, helping them by providing advice and being a sounding board. I believe the strength of our network lies in its ability to offer an environment that fosters the exchange of ideas and knowledge."*



### Safety management

At TELUS, we work to eliminate workplace hazards because preventing accidents and injuries not only protects the health and safety of team members, but also helps improve work quality and productivity, which makes TELUS a better place to work.

We do this by engaging managers, unions, and both policy and health and safety committees in the development, implementation and monitoring of the safety management system. We also train team members in the identification and control of their workplace hazards and set performance targets for hazard control programs. In addition, we continually monitor the effectiveness of the safety management system at both the workplace and corporate levels and investigate all reported health and safety complaints and accidents. Safety performance results are regularly reported to the Audit Committee of TELUS' Board of Directors. In 2009, TELUS recorded 179 lost time accidents (LTAs), which represent a frequency of 0.82 LTAs per 200,000 person-hours worked. The current figure is four per cent lower than our 2008 result of 0.85 LTAs per 200,000 person-hours worked. In addition, we have had no work-related deaths in the past five years.

Our LTA frequency in 2009 was 25 per cent lower than the latest (2008) U.S. telecommunications industry average of 1.1 LTAs per 200,000 person-hours. It is also at least 61 percent lower than the latest (2008) Canadian national average of 2.12 LTAs per 100 workers. (For the Canadian national average, one worker is considered to be one person working all year on either a part-time or full-time basis.) We believe our lower-than-average results are attributable to our efforts to engage and train team members and to work with various health and safety committees in developing, implementing and monitoring our safety management systems.

We believe in embracing change and initiating opportunity, and as a result, we are constantly looking at new ways to improve our safety management system. In 2009, we developed a contractor safety policy that standardizes practices and processes for field operations and helps us prevent accidents and injuries while contractors are performing work for TELUS. This policy outlines standards and tools for health and safety evaluation, selection and control of contractors and subcontractors.

We also introduced computer-based training for managers to help prevent accidents and injuries on high-risk worksites. It focuses on the responsibility managers have to verify that their team members not only know how to do their jobs safely but that they effectively apply this knowledge to their daily work activities.

In regards to our global operations, the Audit Committee of TELUS' Board of Directors receives quarterly updates on health, safety and wellness issues. These updates include how many work-related accidents and injuries have occurred and how many work hours were lost as a result of accidents, injuries and illnesses.

Lost time accidents per 200,000 hours worked (year over year)



Note: During the preparation of our 2009 CSR report, we identified errors in lost time accident calculation methodology. We have restated our 2007 and 2008 lost time accident values as a result.

### Absenteeism

In 2009, the TELUS absenteeism rate (which includes paid and unpaid time off work due to personal illness or work-related injury) was 7.2 days per full-time equivalent position, a slight increase over the rate of 6.8 days in 2008. We revised our 2008 absenteeism rate from 8.7 to 6.8 days because we narrowed our definition of absenteeism to include only those absences that are related to illness or injury (excluding long-term disability).

Our 2008 and 2009 rates compare favourably with the 2008 absenteeism average for Canadian organizations with more than 500 employees, which was 9.7 days per full-time equivalent, according to Statistics Canada.

In 2009, we proceeded with several initiatives to address absenteeism. We introduced training for front-line managers, increased the alignment of absenteeism-related processes and updated our corporate absenteeism policy.

In 2010, we intend to develop a communication plan to increase team member awareness of the cost of absenteeism and our practices and processes related to absenteeism.

### Engagement

At TELUS, we believe increased team member engagement leads to enhanced individual team and corporate performance and we are committed to attaining best engagement company levels. Engagement is measured using Hewitt Associates web-based engagement survey, which has been based on engagement work with more than 1,500 organizations worldwide. Hewitt Associates is also a sponsor of the Best Employers in Canada study that measures engagement of employees and leaders.

Each year, team members share their views and perspectives through the Pulsecheck survey, which is designed by Hewitt Associates, to help TELUS identify the type of improvements required to make TELUS a great place to work. All team members are invited to participate in the voluntary and confidential survey.

Last year, TELUS team member participation in the Pulsecheck was 76 per cent, consistent with 2008 levels and higher than 2007. The high participation levels in voluntary engagement surveys is not common and suggests that many TELUS team members were interested in expressing opinions about engagement.

After the survey results have been published on our company intranet, teams develop and implement action plans to address areas in need of improvement. Importantly, engagement results are measured on our corporate and business unit scorecards with status reports and updates provided during regular business unit reviews.

The 2008 Pulsecheck results reflected a five per cent increase in our team's overall engagement score, indicating a significant change according to the industry benchmark of two per cent annually. In 2009, our engagement score declined by four points to 54 per cent. This score remains above our 2007 result but below the 62 per cent we had targeted.

Engagement results and targets

2010		2009		2008		2007	
Target	Result	Target	Result	Target	Result	Target	Result
56%	54%	62%	58%	58%	53%	57%	

Our 2009 result likely reflects difficult economic circumstances, significant downsizing, lower management compensation and resource constraints as well as the tremendous workload team members shouldered throughout the year. While our 2009 result continues to position TELUS as a strong Canadian company, our leadership team remains committed to making positive changes based on feedback of team members.

Each year, we focus a great deal of our efforts on our top five engagement drivers to enhance our work environment. Again this year, Pulsecheck shows that those top drivers are career opportunities, work processes, performance development, organizational reputation and recognition. To improve work processes in 2010, we are:

- Implementing a Fair Process model to encourage greater team member involvement in the decision-making process
- Working on a series of projects to streamline internal processes and improve customer service
- Encouraging team members to use social media tools to help us identify creative solutions to topical issues.

Our engagement target for 2010 is 56 per cent.

TELUS International

Team members in TELUS International Philippines complete the same Pulsecheck survey as their Canadian colleagues do, although it is run as a separate survey. The engagement score in 2009 for TELUS International Philippines was 71 per cent, compared to 73 percent in 2008. The 2009 participation rate was 66 percent, which was lower than the previous year at 72 per cent. Other areas of TELUS International did not participate in the 2009 Pulsecheck survey.

Performance culture

TELUS has a comprehensive performance development process. Twice a year, team members receive formal performance appraisals. Through an integrated, online system, we are able to standardize the establishment of clear personal objectives, including target and stretch metrics. The system also enables the company to establish a Customized Career Development Plan for every team member to help them excel in their role and prepare for their future career aspirations. Team members, working with their managers, create these plans, which include a variety of learning activities, such as on-the-job training and development, mentoring, job shadowing, online and instructor-led courses, and external training.

The Personal Performance Review process clarifies team member performance relative to established objectives and allows for identification of development areas for the next review cycle to continuously improve performance. Career development at TELUS is a fundamental right for all team members, from their induction to their in-role development and

potential participation in high potential programs.

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

Salary and benefits

TELUS bases its management compensation on commonly held job titles that are matched against the marketplace via compensation surveys conducted by major human resources consulting firms. These annual compensation surveys include data from Canadian companies within both the telecommunications and other industry sectors. During 2009, a large-scale review and reduction of management professional job titles was completed to help ensure that all team members had the correct title for their role, ensuring that market benchmarking (and ultimately career pathing) is as accurate as possible and that compensation treatment is equitable across the company. Setting individual team member salaries, initially and annually through reviews, is tied to performance appraisals that are applied equally to all management professionals at TELUS, irrespective of gender.

TELUS' cash compensation includes base salary and performance bonuses and/or sales incentive programs, which allow team members to share in the risk and reward of running the company. In addition, we provide medium-term and long-term (restricted share units and/or option awards) incentives for high-performing and high-potential team members.

Our strategy is to pay team members within ranges that factor in their performance and potential rating and what the market pays for certain jobs. High performers at TELUS are targeted to be paid at or above the 75th percentile for total compensation over time.

We also offer wealth accumulation through retirement and savings plans, including defined benefit or defined contribution pensions. Within our defined contribution pension plans, TELUS matches up to 5.8 per cent of earnings to help team members save for their retirement. TELUS also matches 35 to 40 per cent up to a maximum of six per cent of base compensation when team members purchase TELUS common shares through the Employee Share Purchase Plan.

Terms and conditions (including wages) for all team members covered by a Collective Agreement are negotiated between the parties. TELUS' entry level wage in Canada is above the minimum wage by a factor of 1.2 or 20 per cent.

TELUS hiring processes are designed to be rigorous and standardized. We leverage a variety of tools and resources to actively source and select qualified candidates. We are committed to ensuring that our candidate pools are rich and diverse through the use of various available resources including Talent Oyster, a job board that focuses on candidate diversity. The total number of TELUS team members currently on work permits for foreign workers is less than 0.5 per cent of our total number of domestic team members.

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

Given TELUS' modest corporate performance on financial and non-financial targets in 2009, only approximately 43 per cent of the targeted bonus pool was paid out. In addition, a salary freeze was in effect for management/professionals.

Our approach in 2010 balances the ongoing need to manage our costs with providing competitive total compensation, rewarding outstanding performance and responding to feedback about pay that we receive from team members through our annual Pulsecheck survey. Our revised approach to performance bonuses will be based on both a profit-sharing



model with a set percentage of corporate Earnings Before Interest and Taxes, multiplied by a corporate balanced scorecard multiplier and an individual performance multiplier. This provides greater transparency of the formula and maintains the central element of team member differentiation.

For 2010, there will be a modest budget for compensation increases and long-term incentives for key management team members below the director level, plus higher levels of long-term incentives available for awarding to director-level team members and above. We have announced that, to address team member feedback, we intend to use a more transparent method of determining the funds available for paying performance bonuses. This new method will be used to calculate the 2010 performance bonuses, which will be paid in February 2011.

#### Total salaries and benefits

\$ in millions	2009	2008	2007
Total salaries and benefits	\$2,303	\$2,326	\$2,329

#### Benefits

We provide a very competitive, comprehensive flexible benefits package, offering plans that meet the diverse needs of our team members. We recognize that costs are increasing for many team members; however, team members have told us through surveys that they would rather pay more and keep their benefit plans than have across-the-board reductions to plan benefits. Our benefit plans also recognize the need of team members to balance their lives through programs such as the Life Balance Account, My Personal Assistant, GoodLife Fitness memberships and Kids & Company.

#### Voluntary turnover

In 2009, the average voluntary turnover of all team members was 6.5 per cent, compared to 10.3 per cent the previous year. Our 2009 results are favourably below our target of 8.1 per cent due in part to a reduction in turnover that is related to the global economic slowdown. In 2010, we intend to use the 8.0 per cent average overall voluntary turnover from the 2010 Mercer Canadian Compensation Planning survey report as our benchmark.

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

- Career resources
- Recognition
- Performance development
- Learning
- Corporate Social Responsibility
- Long-term incentives of TELUS share options, which vest after three years.

#### Recognition

We believe increased team member engagement can positively influence productivity improvements, customer satisfaction, revenue growth, retention, attendance and overall team member satisfaction. This is why we strive to create a culture of appreciation where giving and receiving recognition is easy and in line with our values.

Our recognition efforts align with our goal to become an employer of choice and our efforts to ensuring that every team member is supported, developed and recognized for their efforts in achieving our business goals.

Demonstrating the TELUS values is the foundation of our corporate recognition strategy as evidenced by our recognition policies, processes and programs, including Bravo, our online recognition tool. Bravo, which was enhanced in 2009, empowers team members to send and receive recognition in the form of e-cards and points that can be redeemed for gift items. Through Bravo, we also recognize team members every five years on their career milestones with a gift of points and either a plaque or a tree planted in their name. Reports indicate that all business units in TELUS and team members from all levels of the organization are actively participating

in the program.

In the 2009 Pulsecheck results, we did not see a decrease in team members' view of our recognition efforts, despite the very challenging economic climate. We believe this means team members can see and value the effort being made to create a culture of appreciation at TELUS. In 2009, we adopted a Recognition Essentials Framework to provide a holistic view of recognition. It has driven improved recognition practices and contributed to the evolution of the TELUS Engagement Forum.

The TELUS Engagement Forum was created in 2008 and continues to provide a disciplined approach to ensuring senior leaders actively participate in defining our recognition strategy. This forum provided the inspiration for a new recognition workshop for all people leaders. It was piloted in 2009 and is scheduled for an enterprise-wide launch in 2010.

Despite difficult economic times, creating a culture of appreciation at TELUS in reflection of our values was a priority in 2009 and resulted in an investment higher than our projected budget. In 2009, we spent \$8.59 million on team member recognition. This expenditure reflects 0.37 per cent of TELUS' salary and benefit expenses in 2009.

#### Total team member recognition expense

\$ in millions	2009	2008	2007
Actual spend	\$8.6	\$8.8	\$7.8

In 2010, our total recognition budget is \$7.65 million to cover Bravo awards and points, career milestone awards, and individual and team recognition programs within TELUS' business units.

#### TELUS International

The majority of positions in TELUS International are in call centres. In the Philippines, contact centre positions are desirable professional roles, often attracting candidates who possess or are working to acquire post-secondary education and are fluent in English. As a result, these positions pay a substantial premium over the local legislated minimum wage.

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

In terms of recruitment to fill senior roles, TELUS International Philippines' policy is to hire either internal candidates from within the local TELUS International team or external candidates from the local market wherever we operate. Of the 10 most senior leaders in the Philippines, seven were internal candidates promoted into their current roles. Career development is encouraged through mentoring and internal job posting.

In general, TELUS International uses local workforce for senior roles in its operations.

#### Lifelong learning

As a learning-focused technology company, TELUS is committed to investing in professional and personal growth for all team members to help them deliver exemplary results. Throughout their careers, team members are provided with formal, informal and social learning opportunities that advance skill sets, enhance team member collaboration and enable individuals to learn when and how they want.

Among the learning opportunities we offered in 2009 were:

- "Engaging conversations with..." webcasts, featuring TELUS leaders who share their own expertise in respect to team leadership in a talk-show format. More than 100 managers attended each live webcast
- Play to Your Strengths, a learning series designed to connect team members with leaders to discuss career development and leadership in an engaging, informative and non-traditional way

- SkillSoft and Books 24x7, an online learning opportunity that makes courses and books available to all team members at any time. In 2009, team members accessed Books 24x7 more than 31,000 times, for an estimated 7,680 hours of reading
- Habitat Collaboration sites, a social media tool that facilitates online interaction and sharing of information and experiences by team members
- Learning Path Dashboard, which provides an "at a glance" list of recommended formal, informal and social learning opportunities designed to help team members build their career and develop their skills
- Everything Engagement wiki, a one-stop-social-media shop for team members to collaborate and share ideas and best engagement practices
- All Things Learning, a wiki designed to support team member professional and personal growth
- Access to external courses, conferences and seminars.

Learning investment		A	A	A
\$ in millions	2010 budget	2009 actual	2008	2007
Amount spent <sup>1</sup>	\$17.2	\$21.0	\$29.1	\$32.3

1 Does not include TELUS International.

In 2009, we did not meet our target of \$29.4 million, due to the overall economic situation and cost containment measures within TELUS, including the departure of 2,150 team members. All business units reduced their external learning spend to help achieve overall revised corporate budget targets.

In 2010, we will continue to seek innovative ways to deliver effective development while managing costs to achieve our target of \$17.2 million. A steadfast focus on external learning expenses and a shift from formal to informal and collaborative learning will help control costs while still ensuring appropriate investment in team member learning.

#### Formal learning courses completed

Estimated completion (000s)	2009	2008	2007
e-Learning <sup>1</sup>	137	279	216
Instructor led	52	83	62
Total	189	362	278

1 Does not include TELUS International.

Year over year, the number of courses team members complete fluctuates, depending on initiatives underway, the introduction of new services and other factors. In 2009, the reduction in courses completed is attributed to the reduced staffing, the control of external learning expenditures and increased productivity demands.

Notably, in 2009, we received:

- American Society for Training and Development BEST award – For the fifth time in seven years, the American Society for Training and Development recognized TELUS with a BEST award, designating TELUS as one of the top organizations worldwide for employee learning and development that drives enterprise-wide success
- Performance Management and Learning Award – Aberdeen Group, a global research company, presented the Performance Management & Learning Award to TELUS at its annual Human Capital Management Executive Summit.

#### Welcome to TELUS

This bilingual program begins the induction journey for new TELUS team members and is designed to help team members be more effective and productive in their new roles. It provides a comprehensive overview of our history, strategy, culture and performance expectations, including an introduction to the four TELUS Values that define the code of conduct and behaviours that TELUS expects to see demonstrated by all team members on a daily basis.

In 2009:

- 352 participants completed 25 sessions of the two-day program, with 175 attending in-person sessions
- In August, we replaced the in-person training with live web sessions, enabling 177 new team members in Canada to access the program from computers in their own locations.

We did not offer the course to team members outside of Canada as intended but are developing plans to do so in 2010.

#### Work Styles

Work Styles, introduced in 2007 and launched nationally in 2009, is an enterprise-wide initiative that supports team members in eligible roles to work when and where they are most effective – at home, in the office or in an alternate location. The program is designed to:

- Help managers and team members adopt flexible, non-traditional styles of work
- Improve team member engagement and productivity
- Reduce our environmental impact
- Help TELUS lower real estate costs over the longer term.

In 2009, more than half of the TELUS team or 17,544 team members were remote-work enabled. This result is less than the number we reported in 2008, reflecting the smaller size of our Canadian employee base in 2009.

We continued to use Teletrips, a voluntary tracking tool that allows us to measure the environmental benefits of the program and establish benchmarks against which we can measure our progress. The chart below, based on the input of 774 team members who tracked their results, demonstrates the positive environmental, economic and societal impacts.

#### Teletrips – TELUS team member reduced emissions and \$ savings (estimated)

	Participants	Total km saved <sup>1</sup>	Total hours saved <sup>2</sup>	CO <sub>2</sub> reduced (Kg) <sup>3</sup>	Total \$ saved <sup>4</sup>
Corporate	368	761,095	12,241	185,998	\$143,436
At Home Agent	406	944,796	16,262	231,218	\$176,515
Total	774	1,705,891	28,503	417,216	\$319,951

1 Kilometres – based on number of participants reporting kilometres and distance from work.

2 Hours saved – based on reported duration of commute as impacted by distance to work, traffic and time of day.

3 CO<sub>2</sub> reduced – based on Environmental Protection Agency ratings, vehicle types, and distance.

4 Dollars saved – based on fuel price, vehicle operating costs and distance.

In 2009, we benchmarked our program against other leading organizations to help refine and improve our program. We also introduced a human resources program to provide better oversight of the initiative and create national processes and standards.

In 2010, we intend to develop strategies to give team members greater access to the latest information technology tools that empower them to make choices about their work styles. We used the Vancouver 2010 Olympic and Paralympic Games, which were held in February and March 2010, as a test case to further our Work Styles program. In an effort to ensure our business continuity and reduce traffic congestion in the downtown core, we asked our approximately 7,500 team members in the Greater Vancouver area to work at home from February 5 to March 21.

We also intend to continue to drive adoption of Work Styles as part of our Real Estate strategy for our locations at 25 York Street in Toronto, Place TELUS Québec in Quebec City and TELUS House Edmonton.

#### Fort McMurray

TELUS House Fort McMurray opened on October 1, 2009. The new building stands out for its sustainable use of materials. Eighty per cent of the floor finishes and furniture used in this location have been recycled from other TELUS locations. It is home to more than 50 team members and partners and provides a flexible workplace and gathering place for team members and partners to work together.

## Telepresence

Telepresence is a sophisticated tool that makes it easier for team members to collaborate with colleagues in other centres. It enhances teambuilding, supports our goal of achieving operational efficiencies and reduces our carbon footprint by reducing travel. Combining video and audio technology, it realistically mimics an in-person meeting experience, enabling 'face-to-face' meetings with team members in different centres. We have Telepresence meeting rooms in Vancouver, Burnaby, Calgary, Edmonton, Ottawa, Toronto, Scarborough and Montreal. In 2010, we plan to continue introducing this tool in all of our major administration buildings across Canada.

## Wellness

TELUS is committed to fostering a healthy workplace where team members can achieve their full potential. Our aim is to create a workplace of choice that incorporates best practices in health and wellness and offers diverse programs based on organizational needs. We currently measure each of our wellness programs separately. In 2009, we held Wellness and Active Living fairs tying in environmental themes to influence healthy sustainable living. In many of our major administrative buildings, we also offered:

- National screening programs for blood pressure, cholesterol, glucose and body mass index
- Flu vaccinations and pandemic preparedness
- Naturopathic immune support clinics, offering a complementary approach to well-being during the cold and flu season
- Healthy foods in all vending machines, catering services and cafeterias
- Comprehensive leadership support services, including counselling to help leaders manage difficult issues faced by teams or individuals
- Team members and family support tools
- Access to more than 50 fitness partners nationally and more than 20 onsite fitness facilities
- Onsite practitioners for massage, naturopathy and various other services
- Onsite mammography screening in partnership with the B.C. government
- Flexible childcare services designed to meet specific and changing needs of families through a variety of services and partnerships such as Kids & Company
- Onsite blood drives to help Canadian Blood Services and Héma-Québec fill the urgent need for blood in our communities
- TELUS Quit Smoking Recognition Program, which reimburses team members for the cost of their program if they remain smoke-free for one year after treatment
- STOMP, a smoking cessation program
- Personal Health Assessment, which is a component of the mental health program we launched in 2009.

Approximately five per cent of TELUS team members were screened through the Healthy Measures program. Results have shown a reduction in health risk factors related to chronic illness for those who have participated in health coaching programs following the clinics.

We are constantly looking at new ways to support and encourage healthy life habits. Our diverse portfolio continued to grow in 2009 with the addition of several more fitness partnerships and an active living challenge in the fall. In 2009, our target to achieve 20 per cent total team member participation in Active Living programs was exceeded by seven per cent.

We also focussed on prevention strategies that complemented our existing programs and services. We held online webinars in lieu of traditional lunch and learns. For example, we held a webinar in March 2009 on nutrition. More than 2,000 team members attended the 45-minute event to hear an expert answer questions and provide advice. We also created a dedicated employee intranet site that provides information about pandemic preparedness and the H1N1 influenza.

In 2010, we plan to continue helping our team members effectively manage workplace stressors through education and awareness programs and services. We also intend to continue the mental health awareness plan we introduced in 2009 to support leaders helping team members

with challenging personal issues and crises. This program covers valuable awareness information, guidance and strategies to help with team members in difficult situations that often lead to extended absence.

We have added a new metric, which measures the percentage of Canadian team members who have access to attend face-to-face wellness events. The target for the Wellness Reach Rate is 80 per cent of our team members, who have the opportunity to participate in a face-to-face wellness event, such as an Active Living Fair.

## TELUS International

As part of the overall benefits provided to team members at TELUS International Philippines, we offer onsite clinics staffed by a medical team, fitness facilities and recreation partners that offer discounts to team members. In addition, healthy food choices are available in cafeterias. Some in-house fitness classes, a Healthy Living Sports Tournament and free flu clinics are also offered to team members.

## Green Teams

TELUS continues to grow a culture of corporate social responsibility through our national network of Green Teams. These teams are comprised of environmentally conscious team members from various business units who volunteer their time to promote sustainability in our daily work activities and at home. Green Team members are passionate about sustainability and dedicated to making a difference.

Currently, there are 12 TELUS Green Teams across Canada with more than 120 members. Through these teams we are able to reach approximately 13,000 team members. In 2009, our Green Teams coordinated many events and activities in centres across Canada, some of which included:

- Energy Efficiency Lunch and Learn – 190 people attended this March event at which an expert from BC Hydro shared energy efficiency tips
- Earth Day Eco-Fairs – In April, local Green Teams hosted eco-fairs in TELUS locations in Scarborough and Burnaby. Team members learned about recycling cell phones, climate change and more
- In June, TELUS, in partnership with our local Green Teams, celebrated Environment Week with the launch of our online TELUS 2008 Corporate Social Responsibility Report, various beautification projects, recycling workshops, and a Koats for Kids drive
- Film screenings – team members in Burnaby and St. Laurent were invited to watch environmental documentaries during their lunch hour in November.

Our goal for 2010 is to continue to increase the number of awareness campaigns, events and other activities led by Green Teams and place particular focus on programs that have a measurable impact. We also intend to expand our national network to 15 regional Green Teams.

## Scholarships

Post-secondary education is continually increasing in cost and many young Canadians need assistance to afford this level of education. As a major employer of educated Canadians, TELUS has a stake in helping Canadians access post-secondary education. Accordingly, TELUS offers post-secondary scholarships to dependent children of current TELUS team members. Our program provides:

- 12 awards of \$2,000 each for students entering their first year of post-secondary studies
- Two awards of \$5,000 each for students currently enrolled in post-secondary studies in engineering, communications, information technology, computer science or business at an undergraduate level.

These awards are available for one academic year. Candidates are selected by a committee of Canadian university and college representatives chosen by the Association of Universities and Colleges of Canada (AUCC) with appropriate consideration given to geographical representation. The evaluation criteria are based mainly on academic performance and extracurricular activities or volunteer/community involvement. In addition, the quality of reference letters is considered.

In 2009, we processed 103 applications and 14 winners were chosen. In total, TELUS provided \$34,000 in scholarship funding.

In 2010, we intend to maintain the program with no changes planned.



## Environment

### Our opportunity: Continuously improving efficiency and building a stronger green culture

Despite the economic and competitive challenges the TELUS team faced in 2009, we remained committed to being a leading corporate citizen and reducing the overall environmental impact of our domestic and international operations, in line with our values. In 2009, we focused much of our efforts on two initiatives that began the previous year:

- Enhancing our environmental management system (EMS) with the goal to more closely align with ISO 14001:2004, an internationally accepted standard for managing the environmental aspects and impacts of a business
- Developing a carbon emission reduction strategy.

Furthermore, we focused our attention on developing a stronger green culture within TELUS by:

- Building on spirited teamwork and expanding our national network of Green Teams
- Participating in several green initiatives and events, including One Million Acts of Green, Earth Hour, Earth Day and Environment Week
- Bolstering our CSR leadership team, an executive-level team responsible for guiding sustainability practices throughout TELUS.

Our national total real estate footprint is approximately 11.5 million square feet, which is primarily owned and leased spaces representing administration, network buildings and data centres. We continue to work to improve our real estate footprint at TELUS. We demonstrated the courage to innovate by working to continuously improve efficiency and create sustainable workspaces for our team members. TELUS House Toronto, which opened in late 2009, is one of few buildings in the Greater Toronto Area that is in a position to receive the gold Leadership in Energy and Environmental Design (LEED) certification. This means our building incorporates design, construction and operational practices that create a healthy, high-quality and high-performance environment with reduced environmental impacts. It complements TELUS House Ottawa, which was constructed to a LEED silver level in 2007. Today, more than 2,000 team members work in sustainable workspaces in these two buildings.

### Environment Management System

Our long-term goal is to align our EMS programs with ISO 14001:2004. In 2009, we also set as a specific goal the development and launch of an EMS gap closure implementation plan for our Human Resources (HR) business unit. We were successful in meeting this target.

We chose to focus our EMS upgrade efforts on HR because it has the highest environmental-risk-to-team-member ratio in large part because HR includes our Real Estate operations. We determined this by assessing the environmental risk of each business unit and normalizing it against the number of team members working within each unit. This review included our TELUS International (TI) operations.

In 2009, we also set a target to establish a working group to provide regular updates on TI's environmental performance. We engaged TI in terms of certain environmental performance indicators. However, we did not establish a formal working group and instead made a strategic decision to manage TI's environmental risk as part of TELUS' overall EMS program. We plan to enhance this approach in 2010.

Our target for 2010 is to execute the implementation plan we developed in 2009 and align our HR operations with the ISO14001:2004 standard by the end of the year. In 2011 and beyond, we plan to leverage this work to guide our EMS upgrade efforts in our other business units.

### Environmental training

Environmental training, provided to targeted TELUS team members and contractors on an ongoing basis, helps ensure we are fulfilling our responsibility as a leading corporate citizen. We modified our program in 2009 in two ways:

- The Environment team improved the content of our training courses and reduced the required frequency from a once a year to once every three years. As a result, we offer fewer but more robust environmental training courses. These changes resulted in team members completing 1,709 environmental courses in 2009, compared to 9,256 in 2008
- In an effort to ensure team members are retaining training knowledge over the three-year period, the Corporate Safety team implemented a field check program to support our managers in their efforts to regularly evaluate team members on their understanding of course content.

### Energy and emissions

Our goal since 2008 has been to develop a meaningful and realistic energy reduction and carbon abatement strategy. This process resulted in the organization of a TELUS carbon strategy team, which was tasked with assessing our complete energy and carbon footprint. The team reviewed the physical and regulatory risks of climate change, analyzed our potential reputational risks, consulted with internal and external experts to provide input to our strategy, and prepared a course of action to be presented to our Executive Leadership Team.

The TELUS carbon strategy team gained a thorough understanding of the geographical breakdown of our carbon footprint, as well as the energy demands in our networks, administration buildings, data centres and vehicle fleet.

In December 2009, our Executive Leadership Team agreed that TELUS should adopt a carbon reduction plan under the umbrella of a fuller climate change strategy plan in 2010, including a focus on mitigation and adaptation strategies and metrics.

Our goal in 2010 is to complete and announce a comprehensive 10-year climate change strategy. It is to encompass a robust assessment of our emissions (carbon dioxide, methane and other greenhouse gases) and include efficiency targets related to the number of customer connections and absolute targets, both of which are intended to focus the company on mitigating our environmental impact and shrinking our carbon footprint. This plan will outline our risks and operational challenges within the context of changing global climate patterns. This portion of the plan will include business continuity planning, insurance and general risk mitigation strategies.

### TELUS' energy footprint

As we continue to grow our business and provide solutions to our customers, we realize that our energy demand will continue to grow. Becoming more efficient is not only important in terms of the environment, but, because of the ever-increasing price of energy, so it has economic benefits as well. Our goal is to be able to continue meeting the needs of our customers while decreasing energy use and carbon output.

At TELUS, we continue to categorize energy consumption (kWh) in three main categories (based on World Business Council for Sustainable Development Greenhouse Gas Protocol):

- Scope 1 or direct energy sources (such as fuels that include natural gas, gasoline, diesel, propane and heating oil)
- Scope 2 or indirect energy sources (such as electricity)
- Scope 3 or other energy sources (such as air travel).



The core of our energy footprint is tied to the use of electricity in our administration buildings, data centres and network infrastructure. We continue to work on improvements and are addressing:

- Our real estate footprint and implementing Work Styles programs
- Network transformation and equipment upgrades
- Data centre efficiency projects that address heating and cooling efficiencies
- LEED building design in our new real estate portfolios
- Internal education to team members
- Travel reduction.

The economic challenges of 2009 delayed some of our planned actions for efficiency improvements. However, we understand that a successful CSR program is one that strives to ensure a company is both environmentally sustainable and economically viable. Our vision of sustainability is based on long-term stability. TELUS will focus its energy efficiency investments to more closely align with our capital investment strategy and lifecycle.

Our total energy use in 2009 increased over 2008 by 6.6 per cent over 2008, with our direct energy consumption increasing by 5.4 per cent and our indirect by 7.4 per cent. However, when looking at our long-term trending in energy use, our energy consumption remains relatively constant at approximately one billion kilowatt hours. For example, in 2005 our energy consumption was very close to our 2009 consumption, which is encouraging since revenue increased in the same period by more than \$1 billion. This means that as our business has increased we have been able to keep our power consumption at a constant level with only slight year-to-year variations. However, we know that our stakeholders are expecting us to make year-over-year improvements and focus on energy reduction strategies. As our broader climate change strategy develops, we believe we should see this occur.

#### TELUS energy consumption<sup>1</sup>

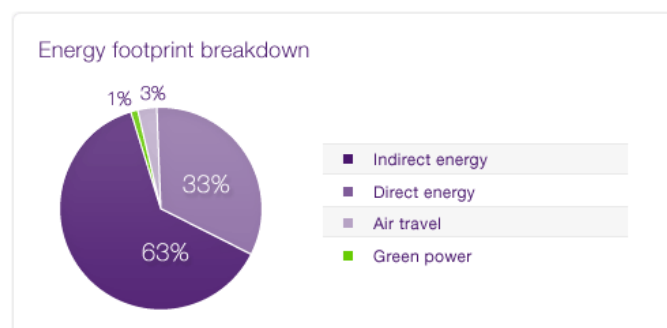
kW hours (000s)	2009	% change	2008	2007
Scope 1: direct energy <sup>2</sup>	358,854	5.4	340,331	325,994
Scope 2: indirect energy <sup>3</sup>	665,609	7.4	619,886	663,095
Green Power Purchase	12,500	0	12,500	12,500
Total	1,036,963	6.6	972,717	1,001,589
Air travel conversion	30,800	(25.7)	41,459	50,166
TELUS International Philippines <sup>4</sup>	15,900			

1 All results in kilowatt hours.

2 Includes all types of direct energy fuels – natural gas, gasoline, diesel, propane, steam and heating oil.

3 Includes indirect energy – electricity.

4 Scope 2: electricity consumption.



For the first time, TELUS is including our operations in the Philippines in our 2009 energy disclosure. While the results from the Philippines will not be part of our assurance values this year, our goal is to have the systems in place for assuring in 2011.

TELUS has set eco-efficiency targets since 2001. In 2009, our target

was a two per cent improvement relative to our total revenue (or 0.099 kWh/\$revenue.) We did not achieve this target as our eco-efficiency (0.108 kWh/\$revenue) decreased by 6.2 per cent. This is because our energy increase of 6.6 per cent outpaced our revenue growth. We will announce new targets in 2010 as a part of our fulsome climate change strategy.

TELUS eco-efficiency



#### Carbon disclosure

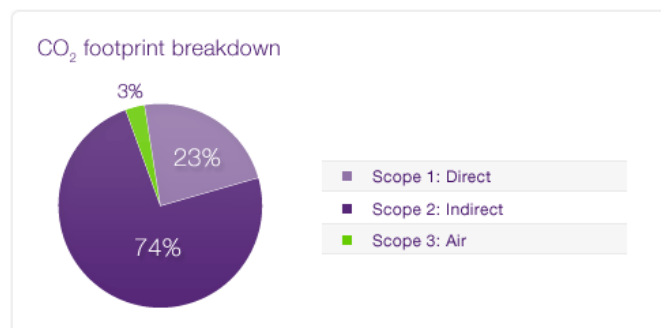
Over the past several years, our emissions have increased slightly; however, we know team members and other stakeholders expect our emissions to decrease over time. With the formation of our carbon strategy team in 2009 and executive leadership support, we intend over the next 10 years to achieve meaningful reductions.

In 2009, our scope 1 and 2 emissions increased by almost three per cent over 2008. Our direct emissions increased by 6.8 per cent and our indirect emissions increased by almost two per cent. However, our scope 3 emissions, which include emissions related to team member and executive travel, was reduced by 25 per cent. Our total scope 1 and 2 CO<sub>2</sub> emissions for 2009 were 335,000 metric tonnes compared to 325,000 metric tonnes in 2008. Although our emissions increased this year, our long-term trending remains relatively constant with emissions around 330,000 metric tonnes since emissions factors were adjusted in 2005.

#### TELUS greenhouse gas emissions (tonnes CO<sub>2</sub>e<sup>1</sup>)

CO <sub>2</sub> e in metric tonnes	2009	% change	2008	2007
Scope 1: direct emissions	78,000	6.8	73,000	70,000
Scope 2: indirect emissions	257,000	2.0	252,000	247,000
<b>Total</b>	<b>335,000</b>	<b>3.1</b>	<b>325,000</b>	<b>317,000</b>
Air travel	9,000	(25)	12,000	13,000
Total (including air travel)	344,000	2.1	337,000	330,000
TELUS International Philippines	6,000			

1 This represents TELUS' CO<sub>2</sub> e-emissions, which include carbon dioxide, methane and nitrous oxide and other green house gases.



Our CO<sub>2</sub> efficiency target for 2009 was a two per cent improvement over 2008. Our target was 0.0329 kg/\$revenue. Our actual efficiency was 0.0348 kg/\$revenue, which is a 3.7 per cent increase, resulting in us missing our target.



### Conference solutions and reducing our energy footprint

One of our strategies to offset our emission contribution is to invest resources in the promotion of teleconferencing as an alternative to travel for meetings. Through this effort, we have reduced both CO<sub>2</sub> and nitrous oxide emissions. Since we began reporting on this metric in 2001, we have seen continuous improvement in our emissions avoidance, demonstrating our courage to innovate. In 2009, we continued to increase our telephone and videoconference usage with an 8.3 per cent increase in overall usage of both systems combined. As we continue in our efforts to reduce operating cost and minimize our environmental footprint, these technologies offer a solution to employee collaboration and travel.

Below are statistics for CO<sub>2</sub> and pollutant avoidance for both TELUS' internal operations and our customers from the use of our video and teleconferencing tools. While this is a commonly used approach to estimate emissions avoidance associated with telecommunications technology, there is a risk that the data provided does not accurately reflect the actual results associated with using these services. The number of participants, the distances travelled, and the mode of transportation can all vary greatly, especially in a company such as TELUS with national and international operations.

#### Estimated pollutants avoided using video and teleconference<sup>1</sup>

	2009	2008	2007	2006
Conference calls	1,282,805	1,184,409	929,937	740,350
CO <sub>2</sub> (metric tonnes)	540,576	500,000	395,037	314,500
Nitrous oxide (metric tonnes)	37 <sup>2</sup>	55	44	35
% change	8	27	26	33

<sup>1</sup> These calculations assume six participants who travelled an average of 300 kilometres by car to attend a meeting. Formulas used from Environment Canada.

<sup>2</sup> Emission factors from Environment Canada changed. As a result, we recorded lower avoidance results even though our use of video and teleconferences increased.

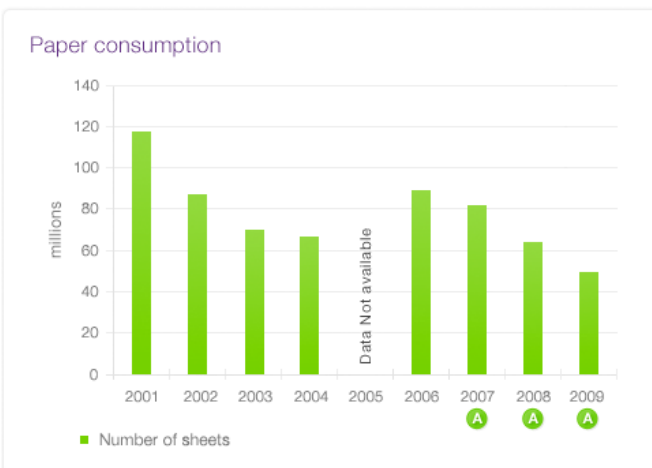
### Paper consumption

In 2009, the TELUS team continued to focus on our paper reduction, responsible paper purchasing and team education efforts. Our goal for 2009 was a 10 per cent paper reduction over 2008. We exceeded this target by reducing paper consumption by 24 per cent year over year. This means that our total consumption in 2009 dropped by 16 million sheets of paper, which equals 270,000 kilograms.

Since 2001, TELUS has set paper reductions targets. In 2007, we set a target of 10 per cent year-over-year reduction. In 2008 and 2009, we reduced more than 20 per cent year-over-year. For 2010, our target will remain a 10 per cent reduction in paper use compared to 2009.

In 2009, TELUS team members targeted our paper purchasing program as an area of improvement. The CSR team continued its partnership with Canopy (formerly Markets Initiative), an environmental non-government organization. Together, we have been working with internal purchasers and vendors to identify opportunities for purchasing eco-certified papers. We look to fully implement an eco-purchasing effort in 2010 with the goal of

supporting 100 per cent post-consumer recycled paper by 2012. We will continue to work with Canopy in 2010.



### Tree Canada partnership

TELUS also continued our partnership with Tree Canada. Through numerous TELUS initiatives (such as e-billing, e-delivery of the annual report, 2009 Summer Perks program and our wireless handset recovery program), TELUS sponsored the planting of 128,885 trees in 2009.



### Waste and recycling

Waste management is a high priority at TELUS and we employ domestic recycling facilities only for the final disposition of e-waste products in Canada. In 2009, we:

- Recycled, refurbished and repurposed 466 metric tonnes of e-waste, including circuit cards, data equipment, mobile devices, telecommunications equipment and electronics. This compares to 599 metric tonnes in 2008. We generated less e-waste because we curtailed our technology rollover program as a cost-saving measure
- Recycled 2.5 million kilograms of paper, compared to 2.2 million kilograms in 2008. This increase is a result of better team member awareness and better internal tracking
- Recovered 18,132 kilograms of hazardous waste, compared to 8,115 kilograms, which we reported in 2008. Our 2009 total reflects the addition of the hazardous waste from the TELUS fleet. When we add vehicle hazardous waste, our 2008 total would have been 12,039 kilogram
- Avoided 7,348 metric tonnes of solid waste going into landfills, compared to 7,148 metric tonnes of solid material avoided in 2008
- Recycled 108,419 handsets, compared to 86,645 in 2008. Our 2009 target was 90,000. Our goal for 2010 is 110,000 recycled handsets through the Recycle My Cell program.

### Giving products extended life

In addition to responsible waste disposal, we also focus on giving certain products extended life. In 2009, we continued to support the Computers for Schools program, although our donation of used computer and other equipment was down considerably from 2008. In 2009, we contributed 15,832 kilograms of hardware compared to 105,418 kilograms in 2008. The decrease in contribution is a reflection of our technology rollover decreasing, which was also apparent in our reduced e-waste.



## Water consumption

Our target for 2009 was to implement a management and tracking system that would result in TELUS being able to fully account for our complete water footprint. We did not achieve this target. As we proceeded through the year, we realized we would not be able to obtain independent water readings for all of our properties. However, we are currently able to track water consumption at approximately 65 per cent of our real estate footprint or total square footage.

Moving forward we will only be reporting the actual measured water use at our TELUS properties and will no longer report an estimated amount. We feel that an estimate for water use has the potential for a large degree of fluctuation that makes this metric too variable to report on with confidence. On the basis of our work in 2009, we are restating our 2008 measured water use as 431,385 cubic metres. For 2009 our measured water use was 604,000 cubic metres. This can be accounted for by an increase in the number of properties for which water consumption is reported. In 2009, we tracked water consumption in buildings totalling an estimated 7.2 million square feet, compared to approximately 6.1 million square feet in 2008. Our opportunity in 2010 is to continue to work with our real estate partners on a process that allows actual water consumption at our properties to be recorded and reported in our CSR report.

## Environmental compliance

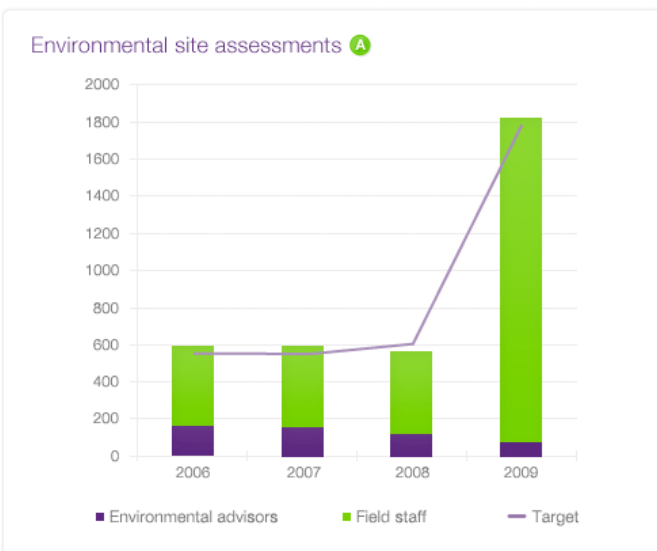
The past year marked the fourth year in a row that TELUS has not been fined for environmental non-compliance. We believe this reflects the successful performance of our environmental management processes and the effectiveness of our team member training program. In 2010, we will strive to maintain this track record.

## Environmental site assessments

TELUS team members and contractors continually assess our key properties for compliance to several areas of corporate environmental policy and regulation. The results of these assessments are tracked electronically and management team members then follow up on any issues that are identified.

Our 2009 goal was to conduct 1,780 site assessments, including 75 per cent of high-risk/high-value sites. We completed 1,829 environmental site assessments, including 83 per cent of high-value-risk sites, exceeding our goal. Of these site assessments, 1,749 were completed by field staff and 80 by Environment team members.

In 2009, we also re-evaluated which sites Environment team members assess and developed a new methodology to better address our environmental risks. This evaluation includes the incorporation of sites that have high environmental risk, as well as those sites that are most critical to our networks.



Our target for 2010 is to complete 1,780 site assessments, with 1,700 conducted by field staff and 80 by Environment team members. We will also be targeting to complete site assessments at 85 per cent of our high-risk/high-value sites.

We completed significantly more assessments in 2009 than the previous year because we combined our environment and safety assessments, covering the majority of our significant environmental building risks. As a result, we had more people conducting more environmental assessments.

## Spills and releases

Compared to recent years, we reported more spills – 161 in total – in 2009. We believe this is attributable to the training we provided to team members and contractors, encouraging them to report all spills and releases regardless of type or amount. In 2010, we will continue to more effectively communicate our expectations, procedures and regulations to team members and contractors.

The volume of spills also increased in 2009 compared to 2008 due primarily to a single incident involving the theft and release of diesel fuel from a remote site in northern Alberta. Our target for 2009 was to maintain 100 per cent compliance with legislated reporting requirement. Although we did not meet this target (our reporting compliance was 95 per cent), we are pleased to report that we have improved our investigation process and made system upgrades. As a result, our reporting is more thorough.

In October 2009, we determined that the communicated spill-reporting procedures were not being followed at three of our sites. A total of seven refrigerant gas (R-22) releases had occurred between July 2008 and October 2009 that had not been reported. Environment Canada was notified immediately of the oversight. As a result of these releases, we are restating our compliance for 2008 as 88 per cent.

Substances spilled and/or released can include ozone-depleting substances, such as R-22 and Halon, fuel from generators or vehicles, battery acid and hydraulic fluid. We strive in every case to comply with local, provincial and federal reporting requirements.

A 24-hour hotline that team members and others can call in the event of a spill or release is in place. The hotline staff provides guidance for onsite management and provide subsidiary reporting to external agencies as required. Follow up and root cause analysis per incident are performed by the Environment team.

In 2010, we are planning additional steps to report all of our spill incidents. Specifically, we are working with our building maintenance contractors to improve our spill reporting process and communication. This primarily includes the reporting of R-22 releases from our heating, ventilating and air conditioning systems that currently account for approximately 75 per cent of our reported spills.

## Spills and releases reporting<sup>1</sup>

	<span style="color: green;">▲</span> 2009	2008 <sup>4</sup>	<span style="color: green;">▲</span> 2007
Reportable	42	24	29
Not reportable	119	98	49
Total spills	161	122	78
Approximate volume (L) <sup>2</sup>	12,107	495	9,250
Approximate weight (kg) <sup>3</sup>	1,420	800	945

1 Spill amounts reflect best estimate based on investigation results.

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

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

4 Restated value from 2008.

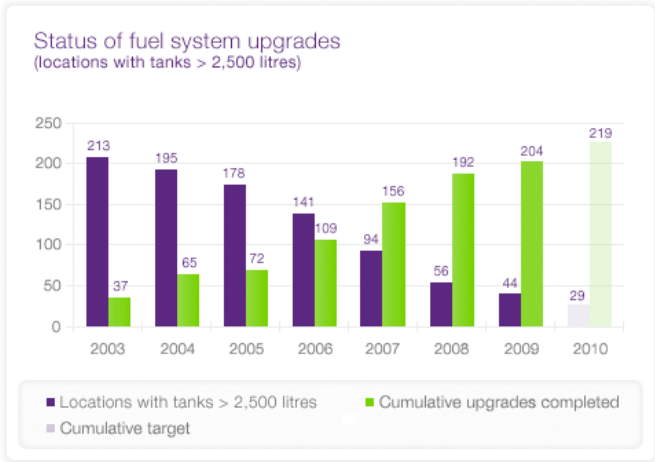
## Fuel system upgrades

To enable continuity of services as required by federal regulation, TELUS must provide its own back-up electrical power in the event that commercial electricity sources are not available. In addition, TELUS has certain remote sites where commercially provided power is not currently available.

This requires the use and storage of diesel and propane fuel for power generation with diesel fuel posing an environmental risk if it leaks from either a storage tank or faulty fuel line. We continue to focus on fuel system upgrades as installation and maintenance of these systems help mitigate the future risk of environmentally damaging spills.

Since the start of our formal fuel systems upgrade program in 2002, we have completed upgrades at 204 of our approximately 250 sites that have tanks larger than 2,500 litres. Our target for 2009 was to complete 18 sites. Due to resource constraints and contractor availability, we completed only 12 sites by year end.

Our target for 2010 is to complete 15 sites at a capital expenditure of approximately \$1.9 million.



### Halon inventory reduction

Halon 1301 was used in the North American telecommunications industry in fire-extinguishing equipment because it is not toxic to humans, but it has very high ozone-depleting properties. TELUS continues its multi-year effort to remove this compound across the organization and replace it with more environmentally sensitive detection and suppression technology. TELUS

has never used Halon 1301 to extinguish a fire.

In 2009, our target was a 15 per cent reduction. TELUS significantly exceeded this target by removing a total of 6,955 kg of Halon, a very significant 74 per cent year-over-year reduction. This included all the remaining Halon in our Quebec facilities as well some Halon from sites in British Columbia. Since 2004, TELUS has removed more than 32,000 kg of Halon from our properties. Our remaining Halon (approximately 3,000 kg) is primarily located in remote tower sites within British Columbia where logistical considerations make removal and new system design challenging. We continue our efforts to remove Halon. However, given the small amounts remaining, we will discontinue reporting on Halon publicly as we no longer consider it a material risk.

### Contaminated sites

To manage the issue of environmental degradation from spills and releases that do occur, TELUS prioritizes sites to be addressed using a risk matrix method based on the Canadian Council of Ministers of the Environment approach. Assessment and remediation techniques vary with the extent of the contaminated area, and the degree and type of contamination. We continue to focus on remediation as a means to improve our environmental footprint.

Our 2009 target was to conduct assessment and/or remediation work on 25 sites and complete remediation work on five sites. We successfully investigated 38 sites and completed five remediation projects. Completed sites refer to sites that have known contamination remediated according to the appropriate regulatory guidelines for soil and/or groundwater.

In 2009, we also worked to develop a new methodology that resulted in a reorganization of our risk matrix to better utilize our resources and manage our risks. For 2010, we will seek to achieve progress on 16 sites and complete two. This target has been adjusted downward to reflect the complexities of the sites currently under our management and our bolstered requirements to have sites receive third-party verification prior to being classified as “completed.”

# Independent assurance

*To the Board of Directors and Management of TELUS Corporation*

We have reviewed selected quantitative performance indicators (the "Subject Matter") presented in TELUS' Corporate Social Responsibility Report (the "Report") for the year ended December 31, 2009. We did not review all information included in the Report.

## Subject Matter

We reviewed the selected quantitative indicators noted in the attached table labeled Attachment A. The selected quantitative performance indicators were chosen by TELUS primarily on the basis of perceived external stakeholder interest. We did not review the narrative sections of the Report, except where they incorporated the Subject Matter.

## Responsibilities

TELUS management is responsible for collection and presentation of the Subject Matter set out in the Report. Our responsibility is to express a conclusion, based on our assurance procedures, as to whether anything has come to our attention to suggest that the Subject Matter is not presented fairly in accordance with the relevant criteria.

## Methodology & Assurance Procedures

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Federation of Accountants. As such, we planned and performed our work in order to provide limited assurance with respect to the Subject Matter.

We obtained and evaluated evidence using a variety of procedures including:

- Interviewing relevant TELUS management and staff responsible for data collection and reporting
- Obtaining an understanding of the management systems, processes, and controls used to generate, aggregate and report the data
- Reviewing relevant documents and records on a sample basis
- Testing and re-calculating quantitative information related to the selected performance indicators on a sample basis
- Assessing the information collected for completeness, accuracy, adequacy and consistency
- Reviewing and discussing the final version of the Report with TELUS management to confirm that it reflected our findings

Our evidence-gathering procedures were more limited than required for a reasonable assurance engagement and, consequently, we do not express an audit opinion on the Subject Matter.

We carried out our work on the selected performance indicators at TELUS' head office in Burnaby, British Columbia. We did not visit Telus' other national or international locations. Our assurance criteria comprised the Global Reporting Initiative Sustainability Reporting Guidelines (2006), industry standards, and TELUS internal management definitions as disclosed in the Report, informed by relevant regulations.

## Conclusion

Based on our work as described in this report, nothing has come to our attention that causes us to believe that the Subject Matter is not, in all material respects, presented fairly in accordance with the relevant criteria.

The logo for PricewaterhouseCoopers LLP, featuring the company name in a stylized, cursive script.

PricewaterhouseCoopers LLP

Vancouver, Canada

May 21, 2010

## Attachment A:

### TELUS 2009 Corporate Social Responsibility Report -

#### Reviewed Performance Indicators

All figures as of December 31, 2009, unless otherwise noted. All financial figures are in Canadian dollars. Values rounded where appropriate.

	GRI Ref	Performance Indicator	Coverage	2009 Value	Notes
1.	EC1	Community investment	Canada	\$20.7 million	-
2.	EN1	Paper consumption	Canada	49.2 million sheets	-
3.	EN3	Total energy use – direct sources	Canada	358,854,000 kWh	-
4.	EN4	Total energy use – indirect sources	Canada	678,109,000 kWh	Includes both conventional and Green Tag power
5.	EN16	Total direct greenhouse gas emissions	Canada	78,000 tonnes CO <sub>2</sub> e	-
6.	EN16	Total indirect greenhouse gas emissions	Canada	257,000 tonnes CO <sub>2</sub> e	-
7.	EN19	Volume of halons removed from inventory for recycling	Canada	6,955 kg	-
8.	EN23	Number of reportable spills and releases	Canada	42	Definition of “reportable” varies by jurisdiction
9.	EN23	Number of non-reportable spills and releases	Canada	119	Definition of “non-reportable” varies by jurisdiction
10.	EN23	Estimate total volume of spills and releases	Canada	Liquids: 12,107 litres Gases: 1,420 kg	-
11.	EN26	Number of completed environmental site assessments and inspections	Canada	By Environmental Advisors: 80 By field staff: 1,749 Total: 1,829	Site Assessments are recorded on a per site basis
12.	EN26	Number of fuel system upgrades	Canada	12	Includes both fuel system upgrades and removals
13.	EN26	Number of active and closed remediation sites	Canada	Number of sites investigated: 38 Number of remediation projects closed: 5	-
14.	HR4	Number of human rights cases opened and closed	Canada	Cases carried over from previous year: 7 New cases opened: 12 Cases closed: 6 Cases still in progress: 13	Human rights cases as defined by the Canadian Human Rights Commission
15.	LA1	Total workforce – by region	Company-wide	British Columbia: 7,926 Alberta: 6,427 Ontario: 7,932 Quebec: 5,089 Other: 378 International: 8,642 TOTAL: 36,394	“Other” refers to other Canadian provinces. “International” refers to TELUS’ employees located in Singapore, the Philippines, the United States, the United Kingdom, South Korea and Australia.
16.	LA1	Total workforce – by employment type	Company-wide	Regular: 35,618 Temporary: 776 TOTAL: 36,394	Active employees only. “Regular” refers to permanent full time and part time employees.
17.	LA2	Voluntary employee turnover rate	Canada	6.5%	-
18.	LA4	Total number of grievances and arbitrations	Canada	554	-
19.	LA4	Unionization – percent of workforce unionized	Company-wide	Wireline: 52% Wireless: 41% TELUS International: 0% TOTAL: 37%	-
20.	LA7	Lost time accident rate	Canada	0.82	Number of lost time accidents per 200,000 work hours



21.	LA7	Absenteeism rate	Canada	7.2	Average number of days absent per full-time employee per year
22.	LA10	Learning investment expenditures	Canada	\$21.0 million	-
23.	LA13	Workforce demographics – gender and minorities as a percent of TELUS workforce	Canada	Women: 38.3% Visible minorities: 14.8% Persons with disability: 3.1% Aboriginal people: 1.5%	Because of lag in receiving national benchmark data, reported values are as of December 31, 2008.
24.	n/a	Employee recognition expenditures	Canada	\$8.6 million	Total spend on reward programs designed to recognize employee performance.
25.	n/a	Employee engagement - percentage of employees expressing job satisfaction	Company-wide	54%	Based on employee survey by third-party consultant
26.	SO3	Percent of employees completing ethics training	Canada	100%	-
27.	SO4	Total number of inquiries and complaints made to TELUS Ethics Office	Canada	377	Total number of contacts to TELUS Ethics Office before screening and categorization
28.	SO4	Number of inquiries and complaints made to TELUS Ethics Office relating to the company's ethics policy	Canada	267	-
29.	SO4	Number of concerns determined to be breaches of ethics policy	Canada	94	-

# Global Reporting Initiative (GRI) guidelines

This report has been prepared using the Global Reporting Initiative (GRI-G3) Guidelines. The index below lists where you can find information related to each GRI criterion – either in the report or in the TELUS 2009 annual report. Combined, these reports form TELUS' reporting package of economic, social and environmental performance.



The 2009 Corporate Social Responsibility (CSR) reporting period consists of the 2009 calendar year and information reported within is confined to that period. TELUS has been publishing annual CSR reports since 1997. Questions concerning content of information within the 2009 CSR report should be directed to sustainability@telus.com.

For this report, TELUS is self declaring at a Level A+, based on the assessment of our report content against the criteria in the GRI application levels.

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

## GRI guidelines

- 1.1 Statement from CEO
- 1.2 Statement of key impacts, risks and opportunities

- 2.1 Name of reporting organization
- 2.2 Major services
- 2.3 Operational structure-main division, operating companies
- 2.4 Location of headquarters
- 2.5 Countries in which TELUS operates
- 2.6 Nature of ownership
- 2.7 Markets served
- 2.8 Scale of reporting organization
- 2.9 Significant changes – openings, closings, structure
- 2.10 Awards received in the reporting period – a, b

- 3.1 Reporting period
- 3.2 Date of most recent previous report
- 3.3 Reporting cycle
- 3.4 Contact point for questions
- 3.5 Process for defining report content
- 3.6 Boundary of report
- 3.7 Limitations on scope of report
- 3.8 Basis for reporting on ventures that can affect comparability from period to period
- 3.9 Decision to apply or not apply GRI principles
- 3.10 Explanations for restated information from previous reports

- 3.11 Significant changes in measurement methods
- 3.12 Location of:  
Strategy and analyses  
Organizational profile  
Report parameters  
Governance, commitments, engagement  
Disclosure approach  
Core performance indicators  
Additional GRI indicators included

- 4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight
- 4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)
- 4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members
- 4.4 Mechanism for stakeholders to provide direction
- 4.5 Linkages between executive compensation and achievement of organizational goals
- 4.6 Process for governance body to ensure conflict of interest avoided
- 4.7 Process for ensuring required expertise of Board members
- 4.8 Mission and value statements, codes of conduct, policies relevant to economic, social and environmental performance
- 4.9 Process of governance body for overseeing the organization's management of economic, social and environmental performance and status of implementations
- 4.10 Process for evaluating the highest governance body performance with respect to economic, social and environmental performance
- 4.11 Discussion on whether and how the precautionary principle is addressed
- 4.12 Externally developed economic, social and environmental charters or principles to which the organization prescribes or endorses
- 4.13 Memberships in associations
- 4.14 Stakeholders engaged by the organization
- 4.15 Basis for identification and selection of stakeholders

## Economic

- EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, payments to capital providers and governments
- EC2 Financial implications and other risk and opportunities for the organization's activities due to climate change
- EC3 Coverage of the organization's defined benefit plan obligations
- EC4 Significant financial assistance received from government
- Market presence
- EC5 Range of ratios of standards entry level wage compared to local minimum wage at significant locations of operations
- EC6 Policies, practices and proportion of spending on locally based suppliers at significant locations of operations
- EC7 Procedures for local hiring and proportion of senior management hired from local community at locations of significant operations
- Indirect economic impacts
- EC8 Development impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind and

pro bono engagement

EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts

## Social

### Employment

- LA1 Total workforce by employment type, employment contract and region
- LA2 Total number and rate of employee turnover by age group, gender and region
- LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations
- Labour/management relations
- LA4 Percentage of employees covered by collective bargaining agreements
- LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements
- Occupational health and safety
- LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
- LA7 Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region
- LA8 Education, training, counselling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases
- LA9 Health and safety topics covered in formal agreements with trade unions
- Training and education
- LA10 Average hours of training per year per employee by employee category
- LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
- LA12 Percentage of employees receiving regular performance and career development reviews
- Diversity and equal opportunity
- LA13 composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity (Core)
- LA14 Ratio of basic salary of men to women by employee category (Core)

### Social Performance: Human Rights

- HR1 Percentage of total number of significant investment agreements that include human rights clauses or that have undergone human rights screening (Core)
- HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken (Core)
- HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained (Additional)
- Non-discrimination
- HR4 Total number of incidents of discrimination and actions taken (Core)
- Freedom of association and collective bargaining
- HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights (Core)
- Child labour
- HR6 Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour (Core)
- Forced and compulsory labour
- HR7 Operations identified as having significant risk for incidents of forced or compulsory labour and measure to contribute the elimination of forced or compulsory labour (Core)
- Security practices

HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations

### Indigenous rights

HR9 Total number of incidents of violations involving rights of indigenous people and actions taken

### Social Performance: Society

#### Community

SO1 Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting

#### Corruption

SO2 Percentage and total number of business units analyzed for risks related to corruption

SO3 Percentage of employees trained in organization's anti-corruption policies and procedures...

SO4 Actions taken in response to incidents of corruption

#### Public policy

SO5 Public policy positions and participation in public policy development and lobbying

SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country

#### Anti-competitive behaviour

SO7 Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes

#### Compliance

SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations

### Social Performance: Product Responsibility

#### Customer health and safety

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures

PR2 Total number of incidence of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome

#### Products and service labelling

PR3 Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements

PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling by type of outcomes

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

#### Marketing communications

PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes

#### Customer privacy

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

#### Compliance

PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

### Environment

#### Materials

EN1 Materials used by weight or volume

EN2 Percentage of materials used that are recycled input materials

## Energy

- EN3 Direct energy consumption by primary energy source
- EN4 Indirect energy consumption by primary source
- EN5 Energy saved due to conservation and efficiency improvements
- EN6 Initiatives to provide energy-efficient or renewable energy based-products and services, and reduction in energy requirements as a result of these initiatives
- EN7 Initiatives to reduce indirect energy consumption and reductions achieved

## Water

- EN8 Total water withdrawal by source
- EN9 Water sources significantly affected by withdrawal of water
- EN10 Percentage and total volume of water recycled and reused

## Biodiversity

- EN11 Land owned, leased, managed in biodiversity rich habitats
- EN12 Significant impacts on biodiversity
- EN13 Habitats protected and restored
- EN14 Strategies, current actions and future plans for managing impacts on biodiversity
- EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations by level of extinction risk

## Emissions, effluents and waste

- EN16 Total direct and indirect GHG emissions by weight
- EN17 Other relevant indirect GHG emissions by weight
- EN18 Initiatives to reduce GHG emissions and reductions achieved
- EN19 Emissions of ozone-depleting substances by weight
- EN20 NO<sub>x</sub>, SO<sub>x</sub> and other significant air emissions by type and weight
- EN21 Total water discharge by quality and destination
- EN22 Total weight of waste by type and disposal method...
- EN23 Total number and volume of significant spills
- EN24 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention annex and percentage of transported waste shipped internationally
- EN25 Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff

## Products and services

- EN26 Initiatives to mitigate environmental impacts of products and services, extent of impact mitigation
- EN27 Percentage of products sold and their packaging materials that are reclaimed by category

## Compliance

- EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

## Transport

- EN29 Significant environmental impacts of transporting other goods and materials used for the organization's operations and transporting members of the workforce

## Overall

- EN30 Total environmental protection expenditures and investments by type

# Glossary

**3G (third generation):** Describes wireless technology that offers high-speed packet data mobile wireless Internet access and multimedia communications. 3G+ refers to TELUS' HSPA/HSPA+ network (see below). Analogue cellular is the first generation of wireless technology and digital is the second.

**4G (fourth generation):** Describes the next generation of future wireless technology, which is still in the developmental stages. Long-term evolution (LTE) has emerged as the leading technology for adoption as 4G.

**ADSL (asymmetric digital subscriber line):** A technology that allows existing copper telephone lines to carry voice, data and video images at high speeds. It is asymmetric in that it uses most of the channel to transmit downstream to the user and only a small part to receive information upstream from the user.

**ADSL2+:** Provides downstream data rates of approximately 15 Mbps. These rates can be increased further by bonding multiple lines together.

**bps (bits per second):** A measurement of data transmission speed for the amount of data transferred in a second between two telecommunications points or within a network. Kbps (kilobits per second) is thousands of bits per second. Mbps (megabits per second) is millions. Gbps (gigabits per second) is billions.

**best engagement company levels:** At TELUS, we believe increased team member engagement leads to enhanced individual team and corporate performance and we are committed to attaining best engagement company levels. Engagement is measured using Hewitt Associates web-based engagement survey, which has been based on engagement work with more than 1,500 organizations worldwide. Hewitt Associates is also a sponsor of the Best Employers in Canada study that measures engagement of employees and leaders.

**broadband:** Used to refer to communications services that allow high-speed transmission of voice, data and video simultaneously at rates of 1.5 Mbps and above.

**CDMA (code division multiple access):** A wireless technology that spreads over a frequency band that is larger than the signal to enable the use of a common band by many users and to achieve signal security and privacy. CDMA2000 refers to the family of third generation wireless standards that use CDMA.

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

**digital:** A transmission method employing a sequence of discrete, distinct pulses that represent the binary digits 0 and 1 to indicate specific information, in contrast to the continuous signal of analogue. Digital networks provide improved clarity, capacity, features and privacy compared to analogue systems.

**fair process:** A five-step process that helps team members make and implement decisions in a collaborative manner. It incorporates authenticity, clarity, transparency, consistency and changeability.

**fibre network:** Transmits information by light pulses along hair-thin glass fibres, making it useful for transmitting large amounts of data between computers or many simultaneous telephone conversations.

**GPON (gigabit passive optical network):** A fibre-based transmission technology that delivers data download rates of up to 2.5 Gbps and upload rates of up to 1.25 Gbps.

**GSM (global system for mobile communication):** A digital PCS mobile standard used in many parts of the world.

**HSPA (high-speed packet access):** A 3.5 or higher generation GSM technology capable of delivering wireless data download speeds of up to 30 Megabits per second (Mbps).

**iDEN (integrated digital enhanced network):** A network technology developed by Motorola to utilize 800 MHz channels for digital service. The digital signals offer greatly enhanced spectrum efficiency and system capacity. TELUS uses this technology for its Mike service, which also includes PTT service.

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

**IP TV (Internet protocol television):** Television service that uses a two-way digital broadcast signal sent through a switched telephone or other network by way of streamed broadband connection to a dedicated set-top-box. The TELUS service is trademarked as TELUS TV®.

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

**LTE (long-term evolution):** An evolving 4G mobile communications technology, capable of wireless broadband speeds of up to 100 Mbps, with wide scale commercial deployment not expected in Canada until after 2011.

**Mbps (megabits per second):** A measurement of data transmission speed for the amount of data transferred in a second (in millions) between two telecommunications points or within a network

**penetration:** The degree to which a product or service has been sold into or adopted by a base of potential customers in a given geographic area or market segment.

**performance development:** Relates to the process of setting objectives, performance appraisals and reviews, and establishing career development plans (including formal, informal and social learning) to enhance the performance of individual team members. This is also one of the top five drivers of the Engagement Score.

**Pulsecheck:** Our team member engagement survey.

**Push To Talk (PTT):** A two-way communication service that works like a walkie-talkie using a button switch. With PTT, communication can only travel in one direction at any given moment. PTT is provided by TELUS through its Mike service using iDEN technology.

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

**smartphone:** An advanced mobile device or personal digital assistant (PDA) that provides text messaging, email, multimedia downloads and social networking (e.g. Facebook Mobile) functionality in addition to voice. In this category, TELUS includes iPhone, Blackberry and PDA devices.

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

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

**TELUS International:** Our international operations in Singapore, the Philippines, United States, United Kingdom, Australia and South Korea.

**TELUS wireless:** Provides integrated digital wireless voice, data and Internet services on a digital PCS (CDMA) third generation high-speed network, and TELUS Push To Talk® services with Mike®, on Canada's only iDEN network.

**TELUS wireline:** A full-service incumbent local exchange carrier in British Columbia, Alberta and Eastern Quebec offering local, long distance, data, Internet, video, entertainment and other services to consumers and businesses. Nationally, we provide data, IP and managed solutions focusing on the business market in urban centres in Ontario and Quebec.

**VDSL2 (very high-speed digital subscriber line 2):** The next generation of fibre to the node technology offering accelerated data download rates of up to 30 Mbps. These rates can be increased further by bonding multiple lines together.

**wiki:** A Web site that allows users to add and update content on the site using their own Web browser.



# Find out more

## **Investor information**

TELUS is committed to generating sustainable economic growth. To find out more, visit [telus.com/investors](http://telus.com/investors).

## **Governance**

TELUS is strengthening Canada's communities through the Governance Essentials Program. To find out more, visit [telus.com/gep](http://telus.com/gep).

## **Community giving**

TELUS has a unique and innovative national program of nine community boards. Since 2005, the TELUS Community Boards have donated \$21 million to support 1,546 community projects. To find out more, visit [telus.com/community](http://telus.com/community).

## **Employment**

TELUS is a great place to work, with a focus on attracting and retaining the best talent. To find out about employment at TELUS, visit [telus.com/careers](http://telus.com/careers).

## **Environmental stewardship**

TELUS is committed to doing our part as an environmental steward. To learn more, visit [telus.com/csr](http://telus.com/csr).

## **Strategic Intent**

TELUS' strategic intent is to unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move.



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